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 to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Gemdale Properties and Investment Corporation Limited (the "**Company**"), you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

金地商置
Gemdale Properties and Investment

Gemdale Properties and Investment Corporation Limited
金 地 商 置 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 535)

(I) VERY SUBSTANTIAL ACQUISITION IN RESPECT OF THE 76% EQUITY INTEREST IN THE TARGET COMPANY (II) MANDATE FOR POSSIBLE MAJOR TRANSACTION IN RESPECT OF THE POSSIBLE ACQUISITION OF THE REMAINING 24% EQUITY INTEREST IN THE TARGET COMPANY AND (III) NOTICE OF SPECIAL GENERAL MEETING

A notice convening a special general meeting (the "**SGM**") of the Company to be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 15 July 2016 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the websites of (i) the Company at www.gemdalepi.com and (ii) The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

* *For identification purpose only*

29 June 2016

CONTENTS

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

"Adjustment"	adjustment to the Consideration pursuant to the terms of the Sale and Purchase Agreement, details of which are set out in the paragraph headed "Adjustment to the Consideration" in the section headed "SALE AND PURCHASE AGREEMENT" in this circular
"Application Period"	the period during which the Public Bid will be open for application
"Assets Transfer Regulations"	"企業國有產權交易操作規則" (Regulations for conducting the transfer of state-owned assets*)
"Associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday or a public holiday in the PRC) when banks are open for ordinary banking business in the PRC
"Company"	Gemdale Properties and Investment Corporation Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 535)
"Completion"	completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the Sale Shares (subject to Adjustment)
"Deposit"	RMB30,000,000
"Director(s)"	director(s) of the Company
"Earnest Money"	the earnest money to be paid to Guangzhou Enterprises upon submission of an application to participate in the Public Bid, being an amount of not more than 20% of the bidding price of the Public Bid

"Enlarged Group"	the Group after the First Completion and/or the Second Completion and/or Third Completion and/or completion of the Possible Acquisition, as specifically referred to in the relevant context
"Escrow Account(s)"	the RMB bank account(s) opened by the Purchaser or third parties procured by the Purchaser (if any) (as the case may be) and maintained by a representative jointly designated by the Purchaser or third parties procured by the Purchaser (if any) (as the case may be) and the Sellers for the purpose of paying the Consideration (subject to Adjustment)
"Final Adjustment"	the Second Adjustment (which includes the First Adjustment)
"First Adjustment"	the adjustment to the Consideration as proposed in the First Completion Statement
"First Completion"	completion of the sale and purchase of the First Sale Shares
"First Completion Statement"	the completion statement of the Target Group as at 31 December 2015 to be prepared by the auditors designated by the Purchaser following audit conducted between the date of the Sale and Purchase Agreement and the date of the SGM
"First Sale Shares"	180,000,000 shares of RMB1 each in the capital of the Target Company held by the Sellers
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Guangzhou Enterprises"	廣州產權交易所 (Guangzhou Enterprises Mergers and Acquisitions Services*), being the property rights trading institution at which the Public Bid will be convened
"Guangzhou Radio Group"	廣州無綫電集團有限公司 (Guangzhou Radio Group Co., Ltd.*), a company established in the PRC with limited liability which owned 24% of the equity interest in the Target Company as at the Latest Practicable Date

"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	24 June 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Maximum Consideration"	RMB450 million, being the maximum consideration for the Possible Acquisition under the Proposed Mandate to be granted by the Shareholders
"Possible Acquisition"	the possible acquisition of the Remaining Interest by the Purchaser through participation in the Public Bid
"PRC"	the People's Republic of China, which for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Proposed Mandate"	a prior approval to be sought from the Shareholders at the SGM in respect of the Possible Acquisition with a bidding price of no more than the Maximum Consideration
"Public Bid"	the public bid to be convened at Guangzhou Enterprises in respect of the sale of the Remaining Interest
"Purchaser"	深圳威新軟件科技有限公司 (Vision (Shenzhen) Software Technology Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Remaining Interest"	86,400,000 shares of RMB1 each in the capital of the Target Company held by Guangzhou Radio Group, representing 24% of the equity interest in the Target Company
"RMB"	Renminbi, the lawful currency of the PRC

"Sale and Purchase Agreement"	the sale and purchase agreement dated 31 December 2015 entered into between the Purchaser, the Sellers and Guangzhou Radio Group in relation to the sale and purchase of the Sale Shares
"Sale Shares"	273,600,000 shares of RMB1 each in the capital of the Target Company held by the Sellers, comprising the First Sale Shares, the Second Sale Shares and the Third Sale Shares
"Second Adjustment"	the adjustment to the Consideration as proposed in the Second Completion Statement
"Second Completion"	completion of the sale and purchase of the Second Sale Shares
"Second Completion Statement"	the completion statement of the Target Group as at 31 December 2015 to be prepared by the personnel designated by the Purchaser following audit between the date of the SGM and 60 days after the date of First Completion
"Second Sale Shares"	75,600,000 shares of RMB1 each in the capital of the Target Company held by the Sellers
"Sellers"	shareholders of the Target Company comprising eight individuals (namely Zhang Bailong (張柏龍), Chen Yubin (陳煜彬), Li Weirong (李維榮), Guo Jing (郭靜), Zhong Qien (鍾啓恩), Tang Chengchen (湯誠忱), Hu Nanhua (胡南華) and Zhu Chuan (朱川)) who together owned 76% of the equity interest in the Target Company as at the Latest Practicable Date
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder and the Proposed Mandate
"Share(s)"	share(s) of HK$0.10 each in the capital of the Company

"Shareholder(s)"	the holder(s) of Share(s)
"sq.m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Target Company"	廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Property Development Group Shares Co., Ltd.*), a company established in the PRC with limited liability
"Target Group"	the Target Company and its subsidiaries
"Third Completion"	completion of the sale and purchase of the Third Sale Shares
"Third Sale Shares"	18,000,000 shares of RMB1 each in the capital of the Target Company held by the Sellers
"Transfer Contract"	a property rights trading contract to be entered into by the relevant parties in respect of the transfer of the Remaining Interest
"%"	per cent

If there is any inconsistency between the official Chinese name of the PRC Government authorities or the PRC entities mentioned in this circular and their English translation, the Chinese version shall prevail. English translations of official Chinese names are for identification purposes only.

* *for identification purpose only*

Gemdale Properties and Investment Corporation Limited

金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

Executive Directors:
Mr. Ling Ke
Mr. Huang Juncan
Mr. Xu Jiajun
Mr. Wei Chuanjun

Non-executive Directors:
Mr. Loh Lian Huat
Ms. Zhang Feiyun

Independent Non-executive Directors:
Mr. Hui Chiu Chung
Mr. Chiang Sheung Yee, Anthony
Mr. Hu Chunyuan

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of business in Hong Kong:
Suites 3602-3608, 36th Floor
Two International Finance Centre
No. 8 Finance Street, Central
Hong Kong

29 June 2016

To the Shareholders,

Dear Sir or Madam,

(I) VERY SUBSTANTIAL ACQUISITION IN RESPECT OF THE 76% EQUITY INTEREST IN THE TARGET COMPANY (II) MANDATE FOR POSSIBLE MAJOR TRANSACTION IN RESPECT OF THE POSSIBLE ACQUISITION OF THE REMAINING 24% EQUITY INTEREST IN THE TARGET COMPANY AND (III) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

References are made to the announcement of the Company dated 5 January 2016 in relation to a very substantial acquisition of the Company and the announcements of the Company dated 31 March 2016 and 31 May 2016 in relation to the delay in despatch of this

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circular. On 31 December 2015 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, the Sellers and Guangzhou Radio Group entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire (and/or procure third parties (if any) to acquire), and the Sellers conditionally agreed to sell, the Sale Shares, representing 76% of the equity interest in the Target Company at the Consideration of RMB1,423,480,000 (subject to Adjustment).

Reference is also made to the announcement of the Company dated 24 June 2016 in relation to a mandate to be sought from the Shareholders for a possible major transaction in respect of the Possible Acquisition.

The purpose of this circular is to provide you with, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) details of the Possible Acquisition and the transactions contemplated thereunder; (iii) the financial information on the Group and the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Group (assuming Completion and/or the Possible Acquisition); (v) a valuation report on the properties held by the Target Group; (vi) further details of the Proposed Mandate and (vii) a notice convening the SGM.

VERY SUBSTANTIAL ACQUISITION IN RESPECT OF THE 76% EQUITY INTEREST IN THE TARGET COMPANY

Sale and Purchase Agreement

Date: 31 December 2015 (after trading hours)

Parties:

(i) the Purchaser;

(ii) the Sellers; and

(iii) Guangzhou Radio Group

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Sellers, Guangzhou Radio Group and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Assets to be acquired

The Sale Shares, representing 76% of the equity interest in the Target Company.

Consideration

The Consideration for the Sale Shares is RMB1,423,480,000 (subject to Adjustment).

The Consideration was determined after arm's length negotiations between the Purchaser and the Sellers with reference to the unaudited net asset value of the Target Group (after deduction of minority interests) of RMB1,893,498,000 based on the consolidated management accounts of the Target Group as at 30 June 2015. The Consideration (on 100% basis) represents a discount of approximately 1% of the above unaudited net asset value of the Target Group (after deduction of minority interests). In view of the potential synergies generated upon completion, details of which are further explained in the section headed "REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER AND THE POSSIBLE ACQUISITION" below, the Directors are of the view that the Consideration is fair and reasonable.

The Company intends to settle the Consideration by the internal resources of the Group. As at 30 April 2016, the Group had a consolidated cash and bank balances of approximately RMB2.34 billion based on the unaudited consolidated management accounts of the Group as at 30 April 2016. Accordingly the Directors considered that the Group had sufficient internal resources to settle the Consideration (together with the consideration for the acquisition of the Remaining Interest. Please refer to the section headed "MANDATE FOR POSSIBLE MAJOR TRANSACTION IN RESPECT OF THE POSSIBLE ACQUISITION OF THE REMAINING 24% EQUITY INTEREST IN THE TARGET COMPANY" below).

Adjustment to the Consideration

Pursuant to the terms of the Sale and Purchase Agreement, the Consideration may be subject to downward adjustment if the Final Adjustment exceeds RMB5,000,000 taking into account factors including, without limitation, liability (including tax liability) or legal liability of the Target Group not already disclosed in the Sale and Purchase Agreement, and whether there is any material adverse change in the operations of the Target Group from 30 June 2015 to 31 December 2015. Taking into account the results of the review of the audited accounts of the Target Group for the year ended 31 December 2015 and following discussions with the Sellers, no Adjustment would be made to the First Consideration.

The RMB5,000,000 threshold is a threshold agreed by the Purchaser and the Sellers after discussions and negotiations on an arms-length basis. Such threshold was determined based on the scale, asset size and total revenue of the Target Group in 2015. Any amount smaller than RMB5,000,000 was considered by the parties to the Sale and Purchase Agreement to be not material enough to adjust the Consideration. The Directors are of the view that the threshold is fair and reasonable.

The Third Consideration (as defined below) may be subject to Adjustment if with respect to certain properties held by the Target Group, the land permit cannot be acquired, the construction costs exceed the budgeted costs or the land use changes, provided that if the foregoing problems have been discovered in the period between the date of the Sale and Purchase Agreement and the date of the SGM, Adjustment shall first be made to the First Consideration (as defined below) and/or the Second Consideration (as defined below) (as the case may be). Furthermore, if the amount to be deducted from the Third Consideration as a result of the foregoing events exceeds the Third Consideration, the Third Consideration will become zero.

The Adjustment will be settled by deducting the Consideration to be paid to the Sellers. The terms of the Adjustment were arrived at after arm's length negotiations between the Purchaser and the Sellers on the basis that the Consideration payable by the Purchaser should not include significant liabilities of the Target Group.

Deposit

Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall pay the Deposit into the Escrow Account within five Business Days of the date of the Sale and Purchase Agreement and the Deposit shall be released to the Sellers as part of the payment of the First Consideration upon First Completion. The Purchaser had paid the Deposit into the Escrow Account pursuant to the terms of the Sale and Purchase Agreement. If the Sale and Purchase Agreement is not approved at the board or shareholders' meeting of the Target Company or by any third parties for reasons attributable to the Sellers, the Deposit in the Escrow Account shall be refunded to the Purchaser and, in addition, the Sellers shall pay the Purchaser RMB30,000,000 as compensation. If the Sale and Purchase Agreement is not approved by the Board or the Shareholders at the SGM, as a result of which the transactions contemplated under the Sale and Purchase Agreement cannot proceed, the Deposit will be forfeited by the Sellers. If, before the payment of the First Consideration, the Purchaser and the Sellers agree to terminate the Sale and Purchase Agreement or cannot reach a consensus on the First Adjustment leading to termination of the Sale and Purchase Agreement, the Deposit and the amounts already paid to the Sellers (if any) shall be returned to the Purchaser.

Payment and completion schedule

Pursuant to the terms of the Sale and Purchase Agreement, purchase of the Sale Shares will be conducted in three tranches as follows:

Tranche	**Percentage of the equity interest in the Target Company to be purchased**
First Sale Shares:	50%
Second Sale Shares:	21%
Third Sale Shares:	5%

Taking into account the fact that the Company requires a longer period of time to conduct due diligence on the Target Group and/or procure third parties (if any) to purchase the Sale Shares, the Board considers a progressive payment and completion schedule to be fair and reasonable and justified in the circumstances.

(1) First Sale Shares

First Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions precedent:

(i) the Shareholders having approved the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM in accordance with the requirements under the Listing Rules and such approval being in effect;

(ii) all the approvals, consent, waivers (if any) of governmental authorities (if applicable) and third parties required for the transactions contemplated under the Sale and Purchase Agreement having been obtained;

(iii) the representations, warranties and undertakings of the Sellers under the Sale and Purchase Agreement being true and accurate in all respects and not misleading in any aspect at any time, and the Sellers having performed all of their obligations under the Sale and Purchase Agreement;

(iv) there being no circumstances which have a material adverse effect on the Sale Shares or the assets, financial condition or operations of any member of the Target Group since 30 June 2015;

(v) the Sellers having procured the Target Company to settle the current receivables of the Target Company and its related parties; and

(vi) the Purchaser having obtained the First Completion Statement and the Purchaser and the Sellers having reached consensus on the First Adjustment.

The Purchaser may waive any or all of the above conditions precedent except the conditions precedent set out in paragraphs (i) and (ii) above.

As at the Latest Practicable Date, the conditions precedent set out in paragraphs (v) and (vi) above have been satisfied or, if applicable, waived.

If the Shareholders' approval mentioned in paragraph (i) above is not obtained at the SGM, the Purchaser may postpone the date of First Completion or declare that the Sale and Purchase Agreement (other than certain surviving provisions) shall cease and determine upon which none of the parties to the Sale and Purchase Agreement shall have any obligations or claims thereunder save for in respect of the Deposit or any antecedent breaches by the Sellers of the terms thereof.

Within three Business Days of the date on which the conditions precedent above are satisfied (or, if applicable, waived), the Sellers shall arrange for the sale of the First Sale Shares in accordance with the terms of the Sale and Purchase Agreement.

Within five Business Days of the date on which the transfer documents of the First Sale Shares have been received by the Administration for Industry and Commerce in the PRC, the Purchaser shall pay the following amount (the "**First Consideration**") into the Escrow Account:

Consideration (subject to Adjustment)/76% x 50% x 80% - Deposit

The First Consideration represents 80% of the consideration payable for the First Sale Shares minus the Deposit, and such amount will be released from the Escrow Account to the Sellers upon First Completion, which shall take place within five Business Days of the date on which the Sellers provide to the Purchaser documents evidencing, among other things, the approval of the Sale and Purchase Agreement by the board and the shareholders of the Target Company and the completion of the registration of the transfer of the First Sale Shares and the amendment of the articles of association of the Target Company with the Administration for Industry and Commerce in the PRC. The remaining 20% of the consideration payable for the First Sale Shares shall be payable by the Purchaser to the Sellers as part of the Second Consideration upon Second Completion.

The Company expects that First Completion will take place around July or August 2016, subject to the time required for the Sellers to provide the aforesaid documents to the Purchaser.

(2) Second Sale Shares

Within 60 days of the date of First Completion, the Sellers shall arrange for the sale of the Second Sale Shares in accordance with the terms of the Sale and Purchase Agreement.

Subject to First Completion and the Purchaser and the Sellers having reached consensus on the Second Adjustment, within five Business Days of the date on which the transfer documents of the Second Sale Shares have been received by the Administration for Industry and Commerce in the PRC, the Purchaser and/or the third parties procured by the Purchaser (if any) shall pay the following amount (the "**Second Consideration**") into the relevant Escrow Account in the following manner:

Purchaser:	Consideration (subject to Final Adjustment)/76% x (50% + N%) – First Consideration
Third parties procured by the Purchaser (if any):	Consideration (subject to Final Adjustment)/76% x (21% - N%)

Where N% = the percentage of the equity interest in the Target Company being purchased by the Purchaser in the Second Sale Shares

The Second Consideration will be released from the relevant Escrow Account to the Sellers upon Second Completion, which shall take place within five Business Days after the date on which the Sellers have provided to the Purchaser and/or the third parties procured by the Purchaser (if any) documents evidencing, among other things, the amendment of the articles of association of the Target Company, and the completion of the registration of the transfer of the Second Sale Shares and the amendment of the articles of association of the Target Company with the Administration for Industry and Commerce in the PRC.

Assuming First Completion will take place and that it will take place around July or August 2016, the Company expects that Second Completion will take place around September or October 2016, subject to the time required for the Sellers to arrange for the sale of the Second Sale Shares and to provide the aforesaid documents to the Purchaser.

(3) Third Sale Shares

During the three years from the date of Second Completion (or such shorter period as may be requested by the Purchaser), the Sellers shall arrange for the sale of the Third Sale Shares in the following manner:

Year	**Percentage of the equity interest in the Target Company to be purchased**
First year:	2%
Second year:	2%
Third year:	1%

The above schedule is subject to further notice to be issued by the Purchaser to the Sellers.

The Purchaser and/or the third parties procured by the Purchaser (if any) shall pay the following amount (the "**Third Consideration**") into the relevant Escrow Account in the following manner:

(1) Consideration (subject to Final Adjustment)/76% x (2%)

(2) Consideration (subject to Final Adjustment)/76% x (2%)

(3) Consideration (subject to Final Adjustment)/76% x (1%)

Assuming that First Completion and Second Completion will take place and that Second Completion will take place around September or October 2016, the Company expects that Third Completion will take place before the third quarter of 2019, subject to the time required for the Sellers to arrange for the sale of the Third Sale Shares and to provide the relevant documents to the Purchaser.

Board control

Upon First Completion, the Group would hold 50% interest in the Target Group. The Group will not have control over the board of the Target Company upon First Completion. Therefore, the Target Group will not become a subsidiary of the Company and its financial results will not be consolidated into the consolidated financial statements of the Company upon First Completion. The Directors expect that they could obtain joint control of the Target Group upon First Completion together with the Sellers and Guangzhou Radio Group and the Target Company will be accounted for as a joint venture of the Company upon First Completion. The financial and operating policy decisions of the Target Group will require unanimous consent of the Company and the other remaining shareholders of the Target Company sharing control together with the Company upon First Completion.

Purchaser's right to terminate

Although no specific long stop date with respect to First Completion, Second Completion and Third Completion has been stipulated in the Sale and Purchase Agreement, the Purchaser reserves the right to terminate the Sale and Purchase Agreement if any Seller breaches any representations, warranties and other obligations under the Sale and Purchase Agreement leading to non-performance of the Sale and Purchase Agreement, or fails to procure the registration of the transfer of the Sale Shares with the Administration for Industry and Commerce in the PRC, unless otherwise stated in the Sale and Purchase Agreement. The Sellers shall, within five Business Days of such termination, refund the Deposit and any other part of the Consideration paid to the Sellers without prejudice to the Purchaser's other rights against the Sellers under the Sale and Purchase Agreement or at law.

MANDATE FOR POSSIBLE MAJOR TRANSACTION IN RESPECT OF THE POSSIBLE ACQUISITION OF THE REMAINING 24% EQUITY INTEREST IN THE TARGET COMPANY

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Purchaser intended to acquire and/or procure third parties (if any) to acquire the Remaining Interest. As such sale will be regarded as a disposal of state-owned assets, it will need to comply with the state-owned asset transfer approval procedures and will need to be conducted by way of a public bid held by a property rights trading institution. The Purchaser intended to participate and/or procure third parties (if any) to participate in such bid. If the Purchaser succeeds in the Public Bid, the terms of the purchase of the Remaining Interest will be governed by the Transfer Contract.

After further consideration and taking into account of the information currently available to the Company, the Company is of the view that it is in the interest of the Group to participate in the Public Bid for the Remaining Interest. The Board would like to seek the Shareholders' approval in this regard.

Procedure of the Public Bid

The Remaining Interest is being transferred as state-owned equity interests by way of Public Bid convened at Guangzhou Enterprises pursuant to 中華人民共和國合同法 (Contract Law of the PRC*), 企業國有產權轉讓管理暫行辦法 (Temporary Management Policy of National Assets Transfer*) and other national and local assets transfer related laws, regulations and policies in the PRC.

Guangzhou Enterprises, a PRC governmental body set up by the Guangdong and Guangzhou government and appointed by 國務院國有資產監督管理委員會 (Stated-owned Asset Supervision and Administration Commission of the State Council*) for handling the transfer of stated-owned assets, is fully responsible for the works for the transfer of state-owned equity interests, including but not limited to inviting potential bidders to participate in the Public Bid, examining the qualification of the potential bidders and formulating the form of transfer of the Remaining Interest.

The Remaining Interest is to be acquired through a public bidding process which is fairly structured and established and regulated by legislation and requirements. In addition to the abovementioned relevant laws and regulations, all the transfer of state-owned assets through Guangzhou Enterprises shall be conducted in accordance with the Assets Transfer Regulations, pursuant to which Guangzhou Enterprises will review and approve on the accuracy and the completeness of the disclosure of information regarding the Remaining Interest including but not limited to the information of the Target Company and the audited financial statements and the asset valuation report of the Target Company to be submitted to Guangzhou Enterprises. Such statements and report shall be prepared by intermediaries recognized and appointed by 廣州市國有資產監督管理委員會 (State-owned Asset Supervision and Administration Commission of Guangzhou*) (the "**Reports**"). Guangzhou Enterprises will only handle those applications of transfer of state-owned assets which meet the disclosure requirements as stipulated under the Assets Transfer Regulations.

The Public Bid will be open for application for at least 20 business days. If at the expiry of the Application Period, there are more than one qualified intended purchasers, the qualified intended purchaser with the highest auction bid would be entitled to acquire the Remaining Interest. However, in the event that there is only one qualified intended purchaser, the successful intended purchaser will be obliged to acquire the Remaining Interest. In either case, the Transfer Contract shall be entered into within 3 business days after a successful bid.

Accordingly, if the Purchaser succeeds in the Public Bid, it will enter into the Transfer Contract with Guangzhou Radio Group to acquire the Remaining Interest within 3 business days after the successful bid. The Board therefore resolved to seek a prior approval from the Shareholders in respect of the Possible Acquisition with a bidding price of no more than the Maximum Consideration, before the submission of the required documents for participating in the Public Bid.

PRINCIPAL TERMS OF THE PUBLIC BID FOR THE REMAINING INTEREST

Expected timing of the Public Bid

The Public Bid is expected to be held before 30 June 2017 and is expected to be held after the Second Completion. The required documents for participating in the Public Bid shall be submitted before the expiry of the Application Period. The Group intends to submit the required documents for participating in the Public Bid before the expiry of the Application Period.

Parties

Purchaser/bidder:	the Purchaser, a wholly-owned subsidiary of the Company
Vendor:	Guangzhou Radio Group

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guangzhou Radio Group and its ultimate beneficial owners are independent of and not connected with the Company and the connected persons of the Company.

Maximum Consideration for the bid

The bidding price of the Public Bid shall not be less than the value of the assets set out in the Reports submitted to Guangzhou Enterprises as mentioned above which shall be determined in compliance with the Assets Transfer Regulations. Potential bidder(s) will be required to pay the Earnest Money of not more than 20% of the bidding price when they submit their application to participate in the Public Bid. The Earnest Money will be applied towards settling part of the aggregate consideration for the acquisition of the Remaining Interest and other related fees and/or expenses if the Purchaser is successful in its bidding at the Public Bid. The Group will pay the Earnest Money when it submits its application to participate in the Public Bid, subject to the Proposed Mandate being granted by the Shareholders at the SGM. Should the Proposed Mandate not be granted by the Shareholders at the SGM, the Group will not submit its application to participate in the Public Bid. If the Purchaser succeeds in the Public Bid, the Purchaser will enter into the Transfer Contract with Guangzhou Radio Group. The remaining 80% of the consideration for the Remaining Interest shall be paid within 5 business days of the effective date of the Transfer Contract. In case of deferred payment, the Purchaser shall also pay Guangzhou Radio Group interest at the bank lending rate for the corresponding period and shall provide security in favour of Guangzhou Radio Group pursuant to the terms of the Transfer Contract.

The Maximum Consideration for the Possible Acquisition under the Proposed Mandate to be granted by the Shareholders is RMB450 million, which is determined having taken into account, among others, (i) the consideration payable for the Sale Shares under the Sale and Purchase Agreement; and (ii) the Group's view on the property market of the PRC.

The economic growth in the PRC was stable towards the end of 2015. The GDP growth was 6.7% on-year in the first quarter of 2016, slightly slower than the previous quarter's 6.8%. According to the report on the work of the government delivered by the Premier of the People's Government of the PRC, Mr. Li Keqiang, at the opening session of the National People's Congress in March 2016, one of the main development targets for 2016 is to achieve GDP growth of 6.5% to 7%.

According to a research report on the PRC property market for the first quarter of 2016 prepared by China Index Academy (中國指數研究院), in the first quarter of 2016, Yincheng shice* (因城施策) has been raised at the national and local annual plenary sessions of the National People's Congress and Chinese People's Political Consultative Conference with an aim to cut housing inventories. Housing prices in first and second-tier cities will be stabilized by increasing land supply, while incentives will be provided to encourage purchases in third and fourth-tier cities to accelerate absorption of inventories. Policy differentiation among cities will continue to be the norm in near future. Housing prices of both new and second-hand properties are on a rising trend in general, especially in the first and second-tier cities. Property transactions are surging across different tiers of cities, in particular, Shanghai, Suzhou, Nanjing and Tianjin. Third tier cities in the Yangtze River Delta and Pearl River Delta regions also delivered satisfactory results.

Based on the above, the Group is in general optimistic about the development of the property industry in the PRC. Looking ahead to the rest of 2016, the Group expects that urbanization, population influx into key cities and the new second-child policy would continue to drive up demand and the PRC's residential market will continue to focus on inventory absorption, with steady growth in prices. It is anticipated that the overall property market in the PRC will continue to maintain a higher-than-average growth rate in 2016.

The final bid price for the Public Bid to be submitted by the Company shall be determined by taking into consideration, among others, (i) the minimum asking price for the Remaining Interest at Guangzhou Enterprises, (ii) the number of qualified bidders participating in the Public Bid, and (iii) the business and financial status of the Target Group as at the time of the Public Bid. Shareholders should note that the final bid price for the Public Bid to be submitted by the Purchaser will in any event not exceed the Maximum Consideration. Based on the above, the Directors (including the independent non-executive Directors) consider that the Proposed Mandate including the Maximum Consideration is fair and reasonable.

Subject to the obtaining of the Proposed Mandate, the Company will decide on whether to participate in the Public Bid by considering, among others, (i) the overall market condition of the PRC property market as at the time of the Public Bid, (ii) the business and financial status of the Target Group, and (iii) the fact of whether retaining a minority ownership will give the Target Group more support in terms of resources and management experiences.

The Company intends to settle the consideration for the Remaining Interest by the internal resources of the Group. As at 30 April 2016, the Group had a consolidated cash and bank balances of approximately RMB2.34 billion based on the unaudited consolidated management accounts of the Group as at 30 April 2016. Accordingly the Directors considered that the Group had sufficient internal resources to settle the consideration for the acquisition of the Remaining Interest (together with the Consideration for the acquisition of the Sale Shares. Please refer to the section headed "VERY SUBSTANTIAL ACQUISITION IN RESPECT OF THE 76% EQUITY INTEREST IN THE TARGET COMPANY" above).

Conditions precedent for participating in the Public Bid

The Group should satisfy the following criteria for participating in the Public Bid:

(a) the approval of the Proposed Mandate by the Shareholders in accordance with the Listing Rules being obtained;

(b) the Board being satisfied with the financial and business conditions of the Target Group immediately prior to submission of the required documents for participating in the Public Bid;

(c) completion of the application for participating in the Public Bid during the Application Period; and

(d) full payment of the Earnest Money.

The Group's participation in the Public Bid is not subject to completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement. Completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement is also not subject to the Group's participation in the Public Bid and/or completion of the acquisition of the Remaining Interest.

If the Purchaser succeeds in the Public Bid, it shall enter into the Transfer Contract within 3 business days after the successful bid. Completion of the registration of the transfer of the Remaining Interest will take place after the receipt of the certificate in respect of the transfer of the Remaining Interest issued by Guangzhou Enterprises.

In the event the Purchaser enters into the Transfer Contract, the Company will comply with the requirements of the Listing Rules in respect thereof and make further announcement(s) as and when appropriate.

INFORMATION ON THE SELLERS AND GUANGZHOU RADIO GROUP

The Sellers comprise eight individuals, who are, to the best knowledge of the Directors, the existing or retired management of the Target Company, are independent of and not connected with the Company and its connected persons.

Guangzhou Radio Group is a company established in the PRC with registered capital of RMB550,000,000. It is a state-owned enterprise and is principally engaged in the investments in and operations of the high-tech manufacturing and modern service industries.

The Target Group was at first wholly-owned by Guangzhou Radio Group. The Sellers, who are or were involved in the management of the Target Company, acquired old shares of the Target Company from Guangzhou Radio Group in 2000 and then became shareholders of the Target Company. As at the Latest Practicable Date, the Target Company had five board members of which three represent the Sellers and the remaining two represent Guangzhou Radio Group.

Save as disclosed above and save for one of the Sellers, namely Zhang Bailong, being a minority shareholder of an A-Share company controlled by Guangzhou Radio Group, to the best knowledge of the Directors, the Sellers are currently independent of and not connected with Guangzhou Radio Group.

INFORMATION ON THE TARGET GROUP

The Target Company is a company established in the PRC on 19 August 1996 with limited liability and is owned as to 76% by the Sellers and 24% by Guangzhou Radio Group. The registered and paid up capital of the Target Company is RMB360,000,000.

The Target Group is headquartered in Guangzhou, the PRC. The Target Company (through its subsidiaries) is principally engaged in property development, operation and management.

As at 31 December 2015, the Target Company held a total of 50 subsidiaries. The Target Company holds 51% shareholding in 廣州廣電物業管理有限公司 ("**Guangzhou Guangdian Property Management Co., Ltd.**"*). Guangzhou Guangdian Property Management Co., Ltd. possesses National Class A Property Management Qualification, and currently has nearly a hundred high-end property project service centers in cities including Guangzhou, Foshan, Zhuhai, Changsha, Wuhan and Xiamen. Its management service covers nearly 28 million square meters.

Other than Guangzhou Guangdian Property Management Co., Ltd., the principal subsidiaries of the Target Company are as follows:

Name of subsidiary	Place/date of establishment	Principal activities	Paid up and registered capital *(RMB'0000)*	Beneficial ownership
Wuhan Guangdian Haige Real Estate Development Co., Ltd. (武漢廣電海格房地產開發有限公司)	Wuhan/ 28 June 2006	Property development	2,000.00	70.00%
Wuhan Guanghong Real Estate Development Co., Ltd. (武漢廣泓房地產開發有限公司)	Wuhan/ 12 December 2011	Property development	5,000.00	100.00%
Changsha Guanghui Real Estate Development Co., Ltd.* (長沙廣匯房地產開發有限公司)	Changsha/ 10 October 2007	Property development	10,000.00	100.00%
Taiyuan Guanghui Real Estate Development Co., Ltd.* (太原廣匯房地產開發有限公司)	Taiyuan/ 30 November 2009	Property development	6,000.00	100.00%
Kunming Guanghong Investment Co., Ltd.* (昆明廣鴻投資有限公司)	Kunming/ 27 September 2011	Investment management	5,000.00	100.00%
Zhuji Guanghui Property Co., Ltd. (諸暨廣匯置業有限公司)	Zhuji/ 15 January 2013	Property development	2,000.00	100.00%
Guangzhou Guanghong Investment Management Co., Ltd.* (廣州廣鴻投資管理有限公司)	Guangzhou/ 12 May 2011	Investment management	2,000.00	100.00%
Guangzhou Guangdian Property Management Co., Ltd.* (廣州廣電物業管理有限公司)	Guangzhou/ 27 January 1998	Property management	1,500.00	51.00%
Zhuzhou Yingyuan Real Estate Development Co., Ltd. (株洲穎沅房地產開發有限公司)	Changsha/ 2 July 2013	Property development	1,000.00	100.00%
Wuhan Guanghong Investment Co., Ltd.* (武漢廣鴻投資有限公司)	Wuhan/ 8 February 2014	Investment management	5,000.00	100.00%
Wuhan Guangkun Real Estate Development Co., Ltd.* (武漢廣坤房地產開發有限公司)	Wuhan/ 22 January 2014	Property development	10,000.00	100.00%
Wuhan Guangshen Real Estate Development Co., Ltd. (武漢廣申房地產開發有限公司)	Wuhan/ 3 September 2014	Property development	10,000.00	100.00%

Name of subsidiary	Place/date of establishment	Principal activities	Paid up and registered capital *(RMB'0000)*	Beneficial ownership
Changsha Yinghui Real Estate Development Co., Ltd. (長沙穎匯房地產開發有限公司)	Changsha/ 14 May 2014	Property development	1,000.00	55.00%
Guangzhou Guangdian Property Development Co., Ltd.* (廣州廣電置業發展有限公司)	Guangzhou/ 28 January 2014	Property development	2,000.00	100.00%
Guangzhou Guangdian Xintang Property Development Co., Ltd.* (廣州廣電新唐置業發展有限公司)	Guangzhou/ 25 February 2014	Property development	1,000.00	100.00%
Guangzhou Zhonghu Investment Management Co., Ltd.* (廣州中鵠投資管理有限公司)	Guangzhou/ 7 July 2014	Property management	2,000.00	100.00%
Shenzhen Qianhai Zhonghu Investment Management Co., Ltd.* (深圳前海中鵠投資管理有限公司)	Shenzhen/ 15 August 2014	Property management	1,000.00	100.00%
Wuhan Guangdian Guobo Real Estate Development Co., Ltd. (武漢廣電國博房地產開發有限公司)	Wuhan/ 20 June 2011	Property development	3,000.00	100.00%
Wuhan Guangdian Xincheng Real Estate Development Co., Ltd. (武漢廣電新城房地產開發有限公司)	Wuhan/ 20 June 2011	Property development	3,000.00	100.00%
Changsha Yingyuan Real Estate Development Co., Ltd.* (長沙穎沅房地產開發有限公司)	Changsha/ 17 August 2009	Property development	1,000.00	100.00%
Changsha Yuhua Real Estate Development Co., Ltd.* (長沙煜華房地產開發有限公司)	Changsha/ 26 July 2007	Property development	5,000.00	100.00%
Changsha Shiren Real Estate Development Co., Ltd.* (長沙市石人房地產開發有限公司)	Changsha/ 9 August 2007	Property development	1,570.58	100.00%
Xinchangcheng (Hunan) Property Co., Ltd. (鑫長城(湖南) 置業有限公司)	Changsha/ 4 September 2012	Property development	1,000.00	100.00%
Changsha Jinjiangshuili Investment Property Co., Ltd. (長沙市靳江水利投資置業有限公司)	Changsha/ 16 January 2006	Property development	10,000.00	85.00%
Shanxi Hezhongruitong Investment Co., Ltd. (山西合眾瑞通投資有限公司)	Taiyuan/ 9 December 2005	Property development	1,000.00	100.00%

Name of subsidiary	Place/date of establishment	Principal activities	Paid up and registered capital *(RMB'0000)*	Beneficial ownership
Shanxi Shilun Investment Co., Ltd.* (山西時輪投資有限公司)	Taiyuan/ 2 July 2009	Investment management	1,000.00	100.00%
Yunnan Weijia Real Estate Development Co., Ltd. (雲南偉佳房地產開發有限公司)	Kunming/ 26 October 2006	Property development	5,000.00	70.00%
Wuhan Donghui Real Estate Development Co., Ltd. (武漢東輝房地產開發有限公司)	Wuhan/ 1 June 2006	Property development	3,000.00	100.00%
Wuhan Xindonghui Real Estate Development Co., Ltd. (武漢鑫東輝房地產開發有限公司)	Wuhan/ 14 December 2010	Property development	5,000.00	100.00%

The Target Group has been principally engaged in property development, operation and management since 1996. The Target Company possesses National Class A Real Estate Development Qualification, and has formed a development pattern in seven areas, namely Guangzhou, Wuhan, Changsha, Taiyuan, Kunming, Jiangsu and Zhejiang. As at 31 December 2015, it had 22 major real estate development projects located in Wuhan, Changsha, Taiyuan, Kunming, Kunshan and Guangzhou with a total saleable floor area of approximately 5 million square meters. Extracts of key projects' contracted sales in 2015 under the Target Group are as follows:

City	Projects	GFA Sold in 2015 *(square meters)*	Total Amount *(RMB'0000)*	Proportion of GFA sold	Proportion of contracted sales
Wuhan	Lanting Shidai* (蘭亭時代)	154,578.70	110,810.00	14.36%	13.13%
	World Style (蘭亭盛薈)	121,921.00	114,022.00	11.33%	13.51%
	Lanting Ronghui* (蘭亭榮薈)	111,534.14	120,863.00	10.36%	14.32%
	Noble Paradise (蘭亭瓏府)	43,344.84	38,691.00	4.03%	4.59%
	Center Busting Convenient (蘭亭都薈)	19,558.39	11,974.00	1.82%	1.42%
	Others	29,296.11	14,332.00	2.72%	1.70%
Changsha	River City (蘭亭灣畔)	125,407.50	73,854.00	11.65%	8.75%
	City Master (蘭亭都薈)	20,331.50	13,890.70	1.89%	1.65%
	Zhuzhou Orchid Pavilion City Garden (株洲都市蘭亭)	57,707.00	21,427.00	5.36%	2.54%
	Colourful Garden (疊彩蘭亭)	29,609.00	17,928.00	2.75%	2.12%
	Others	13,893.96	14,739.62	1.29%	1.75%
Taiyuan	Royall Lake Town (蘭亭御湖城)	79,247.43	66,285.00	7.36%	7.86%
Kunming	Lanting Shangjin* (蘭亭上錦)	61,532.89	37,528.00	5.72%	4.45%
Kunshan	Keyi Lanting* (可逸蘭亭)	154,229.24	125,744.00	14.33%	14.90%
	Xinghui Lanting* (星匯蘭亭)	53,119.52	57,815.00	4.93%	6.85%
Guangzhou	Others	1,148.29	3,890.00	0.10%	0.46%
	Total	1,076,459.51	843,793.32	100.00%	100.00%

Set out below are further details about the key property projects of the Target Group in the areas of operations, financial positions, development status and plans, and risks and prospects:

Guangzhou

The Target Group has 3 key property projects in Guangzhou, which is the third largest city in the PRC and is the capital and largest city of Guangdong province in the PRC. Being the commercial and manufacturing hub of the Pearl River Delta and with its 13 million population, its property market has been developing and growing at a fast pace and the demand for properties has been robust. The 3 key property projects of the Target Group in Guangzhou are as follows:

1. World Style, Guangzhou (廣州蘭亭盛薈)

World Style is located at the northern side of Guangzhou Beltway in Tianhe District. It occupies a parcel of land with a site area of approximately 91,284.38 sq.m. The project would be developed into a residential and commercial property with a planned GFA of approximately 541,238 sq.m. under which residential properties would occupy 324,364 sq.m.

Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the portions under construction of World Style is approximately 12% and are expected to be completed and delivered in December 2019 and March 2020, respectively. The remaining portion of the project for future development will commence construction in October 2016 and is expected to be completed and delivered in June and September 2020, respectively. As at the end of 2015, the sales of the project had not been launched.

World Style is owned by Guangzhou Jiajun Property Co., Ltd. (廣州佳郡置業有限公司) ("**Guangzhou Jiajun**"), which is held as to 29% by the Target Company. Guangzhou Jiajun's net assets amounted to RMB99 million as at 31 December 2015 and it recorded a net profit of RMB1 million for the year ended 31 December 2015.

2. Tianhe City Square, Guangzhou (廣州天河都市廣場)

Tianhe City Square is located at the western side of Yuancun Erheng Road in Tianhe District. It occupies a parcel of land with a site area of approximately 3,613.01 sq.m. and a GFA of approximately 25,288 sq.m. which was developed into a commercial building and was completed in 2005. The property comprises various commercial units and 97 car parking spaces with a total GFA of approximately 14,140.26 sq.m.

The total lettable area of the commercial investment property of Tianhe City Square (exclusive of the car parking spaces) is 13,037.07 sq.m. Based on the information provided by the Target Group and as at 30 April 2016, the average daily rental of the leased portion is RMB2.70 per sq.m. and the occupancy rate is 86%.

Tianhe City Square is owned by Guangzhou Guangdian Property Development Group Shares Co., Ltd. (廣州廣電房地產開發集團股份有限公司) whose net assets amounted to RMB873 million as at 31 December 2015 and it recorded a net profit of RMB36 million for the year ended 31 December 2015.

3. Qiaoying Garden, Guangzhou (廣州僑穎苑)

Qiaoying Garden is located at the southern side of Yuancun West Street and the eastern side of Yuancun South Street in Tianhe District. It occupies a parcel of land with a site area of approximately 10,865 sq.m. and a GFA of approximately 41,231 sq.m. which was developed into a residential and commercial complex and was completed in 2000.

The total lettable area of commercial investment property of Qiaoying Garden is 1,588.84 sq.m. (exclusive of the car parking spaces). Based on the information provided by the Target Group and as at 30 April 2016, the average daily rental of the leased portion of Qiaoying Garden is RMB2.24 per sq.m. and the occupancy rate is 96%.

Qiaoying Garden is owned by Guangzhou Guangdian Property Development Group Shares Co., Ltd. (廣州廣電房地產開發集團股份有限公司), whose net assets amounted to RMB873 million as at 31 December 2015 and it recorded a net profit of RMB36 million for the year ended 31 December 2015.

Due to the overheating of the property market in Tier-one cities like Guangzhou, austerity measures have been adopted by the government to cool down the property market. Furthermore, in order to curb the faster-than-normal rise in property prices in Guangzhou, it is expected that the Guangzhou government would unveil its land supply plans to prevent over-heating of the property market in Guangzhou. This would potentially increase the supply of properties in Guangzhou and slow down the sale-through rate and cash turnover for property projects in Guangzhou.

Wuhan

The Target Group has 6 key property projects in Wuhan, which is one of the top three cities in 2015 in terms of GFA sold. Such trend is expected to continue in 2016 as there is a strong demand for new flats in Wuhan, especially for the first-time home buyers. Wuhan's average selling price for first-hand flats experienced a growth of approximately 15% in 2015 and a moderate growth in the average selling price is expected in 2016 as property developers are expected to manage to shift the burden of increased land cost to the property buyers. The 6 key property projects of the Target Group in Wuhan are as follows:

1. Jiangdi Village Project, Wuhan (武漢江堤村, comprised of Noble Paradise 蘭亭瓏府, Center Busting Convenient 蘭亭都薈 and Prosperous Garden 蘭亭熙園)

Jiangdi Village Project is located at the junction of Maying Road and Jiangdi Zhong Road in Hanyang District. It occupies 3 parcels of land with a total site area of approximately 199,563.72 sq.m. and a total GFA of approximately 704,154 sq.m. which was developed into a residential and commercial complex and was completed in 2014 and delivered in 2015.

The total lettable area of commercial investment property of Jiangdi Village Project is 1,500.07 sq.m. As at 30 April 2016, the average daily rental of the leased portion is RMB0.61 per sq.m. and the occupancy rate is 39%.

Jiangdi Village Project achieved contracted sales of RMB519 million with a total contracted sales area of 65,489 sq.m. in 2015.

As at the end of 2015, the project achieved a cumulative contracted sales of RMB4,852 million with a total contracted sales area of 589,340 sq.m., which accounted for approximately 84% of total saleable GFA. As at the end of 2015, the project further recorded a cumulative revenue of RMB4,668 million with a total booked area of 572,916 sq.m.

Jiangdi Village Project is owned by Wuhan Guangdian Real Estate Development Co., Ltd.* (武漢廣電房地產開發有限公司) whose net assets amounted to RMB175 million as at 31 December 2015 and it recorded a net profit of RMB3 million for the year ended 31 December 2015.

2. Lanting Shidai, Wuhan (武漢蘭亭時代)

Lanting Shidai is located at the junction of Jiangcheng Avenue and 3rd Ring Road in Hanyang District. It occupies 2 parcels of land with a total site area of approximately 214,033.72 sq.m. and a total GFA of approximately 783,864.56 sq.m. which would be developed into a residential and commercial complex. Phase I has a GFA of 366,991.94 sq.m. and was completed in 2015 while Phase II is currently under construction and is scheduled to be completed in mid-2018.

Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the construction of Phase II is approximately 61%. The delivery of Phase II is expected to be completed in September 2018.

Lanting Shidai achieved contracted sales of RMB1.1 billion with a total contracted sales area of 154,579 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB3,108 million with a total contracted sales area of 431,534 sq.m., which accounted for approximately 59% of total saleable GFA. As at the end of 2015, the project further recognised a cumulative revenue of RMB1,367 million with a total booked area of 183,277 sq.m.

Lanting Shidai is owned by Wuhan Guanghong Real Estate Development Co., Ltd.* (武漢廣泓房地產開發有限公司) whose net assets amounted to RMB135 million as at 31 December 2015 and it recorded a net profit of RMB113 million for the year ended 31 December 2015.

3. Lanting Ronghui, Wuhan (武漢蘭亭榮薈)

Lanting Ronghui is located at Gutian Si Road in Qiaokou District. It occupies 4 parcels of land with a total site area of approximately 109,207.01 sq.m. and a total planned GFA of approximately 598,874.25 sq.m. which would be developed into a residential and commercial complex with four stages of development. Phase I has a GFA of approximately 119,653.42 sq.m. and was completed in 2015 while Phases II to IV are currently under construction and are scheduled to be completed in September 2018.

Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the construction of Phase II and Phase III are approximately 46% and 37%, respectively. The delivery of the project is expected to be completed in December 2018.

Lanting Ronghui achieved contracted sales of RMB1,209 million with a total GFA of 111,534 sq.m. in 2015. At the end of 2015, Lanting Ronghui achieved a cumulative contracted sales of RMB1,782 million with a total contracted sales area of 165,021 sq.m., which accounted for approximately 29% of total saleable GFA. As at the end of 2015 the project further recognised a cumulative revenue of RMB806 million with a total booked area of 70,489 sq.m.

Lanting Ronghui is owned by Guangdian Haige Real Estate Development Co., Ltd.* (武漢廣電海格房地產開發有限公司) whose net assets amounted to RMB645 million as at 31 December 2015 and it recorded a net profit of RMB163 million for the year ended 31 December 2015.

4. World Style, Wuhan (武漢蘭亭盛薈)

World Style is located at Jiangdi Middle Road in Hanyang District. It occupies 6 parcels of land with a total site area of approximately 281,683.61 sq.m. and a total planned GFA of approximately 920,163.62 sq.m. which is planned to be developed into residential property in six phases.

Phase B6 has a total GFA of approximately 141,512.95 sq.m. and was completed in 2015 while Phase B5 is currently under construction. Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the construction of Phase B5 is approximately 45% and construction is expected to be completed in June 2017. Phases B5 and B6 are expected to be delivered in September 2017. As at the Latest Practicable Date, the remaining Phases B4, B7, B8 and B9 had not yet commenced construction. The construction on the remaining parcels of land for future development is expected to commence in October 2016 and is expected to be completed in September 2019, with delivery expected to be completed in December 2019.

World Style achieved contracted sales of RMB1,140 million with a total contracted sales area of 121,921 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB1,642 million with a total contracted sales area of 176,758 sq.m. which accounted for approximately 21% of total saleable GFA. The project had not recorded revenues as at the end of 2015.

Wuhan Guangdian Xincheng Real Estate Development Co., Ltd. (武漢廣電新城房地產開發有限公司) ("**Wuhan Xincheng**"), a wholly-owned subsidiary of the Target Company), is legally in possession of the land use rights of Phases B5 and B8 of the property and Wuhan

Guangdian Guobo Real Estate Development Co., Ltd. (武漢廣電國博房地產開發有限公司) ("**Wuhan Guobo**"), a wholly-owned subsidiary of the Target Company) is legally in possession of the land use rights of Phases B4, B6, B7 and B9 of the property.

As at 31 December 2015, the net assets of Wuhan Xincheng and Wuhan Guobo amounted to RMB1,031 million and RMB1,366 million, respectively. For the year ended 31 December 2015, Wuhan Xincheng and Wuhan Guobo recorded net profit of approximately RMB8 million and net loss of approximately RMB14 million, respectively.

5. Laoguan Village Project, Wuhan (武漢老關村)

Laoguan Village Project is located at the eastern side of Changjiang Road and the northern side of Laoguan Middle Road in Hanyang District. It comprises a parcel of land with a site area of approximately 145,356.04 sq.m. and a total GFA of approximately 1,033,577.32 sq.m. which would be developed into a mixed-complex for residential and commercial use. Based on the information provided by the Target Group and as at 30 April 2016, some preliminary construction work of Laoguan Village Project has commenced and the percentage of completion for the construction of Laoguan Village Project is approximately 2%. The project is expected to be completed in June 2022, with delivery expected to be completed in September 2022.

Laoguan Village is owned by Wuhan Guangshen Real Estate Development Co., Ltd* (武漢廣申房地產開發有限公司) whose net assets amounted to RMB100 million as at 31 December 2015 and it recorded a net loss of RMB0.05 million for the year ended 31 December 2015.

6. Liji North Road Project, Wuhan (武漢利濟北路)

Liji North Road Project is located at the junction of Liji North Road and Shundao Street in Qiaokou District. It comprises 2 parcels of land with a total site area of approximately 6,059.80 sq.m. mainly for commercial and residential purposes. As at the Latest Practicable Date, the construction had not yet commenced. The project is expected to commence construction in June 2017 and is expected to be completed in September 2020, with delivery expected to be completed in December 2020.

Liji North Road Project is owned by Wuhan Xindonghui Real Estate Development Co., Ltd.* (武漢鑫東輝房地產開發有限公司) whose net assets amounted to RMB46 million as at 31 December 2015 and it recorded a net loss of RMB0.1 million for the year ended 31 December 2015.

Due to the high growth rate of property price in Wuhan in the past 12 months, austerity measures may be adopted by the government to cool down the property market. It is expected that the Wuhan government would suppress the price growth of property projects and implement land supply related policies. This would potentially increase the supply of properties in Wuhan and slow down the sale-through rate and cash turnover for property projects in Wuhan.

Kunshan

The Target Group has 3 key property projects in Kunshan, which is a satellite city in the greater Suzhou region and is regarded as one of the most economically successful county-level administrations in the PRC. Its disposable income per capita reached RMB45,000 in 2015 which approximated the level of the largest cities in the PRC such as Shenzhen (RMB44,000) and Shanghai (RMB53,000). The high disposable income per capita in Kunshan supports strong demand for properties. The 3 key property projects of the Target Group in Kunshan are as follows:

1. Keyi Lanting, Kunshan (昆山可逸蘭亭)

Keyi Lanting is located at the eastern side of Jishan Road and the northern side of Huaji Road. It occupies a parcel of land with a site area of approximately 165,198.10 sq.m. and a planned GFA of approximately 527,636.42 sq.m. which would be developed into a residential property. Phase I and portions of Phase II were completed during 2014 and 2015. The remaining portion of Phase II and the whole of Phase III are currently under construction and are scheduled to be completed in December 2016. Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the construction of the Keyi Lanting project is approximately 75%. The delivery of the project is expected to be completed in March 2017.

Keyi Lanting achieved contracted sales of RMB1,257 million with a total contracted sales area of 154,229 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB3,032 million with a total contracted sales area of 367,521 sq.m., which accounted for approximately 80% of total saleable GFA. As at the end of 2015, the project further recognised a cumulative revenue of RMB1,468 million with a total booked area of 170,175 sq.m.

Keyi Lanting is owned by Kunshan Yuexiu Guangdian Investment Development Co., Ltd.* (昆山市越秀廣電投資發展有限公司) whose net assets amounted to RMB227 million as at 31 December 2015 and it recorded a net profit of RMB161 million for the year ended 31 December 2015.

2. Xinghui Lanting, Kunshan (昆山星匯蘭亭)

Xinghui Lanting is located at Shang Yin East Road in Huaqiao Town. It occupies a parcel of land with a site area of approximately 58,802.6 sq.m. and a planned GFA of approximately 180,920.89 sq.m. which would be developed into a residential property. Xinghui Lanting is currently under construction and is scheduled to be completed in August 2017. Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the construction of Xinghui Lanting project is approximately 38%, with delivery of the project expected to be completed in November 2017.

Xinghui Lanting achieved contracted sales of RMB578 million with a total contracted sales area of 53,120 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB578 million with a total contracted sales area of 53,120 sq.m., which accounted for approximately 34% of total saleable GFA. The project had recognised no revenue at the end of 2015.

Xinghui Lanting is owned by Kunshan Yuexiu Guangdian Investment Development Co., Ltd.* (昆山市越秀廣電投資發展有限公司) whose net assets amounted to RMB227 million as at 31 December 2015 and it recorded a net profit of RMB161 million for the year ended 31 December 2015.

3. Duke Road Project, Kunshan (昆山杜克大道)

Duke Road Project is located at the junction of Lin Yin Road and Du Ke Road in Gaoxin District. It occupies a parcel of land with a site area of approximately 148,668.2 sq.m. which would be developed into a residential property. As at the Latest Practicable Date, construction had not commenced yet. Construction is expected to commence in the third quarter of 2016 and is expected to be completed by the end of 2019. The project is expected to launch pre-sales in the third quarter of 2016, with delivery of the project expected to be completed in March 2020.

Duke Road Project is owned by Kunshan Guangdian Honghui Real Estate Development Co., Ltd.* (昆山廣電鴻輝房地產開發有限公司) which was established on 4 January 2016.

Due to the high growth rate of property price in Kunshan in the past 6 months, austerity measures may be adopted by the government to cool down the property market. It is expected that the Kunshan government would suppress the price growth of property projects and increase land supply. This would potentially increase the supply of properties and slow down the sale-through rate and cash turnover for property projects in Kunshan.

Changsha

The Target Group has 5 key property projects in Changsha, which is situated in the south-central China and is one of China's 20 most "economically advanced" cities. Higher than country-average GDP growth (9.9% in 2015) and continuous population influx contribute to strong demand in the property markets. In line with the central government's wishes to de-stock and absorb inventory, Changsha local government has unveiled its own land supply control and adopted de-stocking plans for the next few years, which are expected to be favorable to the growth of the property market. The 5 key property projects of the Target Group in Changsha are as follows:

1. River City, Changsha (長沙蘭亭灣畔)

River City is located at the junction of Jin River and Xiang River in Yuelu District. It occupies 4 parcels of land with a total site area of approximately 167,403.84 sq.m. Phase I and portions of Phase II have a total GFA of 606,503.15 sq.m., the remaining portion of Phase II will have a planned plot ratio accountable area of approximately 120,000 sq.m. The project was planned to be a mixed-use complex for residential and commercial purposes in two phases under which Phase I with total GFA of 267,850.38 sq.m. was completed in 2015 while the portions of Phase II is currently under construction. Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the portions under construction of Phase II is approximately 77% and is expected to be completed and delivered in June and September 2017, respectively. The remaining portion of Phase II for future development will commence construction in October 2016 and is expected to be completed and delivered in June and September 2019, respectively.

River City achieved contracted sales of RMB739 million with a total contracted sales area of 125,408 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB1,287 million with a total contracted sales area of 215,585 sq.m., which accounted for approximately 35% of total saleable GFA. As at the end of 2015, the project further recognised a cumulative revenue of RMB1,075 million with a total booked area of 168,106 sq.m.

River City is owned by Changsha Jinjiangshuili Investment Property Co., Ltd.* (長沙市靳江水利投資置業有限公司) whose net assets amounted to RMB171 million as at 31 December 2015 and it recorded a net profit of RMB111 million for the year ended 31 December 2015.

2. *No. 1 Project, Changsha (長沙壹號座品)*

No. 1 Project is located at Bayi Road in Furong District. It occupies a parcel of land with a site area of approximately 9,253.17 sq.m. and a GFA of 87,791.97 sq.m. which was developed into a commercial and office development and was completed in 2015. The total lettable area of investment property of No. 1 Project is 12,294.05 sq.m. Based on the information provided by the Target Group and as at 30 April 2016, the average daily rental of the leased portion is RMB2.29 per sq.m and the occupancy rate is 100%.

No. 1 Project achieved contracted sales of RMB105 million with a total sales area of 9,317 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB484 million with a total contracted sales area of 31,487 sq.m., which accounted for approximately 53% of total saleable GFA. The project further realised a cumulative revenue of RMB465 million with a total booked area of 30,057 sq.m.

No. 1 Project is owned by the project company of Xinchangcheng (Hunan) Property Co., Ltd* (鑫長城(湖南)置業有限公司) whose net assets amounted to RMB52 million as at 31 December 2015 and it recorded a net profit of RMB55 million for the year ended 31 December 2015.

3. *Colorful Garden, Changsha (長沙疊彩蘭亭)*

Colorful Garden is located at Laodong East Road in Yuhua District. It occupies 2 parcels of land with a total site area of approximately 25,342.74 sq.m. and a GFA of 144,850.01 sq.m. which would be developed into a mixed-use complex for residential and commercial purposes. It has commenced construction and portions of the project are scheduled to be completed in December 2016. Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the portions under construction is approximately 72%. The remaining parcel of land for future development will commence construction in October 2016 and is expected to be completed and delivered in June and September 2019, respectively.

Colorful Garden achieved contracted sales of RMB179 million with a total sales area of 29,609 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB179 million with a total contracted sales area of 29,609 sq.m., which accounted for approximately 20% of total saleable GFA. The project had recorded no revenue as at the end of 2015.

Colorful Garden is owned by the project company of Changsha Yinghui Real Estate Development Co., Ltd.* (長沙穎匯房地產開發有限公司) whose net liabilities amounted to RMB1.1 million as at 31 December 2015 and it recorded a net loss of RMB9.7 million for the year ended 31 December 2015.

4. *Camphor Garden, Changsha (長沙香樟蘭亭)*

Camphor Garden is located at Guitang Road in Yuhua District. It occupies 2 parcels of land with a total site area of approximately 39,850.96 sq.m. and a total GFA of 225,917.33 sq.m. which was developed into a mixed-use complex for residential and commercial purposes and was completed in 2015. The total lettable area of investment property of Camphor Garden is 4,613.35 sq.m. Based on the information provided by the Target Group and as at 30 April 2016, the average daily rental of the leased portion is RMB0.65 per sq.m. and the occupancy rate is 100%.

Camphor Garden achieved contracted sales of RMB30 million with a total sales area of 2,437 sq.m. in 2015.

Camphor Garden is owned by Changsha Yingyuan Real Estate Development Co., Ltd.* (長沙穎沅房地產開發有限公司) whose net liabilities amounted to RMB25 million as at 31 December 2015 and it recorded a net profit of RMB33 million for the year ended 31 December 2015.

5. *Orchid Pavilion City Garden, Zhuzhou (株洲都市蘭亭)*

Orchid Pavilion City Garden is located at the eastern side of Dingshan Road in Shifeng District. It occupies 10 parcels of land with a total site area of approximately 89,305.77 sq.m. and a total GFA of 428,741.85 sq.m. which would be developed into a mixed-use complex for residential and commercial uses in three phases. Phase I and Phase II are under construction and are expected to be completed in April 2018. As at the Latest Practicable Date, Phase III had not yet commenced construction. Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the construction of Phases I and II is approximately 67%. Phases I and II are expected be delivered in July 2018. Phase III will commence construction in October 2016 and is expected to be completed and delivered in September and December 2019, respectively.

Orchid Pavilion City Garden achieved contracted sales of RMB214 million with total sales area of 57,707 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB350 million with a total contracted sales area of 94,516 sq.m., which accounted for approximately 26% of total saleable GFA. The project had recorded no revenue as at the end of 2015.

Orchid Pavilion City Garden is owned by the project company of Zhuzhou Yingyuan Real Estate Development Co., Ltd.* (株洲穎沅房地產開發有限公司) whose net liabilities amounted to RMB10 million as at 31 December 2015 and it recorded a net loss of RMB12 million for the year ended 31 December 2015.

Due to the high inventory level of unsold properties in Changsha of approximately 11.7 million square meters, it would take around 12 months to digest this level of inventories. Therefore, the relatively high inventory level would drive an increasingly fierce competition amongst property developers, which in turn would drag down the sale-through rate and price growth rate of property development projects.

Taiyuan

The Target Group has 2 key property projects in Taiyuan, which is one of the main manufacturing bases of China and is the capital and largest city of Shanxi Province, the PRC. It experienced a moderate growth of 5% in average selling price for properties in 2015 and such trend is expected to continue in 2016. It is mainly due to a higher-than-average GDP growth rate (8.1%) and its ability to attract people from nearby cities to study, work and invest in Taiyuan. The 2 key property projects of the Target Group in Taiyuan are as follows:

1. Royall Lake Town, Taiyuan (太原蘭亭御湖城)

Royall Lake Town is located at Jinci Road in Jinyuan District. It occupies 10 parcels of land with a total site area of approximately 204,369.04 sq.m. and a total GFA of 728.267.62 sq.m. which would be developed into a mixed-use complex for residential and commercial uses in four phases. Phases I and II were completed in 2012 and 2014 respectively. Phase III is currently under construction and is scheduled to be completed in June 2017. As at the Latest Practicable Date, the construction of Phase IV has not yet commenced. Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the construction of Phase III is approximately 59%. The date for delivery for Phase III is expected to be in September 2017. Phase IV will commence construction in August 2016 and is expected to be completed and delivered in 2019.

Royall Lake Town achieved contracted sales of RMB663 million with a total sales area of 79,247 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB3,631 million with a total contracted sales area of 512,858 sq.m., which accounted for approximately 70% of total saleable GFA. As at the end of 2015, the project further recognised a cumulative revenue of RMB2,533 million with a total booked area of 375,950 sq.m.

Royall Lake Town is owned by Shanxi Hezhongruitong Investment Co., Ltd.* (山西合眾瑞通投資有限公司) whose net assets amounted to RMB70 million as at 31 December 2015 and it recorded a net loss of RMB5.2 million for the year ended 31 December 2015.

2. Beiyan Village Project, Taiyuan (太原北堰村)

Beiyan Village Project is located at the eastern side of West Middle Ring Road and the western side of Heping South Road in Jinyuan District. It occupies 5 parcels of land with a total site area of approximately 99,437.35 sq.m. which would be developed into a residential and commercial development.

As at the Latest Practicable date, construction had not yet commenced. Construction is expected to commence in the third quarter of 2016 and is expected to be completed by the end of 2020. The delivery of the project is expected to be completed in March 2021.

Beiyan Village Project is owned by Taiyuan Yingyuan Real Estate Development Co., Ltd.* (太原穎沅房地產開發有限公司) whose net assets amounted to RMB9.8 million as at 31 December 2015 and it recorded a net loss of RMB0.2 million for the year ended 31 December 2015.

Due to the high inventory level of unsold properties in Taiyuan of approximately 9.3 million square meters, it would take around 18 months to digest this level of inventories. Therefore, the relatively high inventory level would drive an increasingly fierce competition amongst property developers, which in turn would drag down the sale-through rate and price growth rate of property development projects.

Kunming

The Target Group has 2 key property projects in Kunming, which is the capital and largest city of Yunnan Province, the PRC. The headquarters of most of Yunnan's large businesses are in Kunming which attract talents and investments in Kunming and in turn drive up the demand for the property markets there. In line with the central government's wishes to de-stock and absorb inventory, the Kunming local government has unveiled its own land supply control (land supply by Kunming local government has decreased by 59% and 40% in 2014 and 2015 respectively) and adopted de-stocking plans for the next few years, which are expected to be favorable to the growth of the property market. The 2 key property projects of the Target Group in Kunming are as follows:

1. Lanting Shangjin, Kunming (昆明蘭亭上錦)

Lanting Shangjin is located at the junction of Chunyu Road and West 3rd Ring Road in Xishan District. It occupies 2 parcels of land with a total site area of approximately 66,886.57 sq.m. and a total GFA of approximately 373,471.41 sq.m. which were developed into a residential and commercial complex and were completed during 2014 and 2015, respectively. The development for the 2 parcels of land were delivered in 2014 and 2015, respectively.

Lanting Shangjin achieved contracted sales of RMB375 million with a total contracted sales area of 61,533 sq.m. in 2015. As at the end of 2015, the project achieved a cumulative contracted sales of RMB2,097 million with a total contracted sales area of 299,925 sq.m., which accounted for approximately 87% of total saleable GFA. As at the end of 2015, the project further recognised a cumulative revenue of RMB2,034 million with a total booked area of 275,749 sq.m.

Lanting Shangjin is owned by Yunnan Weijia Real Estate Development Co., Ltd.* (雲南偉佳房地產開發有限公司) whose net assets amounted to RMB168 million as at 31 December 2015 and it recorded a net profit of RMB78 million for the year ended 31 December 2015.

2. Landuhui Commercial Center, Kunming (昆明蘭都薈商業中心)

Landuhui Commercial Center is located at the junction of Chunyu Road and Renmin West Road in Xishan District. It occupies a parcel of land with a site area of approximately 27,012.11 sq.m. and a planned GFA of approximately 161,361.89 sq.m. which would be developed into a commercial and office property. Landuhui Commercial Center is currently under construction and is scheduled to be completed in December 2017. Based on the information provided by the Target Group and as at 30 April 2016, the percentage of completion for the construction of Landuhui Commercial Center is approximately 42%. The delivery of the project is expected to be completed in March 2018.

Landuhui Commercial Center is owned by Yunnan Weijia Real Estate Development Co., Ltd.* (雲南偉佳房地產開發有限公司) whose net assets amounted to RMB168 million as at 31 December 2015 and it recorded a net profit of RMB78 million for the year ended 31 December 2015.

Due to the high inventory level of unsold properties in Kunming of approximately 14.1 million square meters, it would take around 13 months to digest this level of inventories. Therefore, the relatively high inventory level would drive an increasingly fierce competition amongst property developers, which in turn would drag down the sale-through rate and price growth rate of property development projects.

Zhuji

The Target Group has 1 key property project in Zhuji, which is one of the wealthiest cities in Zhejiang Province, the PRC, and has been awarded the best city for commerce by Forbes. In the year of 2015 Zhuji's GDP amounted to RMB103 billion and ranked top 20 among all the county-level cities in China. As Zhuji is a third-tier city, it is expected that the local government would adopt policy to de-stock which favors the sale of properties. The key property project of the Target Group in Zhuji is as follows:

1. Guangyuehui, Zhuji (諸暨廣粵薈)

Guangyuehui is located at Shangcheng Road in Zhuji County. It occupies a parcel of land with a site area of approximately 16,837 sq.m. and a GFA of approximately 68,631.26 sq.m. which was developed into a 5-storey shopping mall and was completed in 2014. The total lettable area of investment property of Guangyuehui is 49,609.04 sq.m. Based on the information provided by the Target Group and as at 30 April 2016, the average daily rental of the leased portion is RMB0.65 per sq.m. and the occupancy rate is 86%.

Guangyuehui is owned by Zhuji Guanghui Property Co., Ltd.* (諸暨廣匯置業有限公司) whose net assets amounted to RMB99 million as at 31 December 2015 and it recorded a net profit of RMB10 million for the year ended 31 December 2015.

Due to the oversupply and large inventory level in Zhuji, the competition amongst property developers is high and may drag down the profit margin of property development projects. The slow sale-through would also create financial burden over the property developers.

Set out below is the financial information of the Target Group:

	For the year ended 31 December 2013 (audited) *RMB'000*	For the year ended 31 December 2014 (audited) *RMB'000*	For the year ended 31 December 2015 (audited) *RMB'000*
Revenue	4,081,258	5,472,202	6,968,127
Net profit before tax	262,163	640,106	572,129
Net profit after tax attributable to shareholders	152,079	372,566	268,762

	As at 31 December 2014 (audited) *RMB'000*	As at 31 December 2015 (audited) *RMB'000*
Net assets attributable to shareholders	1,251,434	1,417,562

The accounting standards followed by the Target Group are the same as that of the Company's.

Set out below is an overview of property interests of the Target Group as at 30 April 2016 which are disclosed herein pursuant to Rule 5.02B(2)(c) of the Listing Rules and are not covered by the property valuation report of the Target Group set out in Appendix V to this circular:

City	Unsold area (excluding car park spaces) *square meters*	Number of car park spaces	Uses
Guangzhou	18,450	356	Residential, commercial, office, car parking space, ancillary, etc
Wuhan	0	469	Car parking space
Changsha	9,713	1,345	Residential, commercial, car parking space
Total	**28,163**	**2,170**	

Further information about the properties held by the Target Group is set out in Appendix V to this circular.

As disclosed in the property valuation report of the Target Group set out in Appendix V to this circular, a property operation and management contract (the "**Relevant Contract**") dated 1 January 2009 was entered into between the Target Company and Guangzhou Guangdian Property Operation and Management Co., Ltd. (廣州廣電房產經營管理有限公司, "**Operation Company**"). Pursuant to the Relevant Contract, the property, being 4 commercial units and 3 car parking spaces of Qiaoying Garden located at the southern side of Yuancun West Street and the eastern side of Yuancun South Street, Tianhe District, Guangzhou City, Guangdong Province, The PRC (僑穎苑商業、地下車位) (the "**Relevant Property**"), was leased to the Operation Company at lower market rates and then subleased by the Operation Company to third parties. According to the relevant regulations in the PRC, property tax should be paid by the owner of the property. There are thus possible tax risks that the Target Company could be liable for the under-payment of property tax for the Relevant Property. Based on the initial estimate of the Target Company, the maximum amount of possible tax exposure for the Target Company with respect to the under-payment is approximately RMB300,000. Please refer to page V-43 for further details.

Pursuant to the terms of the Relevant Contract, the Operation Company is primarily responsible for tasks including the maintenance, management, business invitation and operations of the Relevant Property. The Operation Company shall pay the monthly rental fees to the Target Company.

The Company is aware of the abovementioned possible tax risks regarding the Relevant Property. As at the Latest Practicable Date, the possible liability for such risks was limited based on the advice from the Company's PRC legal advisers. The Directors are of the view that such risks and liabilities would not constitute a material adverse effect on the business operations or the financial position of the Target Group. Further, upon the expiration of the term of the Relevant Contract on 31 December 2016, the Target Group will no longer engage in similar practices, and as such there will not be any further non-compliance of the Target Group with respect to the relevant PRC laws and regulations.

As disclosed in the property valuation report of the Target Group set out in Appendix V to this circular, as at the date of the valuation report, certain subsidiaries of the Target Company were in the process of applying for certain certificates and permits including Building Ownership Certificates, State-owned Land Use Rights Certificates, Construction Land Planning Permits, Construction Work Planning Permits, Construction Work Commencement Permits, Construction Work Completion and Inspection Certificate/Table and the Real Estate Title Certificates.

Based on the legal opinion of the Company's PRC legal advisers, the Directors expect that there will be no impediments in obtaining such certificates and permits according to the relevant development plans. Further details of the application status and the legal opinions of the Company's PRC legal advisers are set out in Appendix V to this circular on pages V-19, V-22, V-29, V-34, V-42, V-46, V-50, V-60, V-69, V-73, V-80, V-86.

As far as the Company is aware and as at the Latest Practicable Date, the Target Group and each of its property projects were not involved in any material litigation, disputes, claims, arbitration or other proceedings, including but not limited to, those with its contractors or property owners and/or tenants of its property projects.

Further information about the Target Group is set out in the Appendices to this circular.

SENIOR MANAGEMENT OF THE TARGET GROUP

Mr. Zhang Bailong, aged 55, is the chairman of the Target Group. Mr. Zhang has joined the Target Group since its founding in 1996 and held the position of general manager of the Target Group prior to becoming its chairman. Mr. Zhang possesses over 20 years of experience in management and real estate development, and holds a Master degree in Business Administration from Wuhan University, and a separate Master degree in Business Administration from Zhongshan University.

Mr. Li Weirong, aged 47, is the general manager of the Target Group. Mr. Li joined the Target Group in 1998. Prior to becoming the general manager of the Target Group, Mr. Li held the positions of chief engineer of the Target Group, vice general manager of the Target Group's Wuhan company, the general manager of the Target Group's Guangzhou company, the general manager and chairman of the Target Group's Changsha and Taiyuan companies. Mr. Li possesses over 20 years of experience in real estate construction management, project development and business management. Mr. Li holds a Bachelor's degree in architecture from Shenzhen University.

Mr. Dong Tao, aged 42, is the chief financial officer and a vice general manager of the Target Group. Mr. Dong joined the Target Group in 2014. Prior to joining the Target Group, he was the chief financial officer of Heung Kong Holding Co., Ltd. (香江控股) and the general manager of the financing department of the Maoye Group (茂業集團). Mr. Dong possesses close to 15 years of experience in financial management and real estate operational management. Mr. Dong holds a Master degree in Business Administration from the City University of Macau.

Ms. Zhu Chuan, aged 38, is a vice general manager of the Target Group. Ms. Zhu joined the Target Group in 2001. Prior to becoming the vice general manager of the Target Group, she held the positions of the supervisor of the sales department and the assistant to the general manager of the Target Group. Prior to joining the Target Group, Ms. Zhu was the planning head of the DTZ Guangzhou. Ms. Zhu possesses over 17 years of experience in real estate sales management and operation management. Ms. Zhu holds a Bachelor's degree in sales planning and real estate development from Guangdong Industrial University.

Ms. Guo Jing, aged 43, is a vice general manager of the Target Group. Ms. Guo joined the Target Group in 1996 since its incorporation. Prior to becoming the vice general manager of the Target Group, she held the positions of supervisor of the Target Group's construction management department, general manager of the Target Groups' cost control department and the assistant to the general manager of the Target Group. Ms. Guo possesses over 20 years of experience in real estate construction management, cost control and operation management. Ms. Guo holds a Bachelor's degree in mechatronics from Nanchang University.

Mr. Guo Weizhi, aged 41, is a vice general manager of the Target Group. Mr. Guo joined the Target Group in 2001. Prior to becoming the vice general manager of the Target Group, he held the positions of the respective general manager of the Target Group's Wuhan company and Kunshan company. Mr. Guo possesses close to 18 years of experience in construction management, real estate development and operation management. Mr. Guo holds a Bachelor's degree in architecture from Huanan Architecture College.

Mr. Chen Ruchao, aged 46, is a vice general manager of the Target Group. Mr. Chen joined the Target Group in 1998. Prior to becoming the vice general manager of the Target Group, he held the positions of the vice general manager, and subsequently the general manger, of the Target Group's Wuhan company. Mr. Chen possesses over 20 years of experience in financial management, real estate development and management. Mr. Chen holds a Master degree in Business Administrations from Zhongnan University of Economics and Law.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER AND THE POSSIBLE ACQUISITION

The Group is principally engaged in property development, investment and management of residential, commercial and business park projects.

The proposed acquisition of the Target Group, which is principally engaged in property development, operation and management in high economic growth regions in the PRC, is in line with the business objective of the Group.

The Group is of the view that the acquisition of the Target Group will generate synergies for the Group. The Group will be able to expand its property portfolio in the PRC by acquiring the real estate development projects held by the Target Group, further details of which are set out in the paragraph headed "INFORMATION ON THE TARGET GROUP" above. With the addition of such property projects located in the major cities in the PRC to the Group's existing property portfolio, the position of the Company as a PRC property developer will be enhanced. The property projects will also increase the total assets of the Group, broaden the sources of income of the Group and provide a solid foundation for future development of other property projects of the Group in the PRC. The Group believes that the revenue from its property management businesses will be able to experience higher growth and profit margin as economies of scale build up upon acquisition of the Target Group. Furthermore, the Group and the Target Group will be able to share network, resources and sales force as some property development projects of the Group and the Target Group are both located in Wuhan, and as the Group's development companies based in Shenzhen and Shanghai are in close proximity to the Target Group's property development projects in Guangzhou and Kunshan, which present cost-saving opportunities for both parties. From the Target Group's perspective, it will also be able to leverage the brand name of the Group which can help to promote the property projects of the Target Group.

Currently, the Target Group's existing projects are sold at a relatively fast pace. The proposed acquisition of the Target Group is likely to boost the Group's overall sales volume and in turn enhance the Group's scale and position in the property market.

Furthermore, following Completion and/or the Possible Acquisition, the Group can leverage the expertise and experience of the Target Group's existing residential development team and enhance the capabilities of the Group in residential development and operations. The Target Group has an experienced and capable senior management team with a proven track record in overseeing and managing residential properties in the PRC. Members of the senior management team possess in-depth knowledge and understanding of local property markets and business environments. Leveraging on their extensive expertise and experience, the Group may also target new property markets in the PRC.

The Target Group is also experienced in urban renewal projects, which involves the demolition of old urban buildings and structures from parts of a city, the change of the usage of the underlying land, and the subsequent reinvestment and development of new urban building projects. The Target Group has a competitive advantage on acquiring new urban renewal projects and possesses the relevant professional skills, including that related to sourcing for potential projects, designing of the relocation plans, planning of new development projects, valuation of the related land and relocation costs, negotiation with the relocated owners and communication with the relevant governmental authorities. The urban renewal projects that the Target Group was engaged in include Guangzhou Qiaoying Garden (廣州僑穎苑), Guangzhou Dushi Lanting (廣州都市蘭亭), Wuhan Qingtai Yingyuan (武漢琴臺穎園), Wuhan Dushi Lanting (武漢都市蘭亭), Wuhan Jiangwan New Town (武漢江灣新城). Currently, the Target Group is involved in over 6 urban renewal projects including Wuhan Jiangdi Village Project (武漢江堤村項目), Wuhan Lanting Shidai (武漢蘭亭時代), Wuhan Lanting Ronghui (武漢蘭亭榮薈), Wuhan Laoguan Village Project (武漢老關村項目), Taiyuan Beiyan Village Project (太原北堰村項目) and Kunming Lanting Shangjin (昆明蘭亭上錦). As the Target Group has developed and is in the process of developing various urban renewal projects, the management of the Target Group has gained comprehensive experience in the relevant fields by becoming familiar with the urban renewal policies in Guangzhou, Wuhan, Taiyuan and Kunming, by building up good communication channels with the local governments, by being recognised and acknowledged by the relevant owners in the various cities which may be subject to relocations, by becoming familiar with the full process of urban renewal projects, and by being capable of avoiding or solving potential problems relating to such urban renewal projects. The Directors are of the view that the acquisition of the Target Group will provide the Group with an opportunity to leverage the professional skills and comprehensive experiences of the Target Group in urban renewal projects in the future. This will also benefit the Group in the implementation of its investment and land acquisition strategy in future.

As set out in the paragraph headed "INFORMATION ON THE TARGET GROUP" above, the real estate development projects held by the Target Group are mainly located in Guangzhou, Wuhan, Changsha, Taiyuan, Kunming and Kunshan. The Group regards such locations as favorable locations where the economic growth rate is high with a net population influx driving demand for residential properties which in turn can enhance its property projects' sale and business developments in the forthcoming years. The Target Company is also equipped with National Class A Real Estate Development Qualification (國家一級房地產開發資質), which is the highest level of qualification among the four levels of qualifications issued to real estate developers according to the latest Real Estate Developer Qualification Regulation issued by the PRC Ministry of Housing and Urban-Rural Development. The National Class A Real Estate Development Qualification has stringent qualification requirements for relevant real estate developer with respect to, among others, its technological skills and development scale. By possessing the National Class A Real Estate Development Qualification, the Target Group is allowed to undertake real estate development projects with no restrictions on scale, and may undertake real estate development projects anywhere in the country.

The Target Group strives to develop high-quality projects for the communities by following the brand motto of "Quality Product with Cultural Background and Beautiful Landscape makes a Wonderful Life" (文化景地品生活), by insisting on developing culturally refined residences, by permeating the aforesaid concepts into the every stage of the development process from planning, design, construction, sales to service, by emphasising on practicality, comfort level, and environmental-friendliness, and by strictly controlling the details to increase practical usability rate of the residences. At the same time, the Target Group also develops its unique "Lanting" (蘭亭) brand by fusing the traditional Chinese garden style and modern residential community concept to create a comfortable living space for customers through refined products.

As a result, the projects developed by the Target Group have won numerous awards, including the following:

- Guangzhou Lanting Yingyuan Project (廣州蘭亭穎園項目) – 2003 National Architectural and Construction Luban Award (National Quality Projects)

- Guangzhou Dushi Lanting Project (廣州都市蘭亭項目) – 2005 Guangdong Province Model Project Award

- Guangzhou Lanting Yuyuan Project (廣州蘭亭御園項目) – title of "Guangzhou Green Residential Community"

- Wuhan Dushi Lanting Project (武漢都市蘭亭項目) – title of "Wuhan City Quality Residential Community"

- Wuhan Prosperous Garden Project (武漢蘭亭熙園項目) – Wuhan 2012 Construction project Yellow Crane Award (Gold Award)

- Changsha Lanting Youke Project (長沙蘭亭優殼項目) – title of "Hunan Province Quality Project"

- Changsha Camphor Garden Project (長沙香樟蘭亭項目) – title of "Development with best unit design in Changsha"

- Taiyuan Royall Lake Town Project (太原蘭亭御湖城) – title of "Best Lakeside Development in Taiyuan"

- Kunming Lanting Shangjin Project (昆明蘭亭上錦項目) – title of "Best Quality Development"

Furthermore, the Target Group has a favorable financial position. The Target Group achieved rapid growth in revenues and recorded net profits for the three years ended 31 December 2015. As disclosed in the accountants' report on the Target Group as set out in Appendix II to this circular on page II-11, the Target Group recorded net operating cash inflow in 2014 and experienced a small net operating cash outflow in 2015, despite the high growth of the Target Group for the two financial years ended 31 December 2015. Hence it can be seen that the cashflow of the Target Group is managed efficiently. Taking into account such market position and strengths of the Target Group, details of which are further set out in the section headed "INFORMATION ON THE TARGET GROUP" above, the Board considers that the transactions contemplated under the Sale and Purchase Agreement represent a unique and good investment opportunity that allows the Company to step up its investment and presence in the property market in the PRC and to enhance the future earning capability and potential of the Group.

The Board also considers that the Possible Acquisition represents a unique and good investment opportunity that allows the Company to further increase its interest in the Target Company through the Public Bid.

In view of the abovementioned reasons, the Directors consider the terms of the Sale and Purchase Agreement and the Possible Acquisition are on normal commercial terms which are fair and reasonable, and the entering into of the Sale and Purchase Agreement and the Possible Acquisition are in the interests of the Group and the Shareholders as a whole.

If the Purchaser purchases the Sale Shares on its own and does not procure any third parties to purchase the Sale Shares:

(a) subject to and upon First Completion, the Group will hold 50% of the equity interest in the Target Company. The Group will not have control over the board of the Target Company upon First Completion. The Target Company will not become a subsidiary of the Company and its financial results will not be consolidated into the consolidated financial statements of the Company;

(b) subject to and upon Second Completion, the Group will hold 71% of the equity interest in the Target Company, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company; and

(c) subject to and upon Third Completion, the Group will hold 76% of the equity interest in the Target Company, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

If the Purchaser procures third parties to purchase part of the Sale Shares and assuming the Group will hold 50% or less of the equity interest in the Target Company and the Group will have no control over the board of the Target Company, the Target Company will not become a subsidiary of the Company and its financial results will not be consolidated into the consolidated financial statements of the Company.

Assuming the Purchaser purchases the Sale Shares as well as the Remaining Interest on its own, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

FINANCIAL EFFECT OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER AND THE POSSIBLE ACQUISITON

The financial effect of entering into the Sale and Purchase Agreement and the transactions contemplated thereunder and the Possible Acquisition on the assets and liabilities and the earnings of the Group is set out in Appendix IV to this circular.

Section A of Appendix IV to this circular is the unaudited pro forma financial information of the Enlarged Group assuming the completion of the acquisition of 50% equity interest of the Target Group.

Section B of Appendix IV to this circular is the unaudited pro forma financial information of the Enlarged Group assuming the completion of the acquisition of 71% equity interest of the Target Group.

As set out in the section headed "REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER AND THE POSSIBLE ACQUISITION", upon First Completion, the Target Group will not become subsidiaries of the Company and its financial statements will not be consolidated to the consolidated financial statements of the Company. Assuming that First Completion has taken place, upon Second Completion, the Target Group will become subsidiaries of the Company and its financial statements will be consolidated to the consolidated financial statements of the Company.

The financial effect of (1) First Completion and (2) Second Completion, Third Completion and completion of the Possible Acquisition after First Completion on the assets and liabilities and the earnings of the Group is extracted below from section A and section B of Appendix IV to this circular respectively:

Net assets

(1) Assuming First Completion

It is expected that the total liabilities of the Enlarged Group as at 31 December 2015 will not change as a result of First Completion. It is also expected that total assets and net assets of the Enlarged group (assuming First Completion) as at 31 December 2015 will increase as a result of First Completion as follows:

Total assets: from approximately RMB25.1 billion to RMB25.3 billion

Net assets: from approximately RMB9.9 billion to RMB10 billion

(2) Assuming Second Completion after First Completion

It is expected that the total assets, total liabilities and net assets of the Enlarged Group (assuming Second Completion after First Completion) as at 31 December 2015 will increase as a result of Second Completion as follows:

Total assets:	from approximately RMB25.3 billion to approximately RMB51.3 billion
Total liabilities:	from approximately RMB15.3 billion to approximately RMB40 billion
Net assets:	from approximately RMB10 billion to approximately RMB11.3 billion

(3) Assuming Third Completion after Second Completion

It is expected that the total liabilities of the Enlarged Group as at 31 December 2015 will not change as a result of Third Completion. It is also expected that total assets and net assets of the Enlarged Group (assuming Third Completion after Second Completion) as at 31 December 2015 will decrease as a result of Third Completion as follows:

Total assets:	from approximately RMB51.3 billion to RMB51.2 billion
Net assets:	from approximately RMB11.3 billion to RMB11.2 billion

(4) Assuming Possible Acquisition after Third Completion

It is expected that the total liabilities of the Enlarged Group as at 31 December 2015 will not change as a result of Possible Acquisition. It is also expected that total assets and net assets of the Enlarged Group (assuming Possible Acquisition after Third Completion) as at 31 December 2015 will decrease as a result of Possible Acquisition as follows:

Total assets:	from approximately RMB51.2 billion to RMB50.7 billion
Net assets:	from approximately RMB11.2 billion to RMB10.7 billion

Profit attributable to the owners of the Company

(1) Assuming First Completion

It is expected that the profit of the Enlarged Group for the year ended 31 December 2015 (assuming First Completion) will increase from approximately RMB1,056 million to approximately RMB1,386 million as a result of First Completion.

(2) Assuming Second Completion after First Completion

It is expected that the profit of the Enlarged Group for the year ended 31 December 2015 (assuming Second Completion after First Completion) will increase from approximately RMB1,386 million to approximately RMB1,528 million as a result of Second Completion.

(3) Assuming Third Completion after Second Completion

It is expected that the profit of the Enlarged Group for the year ended 31 December 2015 (assuming Third Completion after Second Completion) will increase from approximately RMB1,528 million to approximately RMB1,541 million as a result of Third Completion.

(4) Assuming Possible Acquisition after Third Completion

It is expected that the profit of the Enlarged Group for the year ended 31 December 2015 (assuming Possible Acquisition after Third Completion) will increase from approximately RMB1,541 million to approximately RMB1,606 million as a result of Possible Acquisition.

RISK FACTORS

The investment in the Target Company is subject to a number of risks including without limitation the following:

First Completion is subject to the fulfillment (or waiver, as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement and there is no assurance that all of the conditions precedent will be fulfilled

Certain conditions precedent involve third parties other than the Purchaser and the Sellers, and the fulfillment of which is not under the control of the parties to the Sale and Purchase Agreement. Such conditions precedent include, among other things, obtaining all necessary approvals and consents. Since fulfillment of such conditions precedent is beyond the control of the Purchaser and the Sellers and cannot be waived pursuant to the terms of the Sale and Purchase Agreement, there is no assurance that First Completion will take place as intended.

Completion of one tranche does not guarantee completion of the next tranche of the Sale Shares

Completion of the Sale and Purchase Agreement is expected to take place in tranches. Completion of one tranche does not guarantee completion of the next tranche of the Sale Shares. In addition, pursuant to the terms of the Sale and Purchase Agreement, the Purchaser may procure third parties (if any) to purchase the Sale Shares. Therefore, the Purchaser may or may not purchase all the Sale Shares.

The business and financial performance of the Target Group is dependent on the performance of the property market in the PRC, in particular the cities in which the properties held by the Target Group are located

The business prospects of the Target Group depend on the performance of the property market in the PRC, in particular the cities in which the properties held by the Target Group are located. Any real estate market downturn in the PRC generally or over-supply of properties in the cities in which the properties held by the Target Group are located may materially and adversely affect the business, financial condition and operating results of the Target Group. The real estate market in the PRC is affected by many factors, including but not limited to, changes in the PRC's economic, political, social and legal environment, changes in the PRC Government's fiscal and monetary policy, the lack of a mature and active secondary market for residential and commercial properties in the PRC and consumer spending, all of which are beyond the control of the Target Group. Any aforementioned factors may result in a decline in property sales or property prices nationally or regionally, which may have a material adverse effect on the business, financial condition and operating results of the Target Group.

Increasing competition in the PRC may adversely affect the business and financial condition of the Target Group

As the PRC is in the phase of rapid urbanization, there are a number of real estate projects recently in development and the property market in the cities in which the properties held by the Target Group are located is increasingly competitive. Potential competitors may include major domestic, state-owned and private developers in the PRC, as well as developers from Hong Kong and elsewhere in the world. Potential competitors may have greater marketing, financial and technical resources, greater economies of scale, broader name recognition, and more established track records and relationships in certain markets. If the Target Group fails to respond to changes in market conditions quickly and effectively than its competitors, the business, results of operations and financial condition of the Target Group could be adversely affected.

Acts of God, acts of war, epidemics and other disasters may affect the Target Group

The business of the Target Group is subject to general conditions in the PRC. Natural disasters, epidemics, acts of God and other disasters that are beyond the control of the Target Group may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC. The properties held by the Target Group may be under the threat of flood or earthquake. The business, financial condition and operating results of the Target Group may be materially and adversely affected if any of these natural disasters occurs in the areas in which the Target Group operates. Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as living and consumption patterns. Any epidemic occurring in areas in which the Target Group operates, or even in areas in which the Target Group does not operate, may materially and adversely affect its business, financial condition and operating results.

Changes in PRC laws and regulations with respect to property development may materially and adversely affect business performance of the Target Group

As a property developer in the PRC, the business of the Target Group is subject to extensive governmental regulations. The Target Group must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities. There is no assurance that the PRC Government will maintain the existing laws and regulations with respect to property development. Any changes in the relevant laws or regulations may materially and adversely affect the business or financial positions of the Target Group.

The PRC Government may adopt tightening policies to further curtail the overheating of the economy, in particular the property development sector

The PRC Government exerts considerable direct and indirect influence on the PRC property development sector by imposing industry policies and other economic measures, such as control of foreign exchange, taxation, financing available and foreign investment. These measures include imposing additional taxes and levies on property sales, restricting foreign investment in the PRC property sector and restricting domestic individuals to purchase properties in some cities in the PRC. There is no guarantee that the PRC Government will not impose stricter administration on the property development sector. Many of the property industry policies carried out by the PRC Government are unprecedented and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on the operations and future business development of the Target Group. If the Target Group's operations fail to adapt to new policies and regulations that may come into effect from time to time, or such policy changes disrupt the Target Group's business prospects or cause it to incur additional costs, the business, results of operations and financial condition of the Target Group may be materially and adversely affected.

The Target Group may be involved in disputes, administrative, legal and other proceedings arising from operations

Due to the nature of the real estate business, the Target Group may face, from time to time, disputes from various parties that involved in the construction, development, and sales of properties. The risk of such disputes may arise from contractors, sales agency, suppliers, construction workers, relocating residences, purchasers, and legal authorities. As a result, these potential liability may lead to protests, suspension of operation, legal or other proceedings, and reputation damage of the Target Group. These legal proceedings and disputes may materially and adversely affect the business and operating results of the Target Group. In addition, the Target Group may have compliance issues with regulatory bodies in the course of the operations, which may subject to administrative proceedings and unfavorable orders that result in delays and liabilities to the development schedule. If the Target Group fails to comply with any applicable PRC laws or regulations, the business and results of operations and financial conditions may be adversely and materially affected.

The Target Group may not have adequate insurance to cover all kinds of losses and claims in the operations

In case of any losses, damages and liabilities that arise from the business operations, the Target Group may or may not have sufficient insurance to cover such claims. If damages or liabilities incur during any of the property development stages, the Target Group may not have sufficient funding to cover or rectify such losses. Any capital outlays regarding to such circumstances would have material adverse impact on the Target Group's financial health and operating results.

External factors could affect the financial condition and results of the Target Group

Financial condition and results of the Target Group can be impacted by external factors, such as the economy growth rate or interest rate. During periods of lagging economy growth or rising interest rates, the property industry will underperform in general. It is unable to predict the future economy or interest rate fluctuations, any of which could materially and adversely affect the financial condition and results of the Target Group.

A significant decrease in liquidity of the Target Group could negatively affect its business

Maintaining adequate liquidity remains essential to a smooth operation of the properties held by the Target Group as sales of units are not predictable. When cash generated from the Target Group is not sufficient to meet its daily operation and liquidity requirements, its business, financial condition and results of operation could be materially and adversely affected.

The Company may encounter difficulties in effectively implementing management and supervision of its investment in the Target Group at the initial stage

The Company may encounter difficulties in ensuring that the Target Group is effectively and consistently managed within each subsidiary at the initial stage as it may take time for the Target Group to familiarise itself with the operational policies of the Group and follow them in accordance therewith to the Group's satisfaction or to otherwise adapt the existing policies of the Target Group so as to ensure that management of each subsidiary of the Target Company is conducted in line with the Group's policies. The Company is also not always able to effectively detect or prevent on a timely basis operational or management problems, including fraud, bribery and other misconduct, or ensure that information received is accurate, timely or sufficient. If the Company is unable to effectively implement management and supervision of its investment in the Target Group, its business, results of operations, financial condition and prospects could be materially and adversely affected.

The Board will, through the directors to be appointed to the Target Company, closely monitor the development of the Target Group's business and will seek to ensure that the Target Group is effectively and consistently managed within each subsidiary of the Target Company as soon as practicable after completion of the transactions contemplated under the Sale and Purchase Agreement and/or the Possible Acquisition, as the case may be.

Failure to retain or secure senior management and key qualified personnel could adversely impact the Target Group

As a property developer, the Target Group depends, to a large extent, on the experience and skills of its current senior management and key qualified personnel. However, there is no assurance that these persons will continue to work with the Target Group. If it is unable to retain and recruit such key qualified personnel, operation of the Target Group could be materially and adversely affected.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement exceed 100%, the entering into of the Sale and Purchase Agreement constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Possible Acquisition (including the Maximum Consideration) exceed 25% and all of such ratios are less than 100%, the Possible Acquisition, if it materialises, will constitute a major transaction for the Company and is subject to the approval by the Shareholders under Chapter 14 of the Listing Rules.

If the Purchaser succeeds in the Public Bid, it will thereupon become unconditionally obliged to purchase the Remaining Interest and would not be able at that time to seek the approval of Shareholders that is required under Chapter 14 of the Listing Rules. Accordingly, the Directors are seeking the Shareholders' prior approval for the grant of the Proposed Mandate.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders had a material interest in the transactions contemplated under the Sale and Purchase Agreement or in the grant of the Proposed Mandate and the transactions contemplated thereunder. Therefore no Shareholder is required to abstain from voting on the proposed resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the Proposed Mandate at the SGM as at the Latest Practicable Date.

As at the Latest Practicable Date, the Directors did not expect that any continuing connected transactions would arise as a result of the transactions contemplated under the Sale and Purchase Agreement and the Possible Acquisition. In the event that the Target Company has become a subsidiary of the Company when the Possible Acquisition is entered into, Guangzhou Radio Group, the holder of the Remaining Interest, will become a substantial shareholder of a subsidiary of the Company and hence a connected person of the Company at subsidiary level. Assuming that the Target Company will not be an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules, the Possible Acquisition will be a connected transaction for the Company under Chapter 14A of the Listing Rules. If the Possible Acquisition constitutes a connected transaction for the Company, the Possible Acquisition will be subject to announcement requirement but will be exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. Should such transactions arise, the Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules.

SGM

The Company will convene the SGM for the Shareholders to consider and, if thought fit, approve by way of poll, the Sale and Purchase Agreement and the transactions contemplated thereunder and the Proposed Mandate. A notice convening the SGM to be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 15 July 2016 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the Appendices to this circular.

RECOMMENDATION

The Directors are of the view that the terms of the Sale and Purchase Agreement and the Possible Acquisition (including the Proposed Mandate) are on normal commercial terms which are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the Possible Acquisition (including the Proposed Mandate).

Yours faithfully,
For and on behalf of the Board
Gemdale Properties and Investment Corporation Limited
Huang Juncan
Chairman and Executive Director

1. THREE-YEAR AUDITED FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the fifteen months ended 31 December 2013, the year ended 31 December 2014 and the year ended 31 December 2015 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.gemdalepi.com/Relationship/Report.aspx):

- pages 83 to 226 in the annual report 2012/13 of the Company for the fifteen months ended 31 December 2013 published on 20 March 2014;

- pages 72 to 202 in the annual report 2014 of the Company for the year ended 31 December 2014 published on 1 April 2015; and

- pages 76 to 199 in the annual report 2015 of the Company for the year ended 31 December 2015 published on 25 January 2016.

Each of the said audited consolidated financial statements of the Group is incorporated by reference to this circular and forms part of this circular. Please also see below the links to the annual reports of the Company:

Annual Report 2012/13:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0320/LTN20140320516.pdf

Annual Report 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0401/LTN201504011039.pdf

Annual Report 2015:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0125/LTN20160125156.pdf

The following is the management discussion and analysis of the Group for each of the fifteen months ended 31 December 2013, the year ended 31 December 2014 and the year ended 31 December 2015 as extracted from the Company's annual reports.

For the fifteen months ended 31 December 2013

Financial Review

Following the change of the ultimate holding company of the Company to 金地 (集團) 股份有限公司 ("**Gemdale Corporation***") on 28 September 2012, the name of the Company was changed to Gemdale Properties and Investment Corporation Limited on 12 March 2013. Further, the financial year end date of the Group had been changed from 30 September to 31

December effective from 2013 to align with that of Gemdale Corporation such that the then financial reporting period would be a 15-month span from 1 October 2012 to 31 December 2013. The corresponding comparative amounts shown covered twelve months period from 1 October 2011 to 30 September 2012, and therefore may not be entirely comparable with amounts shown for the fifteen months ended 31 December 2013.

In October 2013, the Group acquired certain project companies of the immediate holding company ("the **Target Companies**") ("the **Acquisition**"). As the Company and the Target Companies are under the common control of Gemdale Corporation* before and after the Acquisition, the Acquisition had been accounted for in the consolidated financial statements of the Group as a business combination under common control using the principles of merger accounting under Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements of the Group included the financial position, results and cash flows of the Target Companies as if the Acquisition had occurred since 28 September 2012 (the date of which Gemdale Corporation* completed the acquisition of the Company). As a result, certain corresponding comparative amounts for the year ended 30 September 2012 were restated.

The accounting policies and methods of computation used in the preparation of the financial statements for the fifteen months ended 31 December 2013 were consistent with those used in the previous year ended 30 September 2012, except that the Group had adopted a voluntary change in accounting policy regarding the revenue recognition of sale of properties and, for the first time, the revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which included all HKFRSs, Hong Kong Accounting Standards, and Interpretations) issued by HKICPA which were effective for the Group's financial periods beginning on or after 1 October 2012.

Results for the Period Ended 31 December 2013

The revenue of the Group for the fifteen months ended 31 December 2013 increased by 46% to HK$290.7 million from HK$199.3 million for the twelve months ended 30 September 2012. The increase was mainly due to increase in rental income as a result of higher rental rates upon the renewal of the leases of Vision Shenzhen Business Park (VSBP) and Sohu.com Internet Plaza (SIP), recognition of revenue from sales of residential units of Shenyang Yijing project launched in October 2013 and an additional three months rental income included in the fifteen months ended 31 December 2013 compared to 2012.

For the fifteen months ended 31 December 2013, the Group reached a consensus with the relevant government authorities in Shenzhen for the reactivation of the development of a previously idle project namely phase 3 of Shenzhen Hi-tech Industrial Park ("**VSBP 3**"). The development project was fully impaired in prior years, and a portion of provision amounting to HK$262.4 million was written back accordingly during the the fifteen months ended 31 December 2013. While the project would be developed into research and development offices for rental purpose and apartments for sale purpose, the provision written back was shared by business park segment amounting to HK$228.3 million and property development segment amounting to HK$34.1 million.

The changes of fair values of investment properties of HK$1,413.4 million in the fifteen months ended 31 December 2013 included the valuation of phases 1, 2 and 3 of VSBP and SIP while the changes of HK$667.6 million in the financial year ended 30 September 2012 included the valuation of phases 1 and 2 of VSBP and SIP.

Other income and gain decreased to HK$21.3 million for the fifteen months ended 31 December 2013 from HK$71.7 million for the twelve months ended 30 September 2012. The decrease was mainly due to a recovery of retention money of HK$41.4 million relating to the disposal of an interest in a land development site in Beijing in prior years included in the financial year ended 30 September 2012 and reduction in interest income by HK$12.1 million as a result of acquisition of certain parcels of land in the PRC and lower interest rates obtained from the bank deposits during the fifteen months ended 31 December 2013.

The Group's direct operating expenses for the fifteen months ended 31 December 2013 increased to HK$318.7 million from HK$81.5 million for the twelve months ended 30 September 2012. The significant increase was mainly due to operating expenses incurred for property development projects newly acquired or bidded in Shenzhen, Shenyang, Dalian and Shaanxi, the PRC, higher marketing and operating expenses for Shanghai Shanshui Four Seasons project and increase in staff cost incurred for business expansion of the Group with the number of staff increased from 210 in 2012 to 356 in the fifteen months ended 31 December 2013.

The Group's administrative expenses for the fifteen months ended 31 December 2013 increased to HK$118.5 million from HK$33.8 million for the twelve months ended 30 September 2012, mainly due to the increase in share-based compensation expenses.

The finance cost increased to HK$56.1 million for the fifteen months ended 31 December 2013 from HK$29.6 million for the twelve months ended 30 September 2012. The increase was mainly due to interest paid on loans from the immediate holding company and a non-controlling shareholder for acquisition of land in the PRC.

Overall, the Group recorded higher profit attributable to owners of the Company for the fifteen months ended 31 December 2013 of HK$1,149.4 million, against profit of HK$497.2 million for the twelve months ended 30 September 2012. The increase was mainly due to an increase in changes in fair values of investment properties of HK$559.4 million (net of corporate income tax of HK$186.4 million) and a provision written back of HK$262.4 million for VSBP 3 recorded in the fifteen months ended 31 December 2013.

On a per-share basis, the Group recorded basic earnings of HK$0.1323, against HK$0.0725 for the twelve months ended 30 September 2012, representing a substantial increase of 82%. There were no potentially dilutive ordinary shares in issue during the fifteen months ended 31 December 2013. Accordingly, the diluted earning per share was the same as the basic earnings per share. For the twelve months ended 30 September 2012, the diluted earnings per share was HK$0.0724.

Final Dividend

The Board recommended the payment of a final dividend of HK$0.01 per share (Year ended 30 September 2012: Nil) for the fifteen months ended 31 December 2013, which was approved by the shareholders of the Company at the annual general meeting of the Company held on 23 April 2014. The final dividend was paid on 30 June 2014.

Business Segments

Property development

For the fifteen months ended 31 December 2013, the property development revenue increased to HK$55.5 million, representing 19% of the total revenue, compared with HK$21.7 million, representing 11% of the total revenue for the twelve months ended 30 September 2012. The revenue of the fifteen months ended 31 December 2013 was mainly contributed by the sales from the Shenyang Yijing project and the sales of remaining car park spaces in Hong Kong while sales from the Shanghai Shanshui Four Seasons project was recognised in 2012. The loss in the property development segment during the fifteen months ended 31 December 2013 increased to HK$134.2 million. The increase in loss was mainly due to operating expenses incurred for the PRC property development projects newly acquired or obtained from bidding and higher marketing and operating expenses for Shanghai Shanshui Four Seasons project. The loss was partially offset by the provision written back of HK$34.1 million for VSBP 3 included in the fifteen months ended 31 December 2013.

Business park

The revenue earned by the business park segment for the fifteen months ended 31 December 2013 grew from HK$177.6 million, representing 89% of the total revenue for the twelve months ended 30 September 2012, to HK$235.2 million representing 81% of the total revenue. This improved revenue was due to the higher rental earned by VSBP and SIP, and rental income of fifteen months recorded for the fifteen months ended 31 December 2013 against twelve months for 2012. During the fifteen months ended 31 December 2013, the business park segment recorded a profit of HK$1,783.7 million, including fair value gain on investment properties of HK$1,413.4 million, compared with fair value gain of HK$667.6 million for 2012 and a provision written back of HK$228.3 million for VSBP 3.

Shareholders' Funds

The Group's total shareholders' funds increased from HK$2,974.7 million as at 30 September 2012 to HK$5,871.7 million as at 31 December 2013, representing a significant increase of 97%. On a per-share basis, the consolidated net asset value of the Group attributable to the owners of the Company as at 31 December 2013 increased to HK$0.646 against HK$0.421 (restated) as at 30 September 2012. The total shareholders' funds constituted approximately 38% of the total assets of HK$15,652.9 million as at 31 December 2013, against 43% (restated) of total assets of HK$6,844.7 million (restated) as at 30 September 2012.

Financial Resources, Liquidity and Capital Structure

Liquidity and capital resources

The Group's deposit, bank and cash balances increased by 18% to HK$1,815.4 million as at 31 December 2013 from HK$1,537.8 million (restated) as at 30 September 2012. The increase was mainly from the pre-sale proceeds of several property development projects in the PRC launched during the fifteen months ended 31 December 2013 and the receipts of net proceeds of HK$691.6 million from the issue of new shares in February 2013, net of cash applied to acquisition of land use rights in Shenzhen, Shenyang, Dalian and Shaanxi, the PRC and the development cost of property projects in the PRC.

For financing the Group's business development, the Company issued 900,000,000 new shares of the Company at a subscription price of HK$0.78 per share in early February 2013 with net proceeds of approximately HK$691.6 million and arranged loan facilities from the ultimate holding company of RMB2,520 million and from the immediate holding company of HK$1,700 million during the fifteen months ended 31 December 2013. The loan facilities of the ultimate holding company and the immediate holding company were unsecured and interest bearing at 6.15% per annum and 4% per annum, respectively. As at 31 December 2013, the undrawn loan facilities of the ultimate holding company and the immediate holding company amounted to RMB640.4 million and HK$520.8 million respectively.

On 7 March 2014, the Company arranged a 3-year term loan facility of US$185 million with a syndicate of banks for refinancing the existing indebtedness of the Company and the Group's corporate funding requirement.

Borrowings

Total bank and other borrowings of the Group decreased by 81% to HK$279.2 million as at 31 December 2013 from HK$1,438.6 million as at 30 September 2012. The loans from related parties of the Group as at 31 December 2013 amounted to HK$3,721.9 million, against HK$35.4 million (restated) as at 30 September 2012.

The maturity profiles of the Group's outstanding borrowings as at 31 December 2013 and 30 September 2012 are summarised below:

	As at 31 December 2013 HK$'000	As at 30 September 2012 HK$'000 (Restated)
Short-term and long-term bank and other borrowings:		
Within the first year or on demand	279,176	1,178,079
In the second year	–	260,504
	279,176	1,438,583
Loans from related parties:		
Within the first year or on demand	3,721,899	35,424
Total borrowings wholly repayable within five years	4,001,075	1,474,007

The net debt (measured by total borrowings minus cash and bank deposits excluded restricted cash) as at 31 December 2013 was HK$2,185.6 million. There was no net debt as at 30 September 2012. The increase of net debts was mainly due to acquisition of land use rights for parcels of land in the PRC and payment of development cost of PRC property projects, and partially offset by repayment of certain bank and other borrowings with the proceeds from pre-sale of Shanghai Four Seasons project.

The Group's gearing ratio (defined as the total borrowings over total equity, including non-controlling interests) rose to 56% as at 31 December 2013 from 39% (restated) as at 30 September 2012.

Financial Management

Foreign currency risk

As at 31 December 2013, borrowings denominated in United States dollar (US$) remained at the same levels, those in Hong Kong dollar (HK$) and Renminbi (RMB) increased during the fifteen months ended 31 December 2013. As most of the operating income of the Group's business was denominated in RMB and the continuity of appreciation of RMB against US$ and HK$ was expected, the foreign exchange risk exposure was considered minimal. The Group would review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

The currency denominations of the Group's outstanding borrowings as at 31 December 2013 and 30 September 2012 are summarised below:

	As at 31 December 2013	As at 30 September 2012
	HK$'000	*HK$'000* (Restated)
Hong Kong dollar	1,179,226	715,588
Renminbi	2,390,677	479,153
United States dollar	431,172	279,266
Total	4,001,075	1,474,007

Interest rate risk

As at 31 December 2013, 7% (30 September 2012: 100% (restated)) of borrowings of the Group were on a floating rate basis. The interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group would continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage interest rate risks.

Pledge of Assets

No asset of the Group was pledged as at 31 December 2013. As at 30 September 2012, certain of the Group's bank and other borrowings were secured by certain properties under development with aggregate carrying value of HK$1,063.7 million.

Contingent Liabilities

As at 31 December 2013, the Group did not have any significant contingent liabilities (30 September 2012: Nil).

Review of Operations

Land Bank

The Group's management believed that a sizeable and quality land bank was the most important successful factor for a property developer. Timing for acquisition of land bank at competitive pricing was the core successful factor for the Group.

As the Group's strategy was to expand into nationwide property developer in the PRC, it succeeded in entering into five new cities including Shenyang, Dalian, Tianjin, Xi'an and Ningbo during the fifteen months ended 31 December 2013. A total of four new acquisitions of land parcels were transacted through participation in public land auctions, with an approximate gross floor area of 1,338,000 square meters in aggregate added to the Group's land bank for a total consideration of RMB2,842 million. Also, the acquisition of six residential projects from Gemdale Corporation* at consideration of HK$1,272.7 million, gave the Group an extra land bank of 1,500,000 square meters.

As at 31 December 2013, total land bank of the Group (in terms of gross floor area) amounted to approximately 4 million square meters in eight different cities in the PRC.

Segment Information

Properties Sales and Development

The Group's high quality housing products continued to attract medium to high income level end-users. Sales performance became prominent starting the fourth quarter in 2013 after more saleable resources being available after asset injection in October 2013.

With more residential projects being available for sale, property contracted sales increased significantly from Nil to RMB4,232 million, corresponding to a saleable gross floor area of 334,400 square meters.

Contracted sales from major projects during the fifteen months ended 31 December 2013:

City	Name of project	Saleable GFA *(sq.m)*	Amount *(RMB'0000)*
Beijing	Beijing Mentougou	16,925	60,700
Shanghai	Shanghai Shanshui Four Seasons	108,842	192,061
Shenyang	Shenyang Riverfront Left Shore	58,211	38,555
	Shenyang Yijing	24,933	18,529
Tianjin	Tianjin Yijing	75,944	74,160
Xi'an	Xi'an YiHua Nian	5,645	5,253
	Xi'an XiangYue TianXia	43,937	33,929
	Total	334,437	423,187

	Proportion of Property Sales by Cities	Proportion of Property Saleable GFA Sold by Cities
Beijing	14.3%	5.1%
Shanghai	45.4%	32.5%
Shenyang	13.5%	24.9%
Xi'an	9.3%	14.8%
Tianjin	17.5%	22.7%

Property Leasing

For the fifteen months ended 31 December 2013, with the increase in rental rate for expired leases and therefore a higher average rental rate, as well as the rental income covered fifteen months financial period (2012: 12 months), rental income increased to HK$154 million (Year ended 30 September 2012: HK$119 million). Taken into account of the fair value gain of HK$1,413 million (Year ended 30 September 2012: HK$668 million) in respect of the investment properties, segment profit was HK$1,784 million (Year ended 30 September 2012: HK$807 million).

As at 31 December 2013, Vision Shenzhen Business Park Phase 1 and 2 in Shenzhen Nan Shan district was 97% let while the occupancy rate for the Beijing Sohu.com Internet Plaza was 100%. The Group owned 100% and 60% of these projects respectively.

For the year ended 31 December 2014

Financial Review

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2014 were consistent with those used in the fifteen months ended 31 December 2013, except that the Group had changed the presentation currency from Hong Kong dollars ("**HK$**") to Renminbi ("**RMB**") from 2014 and had applied, for the first time, the new and revised Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants which were effective for the Group's financial year beginning on or after 1 January 2014.

Results for the Year Ended 31 December 2014

The revenue of the Group for the year ended 31 December 2014 increased significantly to RMB2,168.5 million from RMB232.9 million for the fifteen months ended 31 December 2013. The increase was primarily due to higher revenue recognised from sales of properties and increase in entrusted management fee income from fellow subsidiaries.

Other income and gains decreased to RMB98.7 million for the year ended 31 December 2014 from RMB137.7 million for the fifteen months ended 31 December 2013. The decrease was mainly due to the decrease in release of exchange fluctuation reserves upon deregistration of subsidiaries amounting to RMB57.0 million.

In the year ended 31 December 2014, the Group disposed of two non-wholly owned subsidiaries in Xi'an and Shenyang to subsidiaries of the ultimate holding company with net gains of RMB293.1 million.

The changes in fair values of investment properties in the year ended 31 December 2014 was RMB154.8 million against RMB1,129.0 million for the fifteen months ended 31 December 2013, representing a decrease of RMB974.2 million.

The Group's direct operating expenses for the year ended 31 December 2014 increased to RMB290.7 million from RMB254.5 million for the fifteen months ended 31 December 2013. The increase was mainly due to higher marketing and operating expenses incurred as more PRC property development projects launched pre-sales and increased business activities of the Group in 2014.

The Group's administrative expenses for the year ended 31 December 2014 decreased to RMB77.6 million from RMB94.9 million for the fifteen months ended 31 December 2013, mainly due to expenses of twelve months recorded for the year ended 31 December 2014 against fifteen months for the corresponding period.

The finance costs went up to RMB68.1 million for the year ended 31 December 2014 from RMB44.9 million for the fifteen months ended 31 December 2013. Due to business expansion of the Group with additional demand for working capital, higher interest cost was incurred by the Group for the increased bank loans during the year ended 31 December 2014.

Overall, the Group's profit attributable to owners of the Company decreased from RMB1,042.3 million for the fifteen months ended 31 December 2013 to RMB360.9 million for the year ended 31 December 2014. It was mainly due to the decrease in fair values gains of investment properties amounting to RMB730.6 million (net of corporate income tax of RMB243.6 million) and the absence of an one-off provision written back of RMB212.5 million made in the fifteen months ended 31 December 2013. The decrease in profit was partially offset by the net gains on disposal of subsidiaries of RMB293.1 million and increase in profit from sales of properties during the year ended 31 December 2014.

The Group recorded basic earnings per share of RMB0.0397 for the year ended 31 December 2014, against basic earnings per share of RMB0.1200 for the fifteen months ended 31 December 2013, representing an decrease of 67%. The decrease in basic earnings per share was due to the drop in profit attributable to owners of the Company resulting from the substantial decrease in revaluation gain of investment properties. There were no potential dilutive ordinary shares in issue during the year ended 31 December 2014 and the corresponding period. Accordingly, the diluted earnings per share were the same as the basic earnings per share.

Proposed Final Dividend

The Board resolved not to recommend any final dividend for the year ended 31 December 2014 (Period ended 31 December 2013: HK$0.01 per share).

Business Segments

Property development

For the year ended 31 December 2014, the revenue of property development segment substantially increased to RMB1,974.2 million, representing 91% of the total revenue, compared with RMB30.0 million, representing 13% of the total revenue for the fifteen months ended 31 December 2013. The revenue for the year ended 31 December 2014 was mainly contributed from the sales of properties of Shanghai Shanshui Four Seasons, Dalian Huiquan and Shenyang Yijing projects while only revenue from sales of properties of Shenyang Yijing project and remaining car park spaces in Hong Kong was noted in the corresponding period. The profit in the property development segment during the year ended 31 December 2014 increased to RMB746.3 million, against a profit of RMB7.3 million for the corresponding period. The increase was mainly due to increase in profit from sales of properties and net gains on disposal of two property development subsidiaries of RMB293.1 million in the year ended 31 December 2014.

Property investment and management

The revenue earned by the property investment and management segment for the year ended 31 December 2014 decreased from RMB203.0 million, representing 87% of the total revenue for the fifteen months ended 31 December 2013, to RMB194.3 million representing 9% of the total revenue. This drop in revenue was due to rental income of twelve months reported in the year ended 31 December 2014 against fifteen months in the corresponding period, and the drop was partially offset by higher entrusted management fee income from fellow subsidiaries. During the year ended 31 December 2014, the property investment and management segment recorded a profit of RMB261.7 million, including fair values gains on investment properties of RMB154.8 million, compared with the segment profit of RMB1,425.5 million for the corresponding period, including fair value gains of investment properties of RMB1,129.0 million and an one-off provision written back of RMB184.8 million for Vision Shenzhen Business Park Phase 3.

Shareholders' Funds

The Group's total shareholders' funds increased from RMB4,614.0 million as at 31 December 2013 to RMB4,890.4 million as at 31 December 2014. The increase was primarily due to profit attributable to owners of the Company of RMB360.9 million for the year ended 31 December 2014 and deducted by the final dividend payment of RMB72.6 million for the fifteen months ended 31 December 2013. On a per-share basis, the consolidated net asset value of the Group attributable to owners of the Company as at 31 December 2014 increased by RMB0.031 or 6% to RMB0.538, against RMB0.507 as at 31 December 2013.

Financial Resources, Liquidity and Capital Structure

Liquidity and capital resources

The Group's deposits, bank and cash balances increased by 25% to RMB1,781.9 million as at 31 December 2014 from RMB1,427.3 million as at 31 December 2013. The increase was mainly due to the receipts of proceeds from sales of properties, new bank loans and disposal of two subsidiaries to subsidiaries of the ultimate holding company, net of the payments of acquired land bank and development costs of PRC property development projects.

Borrowings

Total bank borrowings of the Group increased by 544% to RMB1,412.8 million as at 31 December 2014 from RMB219.5 million as at 31 December 2013. In 2014, the Group arranged three bank loan facilities totalling RMB1.4 billion in Hong Kong for refinancing the existing banking facilities and for general working capital purpose. The interest rates of the new bank loan facilities were charged at the range from 3% to 4% per annum.

The net debt (measured by total borrowings minus cash and bank deposits excluding restricted cash) declined to RMB387.9 million as at 31 December 2014 from RMB1,718.4 million as at 31 December 2013. The decrease in net debt of RMB1.33 billion was mainly due to the receipts of proceeds from sales of properties and disposal of subsidiaries, net of payments of land premium and development costs of PRC property development projects. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) declined to 6% as at 31 December 2014, from 31% as at 31 December 2013.

The maturity profiles of the Group's outstanding borrowings as at 31 December 2014 and 31 December 2013 are summarised below:

	As at 31 December 2014 *RMB'000*	**As at 31 December 2013** *RMB'000*
Bank borrowings		
Within the first year or on demand	301,770	219,488
In the second year	222,205	–
In the third to fifth years, inclusive	888,820	–
	1,412,795	219,488
Loans from related parties:		
Within the first year or on demand	757,071	2,926,157
Total borrowings wholly repayable within five years	2,169,866	3,145,645

Financial Management

Foreign currency risk

As at 31 December 2014, borrowings denominated in United States dollar ("**US$**") increased, and those in HK$ and RMB decreased. Most of the operating income of the Group's business was denominated in RMB, the Group was exposed to foreign currency risk. As low fluctuation of exchange rate of RMB against HK$ and US$ was expected, the foreign currency risk exposure was considered minimal. The Group would review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

The currency denominations of the Group's outstanding borrowings as at 31 December 2014 and 31 December 2013 are summarised below:

	As at 31 December 2014	**As at 31 December 2013**
	RMB'000	*RMB'000*
HK$	118,200	927,107
RMB	757,071	1,879,551
US$	1,294,595	338,987
Total	2,169,866	3,145,645

Interest rate risk

As at 31 December 2014, 65% (2013: 7%) of borrowings of the Group were on a floating rate basis. The interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group would continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage interest rate risks.

Pledge of Assets

As at 31 December 2014 and 31 December 2013, no asset of the Group was pledged.

Contingent Liabilities

As at 31 December 2014, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group would be responsible for repaying the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group would be entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates. As at 31 December 2014, the outstanding guarantees amounted to RMB76,552,000 (2013: Nil).

The Directors considered that the fair value of the guarantees was not significant and in case of default in payments, the net realisable value of the related properties would be sufficient to cover the outstanding mortgage principals, the accrued interest and penalty. Therefore no provision had been made in the financial statements for the year ended 31 December 2014 (Period ended 31 December 2013: Nil) for these guarantees.

Review Of Operations

Land Bank

In May 2014, the Group acquired a parcel of land located in Hangzhou through a public land auction successfully at a consideration of approximately RMB302 million with gross floor area of approximate 101,000 square meters. The land was expected to be developed to an integrated property which would include community shopping centres and high-end apartments. This acquisition not only increased the land bank of the Group for future development but also provided a good opportunity for the Group to expand its commercial property portfolio as well as a long-term potential to invest in commercial properties in the PRC.

In November 2014, the Group disposed of the Xi'an Xiang Yue Tian Xia project in Xi'an and Shenyang Riverfront Left Shore project in Shenyang to subsidiaries of Gemdale Corporation*, the controlling shareholder of the Company. Through the disposals, the Group would be able to realise the anticipated project's return several years in advance, which would facilitate the Group to grasp opportunities of investing in other properties of high return while obtaining appropriate gains on investment, building up higher cash reserves, reducing its total debt and enabling better control on its financial risks.

As at the date of the annual report of the Company for the year ended 31 December 2014, the land bank of the Group involved 9 cities in the PRC, with gross floor area of about 3.53 million square meters of which about 39% were located in the first-tier cities, including Beijing, Shanghai and Shenzhen and the remaining 61% were located in the second-tier cities, including Hangzhou, Xi'an, Tianjin, Shenyang, Ningbo and Dalian.

The Group's land bank and location are summarised below:

	Total GFA *(thousand square meters)*	*%*
Beijing	365	10.3
Dalian	221	6.3
Hangzhou	115	3.3
Ningbo	246	7.0
Shanghai	632	17.9
Shenyang	656	18.5
Shenzhen	383	10.8
Tianjin	239	6.8
Xi'an	677	19.1
Total	3,534	100.0

Segment Information

Properties sales and development

As at 31 December 2014, the Group engaged in developing 10 service apartments, residential projects and a commercial project for sale. With more saleable resources continuing being available and the Group's high quality housing products continued to attract medium to high income level end-users, the sales performance became prominent starting in 2014. For the year ended 31 December 2014, the aggregated contracted sales of the Group achieved RMB11.4 billion, representing the aggregated contracted sales area of approximately 840,000 square meters. The average selling price during the year was approximately RMB13,600 per square meter.

In 2014, the development of commercial projects, including Hangzhou commercial complex project and Vision Shenzhen Business Park Phase 3 in Shenzhen Nanshan district while Vision Shenzhen Business Park Phase 3 would be developed as a mixed use property with an estimated GFA of 208,900 square meters containing high-rise office building covering corporate headquarters, research and development office, high-end apartments, clubs and specialty commercial enterprises. This project would become the flagship project of the Group in Shenzhen.

During the year ended 31 December 2014, details of the contracted sales from major property projects are as follows:

City	Project	GFA Sold	Amount	Proportion of GFA sold	Proportion of contracted sales
		(square meters)	*(RMB'0000)*	*(%)*	*(%)*
Shanghai	Shanghai Shanshui Four Seasons	124,026	233,752	14.8	20.4
Tianjin	Tianjin Yijing	120,038	110,384	14.3	9.7
Beijing	Beijing Mentougou	105,910	281,860	12.6	24.6
Ningbo	Ningbo Langyue	95,904	140,158	11.4	12.3
Dalian	Dalian Huiquan	89,491	81,535	10.7	7.1
Shenyang	Shenyang Yijing	50,301	38,638	6.0	3.4
	Shenyang Yuefeng	36,824	36,311	4.4	3.2
	Shenyang Riverfront Left Shore	90,421	55,244	10.8	4.8
Xi'an	Xi'an Yi Hua Nian	19,895	14,458	2.4	1.3
	Xi'an Xiang Yue Tian Xia	86,143	65,951	10.3	5.7
Shenzhen	Gemdale Vision Apartment	19,392	85,400	2.3	7.5
	Total	838,345	1,143,691	100.0	100.0

Property leasing

As at 31 December 2014, Vision Shenzhen Business Park Phases 1 and 2, located in Shenzhen Nanshan District, were 100% occupied and both of their rental income and management quality were a representative project in the core area of Nanshan district while Beijing Sohu.com Internet Plaza (a project 60% owned by the Group), located at Tsinghua Science Park in Zhongguancun, Haidian District, Beijing, was also 100% occupied.

For the year ended 31 December 2014, with the outstanding performance in the growth of rental revenue and profit, and introduction of international well-known high-quality tenants like Huawei, Alibaba and Intel, the rental and property management fee income contributed by these two projects to the Group amounted to approximately RMB148.4 million (For the 15 months ended 31 December 2013: RMB176.1 million).

Followed by the commencement of operation in Vision Shenzhen Business Park Phase 3 and Hangzhou commercial project in future, it was expected that the rental income would further support the results of the Group.

For the year ended 31 December 2015

Financial Review

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2015 were consistent with those used in the last financial year ended 31 December 2014, except that the Group had applied, for the first time, the revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which included all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by Hong Kong Institute Certified Public Accountants which were effective for the Group's financial year beginning on or after 1 January 2015.

Results for the Year Ended 31 December 2015

The revenue of the Group for the year ended 31 December 2015 increased significantly to RMB4,240.8 million from RMB2,168.5 million for the year ended 31 December 2014. The increase was primarily due to higher revenue recognised from sales of properties.

Other income and gains increased to RMB244.8 million for the year ended 31 December 2015 from RMB98.7 million for the year ended 31 December 2014. The increase was mainly due to the newly added income sources which include: i) interest income of RMB92.3 million on advances to joint ventures of the Group for assisting in their property development projects and loans to the property buyers of the Group and the ultimate holding company for facilitating the sales of properties; and ii) consulting service income of RMB68.0 million from joint ventures for providing consulting services on the property development projects. Also, there was an increase of interest income amounting to RMB22.0 million from loans to related companies in the year ended 31 December 2015. The increase in other income and gains was partially offset by the drop of RMB45.9 million in release of exchange fluctuation reserves upon deregistration of subsidiaries.

The fair value gains of investment properties in the year ended 31 December 2015 were RMB244.1 million against RMB154.8 million for the year ended 31 December 2014, representing an increase of RMB89.3 million.

The Group's direct operating expenses for the year ended 31 December 2015 increased to RMB381.3 million from RMB290.7 million for the year ended 31 December 2014. The increase was mainly due to higher selling and marketing expense incurred as more PRC property development projects launched the pre-sales and increased business activities of the Group during the year ended 31 December 2015.

The Group's administrative expenses for the year ended 31 December 2015 increased to RMB99.6 million from RMB79.1 million for the year ended 31 December 2014, mainly due to the increase in share-based compensation expenses.

The finance costs went up to RMB152.4 million for the year ended 31 December 2015 from RMB68.1 million for the year ended 31 December 2014, an increase of RMB84.3 million, including an increase in interest expenses of RMB68.1 million paid to the ultimate holding company (net of interest expenses capitalised). Due to expansion of the business activities in the year ended 31 December 2015, the Group had involved in several joint venture arrangements and increased the loan borrowings from the ultimate holding company with interest expenses of RMB66.1 million. In addition, the Group had early repaid the 3-year term loan arranged by syndicated banks of US$185.0 million in the end of 2015. An unamortised loan arrangement fee of RMB13.9 million was expensed immediately in the year ended 31 December 2015.

Due to higher revenue recognition from sales of properties of a joint venture in Beijing, share of results of joint ventures of the Group reported a profit of RMB338.1 million for the year ended 31 December 2015, against a loss of RMB4.8 million for the year ended 31 December 2014.

In 2014, the Group disposed of two subsidiaries in Xi'an and Shenyang, the PRC to the two subsidiaries of the ultimate holding company with a gain of RMB293.1 million.

Overall, the Group's profit attributable to owners of the Company increased substantially from RMB360.9 million for the year ended 31 December 2014 to RMB1,056.2 million for the year ended 31 December 2015. It was mainly due to the increase in revenue recognised from the Group's property development projects and a turnaround of share of results of joint ventures during the year ended 31 December 2015.

The Group recorded basic earnings per share of RMB0.0769 for the year ended 31 December 2015, against basic earnings per share of RMB0.0397 for the year ended 31 December 2014, representing an increase of 94%. There were no potential dilutive ordinary shares in issue during the year ended 31 December 2015 and prior years. Accordingly, the diluted earnings per share were the same as the basic earnings per share.

Proposed Final Dividend

The Board recommended the payment of a final dividend of RMB0.02 per share (equivalent to HKD0.02378 per share) for the year ended 31 December 2015, which was approved by the shareholders at the annual general meeting of the Company held on 29 February 2016. The final dividend was paid on 31 May 2016.

Business Segments

Property development

For the year ended 31 December 2015, the revenue of property development segment substantially increased to RMB4,012.9 million, representing 95% of the total revenue, compared with RMB1,974.2 million, representing 91% of the total revenue for the year ended 31 December 2014. The increase in revenue for the year ended 31 December 2015 was mainly due to contribution from the sales of properties of Gemdale Vision Apartment and higher sales of properties of Shanghai Shanshui Four Seasons. The profit in the property development segment during the year ended 31 December 2015 increased to RMB2,097.8 million, against a profit of RMB746.3 million for the year ended 31 December 2014. The increase in segment results was mainly due to increase in profit from sales of properties and share of profits of a joint venture in Beijing during the year ended 31 December 2015.

Property investment and management

The revenue earned by the property investment and management segment for the year ended 31 December 2015 increased from RMB194.3 million, representing 9% of the total revenue for the year ended 31 December 2014, to RMB227.9 million representing 5% of the total revenue. The increase in revenue was due to the higher rental rate charged by Vision Shenzhen Business Park and Sohu.com Internet Plaza on new and renewed leases. During the year ended 31 December 2015, the property investment and management segment recorded a profit of RMB355.1 million, including fair value gains of investment properties of RMB244.1 million, compared with the segment profit of RMB261.7 million for the corresponding period, including fair value gains of investment properties of RMB154.8 million.

Shareholders' Funds

The Group's total shareholders' funds increased from RMB4,890.4 million as at 31 December 2014 to RMB8,679.6 million as at 31 December 2015. The increase was primarily contributed by the net proceeds of RMB2,491.5 million raised from issuance of new shares in February 2015 and May 2015 and profit attributable to owners of the Company of RMB1,056.2 million for the year ended 31 December 2015. On a per-share basis, the consolidated net asset value attributable to owners of the Company as at 31 December 2015 increased by RMB0.012 or 2% to RMB0.550, against RMB0.538 as at 31 December 2014. The total shareholders' funds constituted approximately 35% of the total assets of RMB25,100.9 million as at 31 December 2015, against 33% of the total assets of RMB14,899.7 million as at 31 December 2014.

Financial Resources, Liquidity and Capital Structure

Liquidity and capital resources

The Group's deposits, bank and cash balances decreased slightly by 3% to RMB1,724.9 million as at 31 December 2015 from RMB1,781.9 million as at 31 December 2014. During the year ended 31 December 2015, the net proceeds of RMB2,491.5 million raised from issuance of new shares were applied to land acquisitions and development costs of PRC property projects according to the intended use as set out in the circular dated 16 January 2015 and the announcement dated 14 May 2015, respectively.

On 28 November 2014, the Company completed two disposals pursuant to which (i) Ever Trusty Commercial Limited (the "**First Vendor**"), a subsidiary of the Company, sold the 100% equity interest in Xi'an Zhujia Property Co., Ltd.* to Xi'an Gemdale Property Investment Co., Ltd.* for a consideration of US$108,344,000 (equivalent to approximately RMB660,527,000) and (ii) Integrity Investment (Hong Kong) Limited (the "**Second Vendor**"), a subsidiary of the

Company, sold the 100% equity interest in Shenyang Gemdale Binhe Real Estate Development Co., Ltd.* to Shenyang Gemdale Tianbang Real Estate Development Co., Ltd.* for a consideration of US$64,533,000 (equivalent to approximately RMB393,430,000) (the "**Disposals**"). The net proceeds from the Disposals were approximately US$0.17 billion (equivalent to approximately RMB1.03 billion) of which approximately RMB0.17 billion had been applied to settle the outstanding liabilities of the First Vendor and the Second Vendor. The remaining proceeds of approximately RMB0.44 billion and RMB0.42 billion had been distributed to the Group and another shareholder of the First Vendor and the Second Vendor, UG China Real Estate Fund I Holding Company Limited, by way of dividends respectively. As at the date of the annual report for the year ended 31 December 2015, the dividends proceeds of approximately RMB0.44 billion were received by the Group while 50% of the dividends proceeds was used for investment in a Nanjing property project and the balance was applied as the general working capital of the Group.

In February 2015, the Company completed two share subscriptions pursuant to which 630,000,000 and 2,900,000,000 new ordinary shares of the Company were issued and allotted to Sino Water Limited Partnership ("**Sino Water**") and OUE Lippo Limited ("**OUE Lippo**"), respectively, at a subscription price of HK$0.52 per share (the "**Share Subscription**"). Total 3,530,000,000 new ordinary shares with an aggregate nominal value of HK$353 million in the capital of the Company were issued with net proceeds of approximately HK$1,819.8 million (equivalent to approximately RMB1,442.5 million) (net proceeds raised from Sino Water and OUE Lippo amounting to HK$324.8 million (equivalent to RMB257.5 million) and HK$1,495 million (equivalent to RMB1,185 million), respectively), representing a net issue price of approximately HK$0.5156 per share. The closing price of the shares of the Company on the date of which the terms of the Share Subscription were fixed, i.e., 24 December 2014, was HK$0.43 per share. As at the date of the annual report for the year ended 31 December 2015, the net proceeds from Share Subscription were fully applied to the designated projects of the Group as development costs which matches the intended use as set out in the circular dated 16 January 2015.

Furthermore, the Company completed a new share placement in May 2015 by issuing 2,524,000,000 new ordinary shares with an aggregate nominal value of HK$252.4 million in the capital of the Company which were placed by a placing agent to not less than six independent professional, institutional and/or individual investors and all of whom were third parties independent of and not connected with the Company or any of its connected persons at a placing price of HK$0.53 per share (the "**Share Placing**") with net proceeds of approximately HK$1,328 million (equivalent to approximately RMB1,049 million), representing a net issue price of approximately HK$0.527 per share. The closing price of the shares of the Company on the date of which the terms of the Share Placing were fixed, i.e., 14 May 2015, was HK$0.63 per share. The Share Placing gave opportunity for the Company to raise capital while broadening its shareholder base as well as its capital base. As at the date of the annual report for the year ended 31 December 2015, the net proceeds from Share Placing were fully applied for the acquisition of new landbank and for the construction and development costs of the designated projects of the Group as intended use as set out in the announcement dated 14 May 2015.

Borrowings

As at 31 December 2014, total bank borrowings of the Group was RMB1,412.8 million. While the bank borrowings were fully repaid in the year ended 31 December 2015, there was no bank borrowing as at 31 December 2015. For expansion of business activities, the Group increased the loans from the ultimate holding company and immediate holding company during the year ended 31 December 2015. As at 31 December 2015, loans from the ultimate holding company and immediate holding company were RMB2,105.6 million and RMB2,041.8 million, respectively, against loans from the ultimate holding company of RMB757.1 million as at 31 December 2014.

The net debt (measured by total borrowings minus cash and bank deposits excluding restricted cash) increased by RMB2,034.6 million to RMB2,422.5 million as at 31 December 2015 from RMB387.9 million as at 31 December 2014. The increase in net debt was mainly due to land acquisitions and payment of development costs of PRC property projects. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) increased to 25% as at 31 December 2015, from 6% as at 31 December 2014.

The maturity profiles of the Group's outstanding borrowings as at 31 December 2015 and 31 December 2014 are summarised below:

	As at 31 December 2015	**As at 31 December 2014**
	RMB'000	*RMB'000*
Short-term and long-term bank borrowings:		
Within the first year or on demand	–	301,770
In the second year	–	222,205
In the third to fifth years, inclusive	–	888,820
	–	1,412,795
Loans from related parties:		
Within the first year or on demand	4,147,432	757,071
Total borrowings wholly repayable within five years	4,147,432	2,169,866

Financial Management

Foreign currency risk

The Group mainly operates in the Mainland China and most of the transactions, assets and liabilities are denominated in RMB. As at 31 December 2015, certain loans from holding companies of the Group were denominated in HK$. The Group was exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK$. Moderate fluctuation of RMB against HK$ was expected, the Group considered the foreign currency risk exposure was acceptable. The Group would review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

The currency denominations of the Group's outstanding borrowings as at 31 December 2015 and 31 December 2014 are summarised below:

	As at 31 December 2015	**As at 31 December 2014**
	RMB'000	*RMB'000*
HK$	2,041,843	118,200
RMB	2,105,589	757,071
US$	–	1,294,595
Total	4,147,432	2,169,866

Interest rate risk

As at 31 December 2015, 51% of borrowings of the Group were on a floating rate basis (2014: 65%). However, the interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group would continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage interest rate risk.

Pledge of Assets

As at 31 December 2015 and 31 December 2014, no assets of the Group were pledged.

Contingent Liabilities

As at 31 December 2015, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group would be responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group would be entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2015, the Group's outstanding guarantees amounted to RMB154,429,000 (2014: RMB76,552,000).

The Directors considered that the fair value of the guarantees was not significant and in case of defaulting payments, the net realisable value of the related properties would be sufficient to cover the outstanding mortgage principals, the accrued interest and penalty. Therefore, no provision had been made in the financial statements for the year ended 31 December 2015 (2014: Nil) for these guarantees.

Review of Operations

Land Bank

In 2015, the Group significantly increased its investment and acquired 16 parcels of land during the year through public land auction and cooperative development with a projected GFA of approximately 2,100,000 square meters, which can be developed into various types of properties that the Group has placed long-term focus on, including middle-to-high-end residential properties, high-end apartments, class A office buildings, retail commercial properties and high-end shopping centers, so as to secure high return for the Group in the next few years.

The Group's increased land bank in 2015 are summarised below:

Name of project	**Total GFA** *(thousand square meters)*
Beijing Jinlong Yonghui	109
Beijing Jinshui Yongye	105
Dalian Huizai	27
Hangzhou Qiaoxi	77
Jiangsu Huai'an	221
Nanjing Hexi	337
Ningbo Jinfeng	82
Ningbo Jinlian	98
Ningbo Jinyuan	48
Ningbo Wanlin New Town	16
Shanghai Changshou Road	45
Shanghai Jiuting	227
Shanghai Songjiang District Xinqiao Town	91
Suzhou Jinanze	149
Tianjin Nongken	358
Tianjin Xinzhuang North No. 5 Land Parcel	148
Total	2,138

In addition to the abovementioned newly acquired land bank, in December 2015, the Group entered into the Sale and Purchase Agreement to acquire 76% equity interests in the Target Company at a consideration of approximately RMB1.423 billion (subject to

Adjustment). The Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the shareholders' approval at the SGM. The Target Group is headquartered in Guangzhou, the PRC, with property portfolio in Guangzhou, Wuhan, Changsha, Taiyuan, Kunming, Jiangsu and Zhejiang and total saleable GFA of approximately 5,000,000 square meters. The acquisition, subject to Completion, will significantly enhance the size of business of the Group, and will also improve the presence of the Group in major cities across the nation.

As at the date of the annual report for the year ended 31 December 2015, the land bank of the Group covered 12 cities in the PRC, with GFA of about 5.17 million square meters, of which about 34% were located in the three first-tier cities, namely Beijing, Shanghai and Shenzhen.

The Group's land bank and location are summarised below:

	Total GFA *(thousand square meters)*	%
Beijing	517	10.0
Dalian	213	4.1
Hangzhou	193	3.7
Jiangsu	221	4.3
Nanjing	337	6.5
Ningbo	391	7.6
Shanghai	873	16.9
Shenyang	612	11.9
Shenzhen	358	6.9
Suzhou	149	2.9
Tianjin	626	12.1
Xi'an	677	13.1
Total	5,167	100.0

Segment Information

Properties sales and development

By capitalising on the excellent layout adopted over the past years, various property projects of the Group located in developed cities such as Beijing, Shanghai, Shenzhen, Tianjin and Dalian, all achieved outstanding sales performance, which drove the overall results of the Group to exceed our expectation at the beginning of 2015. For the year ended 31 December 2015, aggregated contracted sales of the Group reached RMB11.2 billion, representing aggregated contracted sales area of approximately 644,000 square meters. The average selling price during the year ended 31 December 2015 was approximately RMB17,400 per square meter.

In 2015, the development of commercial projects includes Hangzhou, Nanjing and Huai'an commercial complex project, the Shanghai commercial project and Vision Shenzhen Business Park Phase 3 in Shenzhen Nanshan district while Vision Shenzhen Business Park Phase 3 would be developed as a mixed-use property with an estimated GFA of 208,900 square meters containing highrise office building covering corporate headquarters, research and development office, high-end apartments, clubs and specialty commercial enterprises. This project would become the flagship project of the Group in Shenzhen.

During the year ended 31 December 2015, details of the contracted sales from major property projects are as follows:

City	Project	GFA Sold	Amount	Proportion of GFA sold	Proportion of contracted sales
		(square meters)	*(RMB'000)*	*(%)*	*(%)*
Shanghai	Shanghai Shanshui Four Seasons	142,002	3,313,570	22.0	29.6
Tianjin	Tianjin Yijing	84,389	725,440	13.1	6.5
	Tianjin Beichen	35,882	537,870	5.6	4.8
Beijing	Beijing Xishan Yijing	83,057	3,172,400	12.9	28.3
Ningbo	Ningbo Xinwaitan No. 1	42,349	674,680	6.6	6.0
	Ningbo Changfeng No. 2	14,716	235,030	2.3	2.1
Dalian	Dalian Huiquan	90,084	841,420	14.0	7.5
Shenyang	Shenyang Yijing	43,785	328,230	6.8	2.9
	Shenyang Yuefeng	67,580	667,900	10.5	6.0
Xi'an	Xi'an Yi Hua Nian	27,112	180,390	4.2	1.6
Hangzhou	Hangzhou Oopcity	6,552	75,410	1.0	0.7
Shenzhen	Gemdale Vision Apartment	6,677	444,620	1.0	4.0
Total		644,185	11,196,960	100.0	100.0

Property Leasing

As at 31 December 2015, Vision Shenzhen Business Park Phases 1 and 2, located in Shenzhen Nanshan District, were 100% occupied and both of their rental income and management quality were a representative project in the core area of Nanshan District while Beijing Sohu.com Internet Plaza (a project 60% owned by the Group), located at Tsinghua Science Park in Zhongguancun, Haidian District, Beijing, was also 100% occupied.

For the year ended 31 December 2015, benefiting from the significant increase in rental income from Vision Shenzhen Business Park Phases 1 and 2, the Group achieved outstanding performance in the growth of rental revenue and profit, and with the introduction of international well-known high-quality tenants such as Alibaba, Intel and China Merchants Securities, the rental and property management fee income contributed by these two projects to the Group amounted to approximately RMB182.5 million (2014: RMB148.4 million).

Following by the commencement of operations of Vision Shenzhen Business Park Phase 3, Hangzhou commercial project, Nanjing commercial project, Shanghai commercial project and Huai'an commercial project in future, it was expected that rental income would further support the results of the Group.

2. INDEBTEDNESS STATEMENT

As at 30 April 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group's total indebtedness is set out below:

	Notes	*RMB'000*
Bank borrowings		
– secured and guaranteed	*1, 2*	2,064,990
– secured	*1*	56,996
– guaranteed	*2*	2,164,645
– unsecured		1,417,500
Other borrowings		
– secured and guaranteed	*1, 2*	4,108,000
– secured	*1*	609,800
– guaranteed	*2*	495,000
– unsecured		44,500
Loans from the ultimate holding company – unsecured		6,611,468
Loans from a fellow subsidiary – unsecured		2,071,628
Amount due to the ultimate holding company – unsecured		23,695
Amount due to a fellow subsidiary – unsecured		6,905
Amounts due to non-controlling shareholders – unsecured		791,141
Amounts due to joint ventures – unsecured		218,440
Amounts due to a joint venture partner – unsecured		408
Amount due to a related company – unsecured		900,000
		21,585,116

Notes:

1. Secured by (i) certain properties under development, certain properties held for sale, certain investment properties and certain owned properties of the Target Group; (ii) rental and management receivables of certain investment properties of the Target Group; and/or (iii) the equity shares of certain subsidiaries of the Target Company.

2. Guaranteed by a fellow subsidiary of the Company or the Target Company or certain subsidiaries of the Target Company.

As at 30 April 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding guarantees of approximately RMB5,636,316,000 to banks in respect of the mortgage loans provided by the banks to those customers of the Enlarged Group's properties.

Save as disclosed above and apart from intra-group liabilities, as at the close of business on 30 April 2016, the Enlarged Group did not have any debt securities issued and outstanding or agreed to be issued, bank borrowings or other similar indebtedness, mortgages and charges, guarantees or other material contingent liabilities.

The Directors confirmed that there had been no material change in the indebtedness and contingent liabilities to the Enlarged Group since 30 April 2016.

3. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, after taking into account the internal resources available to the Enlarged Group, the existing banking facilities and in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital for its present requirements and the requirements for the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

In the coming financial year, the Enlarged Group will continue to be engaged in property development, investment and management of residential, commercial and business park projects.

As at the Latest Practicable Date, the Group and the Target Group had several property development projects under various stages of development. Details of which have been set out in the section headed "Review of Operations" in the annual report of the Company as at and for the twelve months ended 31 December 2015 published by the Company on 25 January 2016 and pages 23 to 34 of this circular.

The aggregate contracted sales of the Group from January to December 2015 amounted to approximately RMB11.2 billion and the aggregate contracted sales area for the same period amounted to approximately 644,000 square meters. The aggregate contracted sales of the Target Group for the year ended 31 December 2015 amounted to approximately RMB8.4 billion and the aggregate contracted sales areas for the same period amounted to approximately 1.1 million square meters. As at 31 December 2015, the Group had a total shareholders' funds of approximately RMB8.7 billion, with a net debt (interest-bearing debts minus cash and bank deposits excluding restricted cash) of approximately RMB2.4 billion. The Directors expect that the Group will continue to maintain a healthy financial position to support the business operations upon the First Completion, Second Completion, Third Completion and Possible Acquisition.

Riding on the Group's solid foundation of existing property development projects, the Enlarged Group would continue to explore possible investment and acquisition opportunities. The Enlarged Group would continue to leverage on the market knowledge, experience and resources provided by 金地 (集團) 股份有限公司 ("**Gemdale Corporation***"), the ultimate holding company of the Company, so as to achieve synergistic effects in terms of operation effectiveness and branding.

6. RECONCILIATION STATEMENT

The property interests held by the Target Group have been valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer. The text of the letter in relation to the valuation report, summary of valuation and valuation certificates in connection with the valuation of such property interests as at 30 April 2016 are set out in Appendix V to this circular.

The statement below shows the reconciliation of the above property interests from 31 December 2015, being the date to which the latest published audited financial statements of the Target Group were made up, to 30 April 2016. The statement below was prepared in accordance with Rule 5.07 of the Listing Rules.

	RMB in million (approximate)	
Carrying value as at 31 December 2015	27,446	*(Note 1)*
Additions from 31 December 2015 to 30 April 2016	1,886	*(Note 2)*
Carrying value as at 30 April 2016	**29,332**	
Valuation surplus	1,896	
Market value of a parcel of land of the property no. 11, property no. 13 and a parcel of land of the property no. 14	(2,893)	*(Notes 3, 4, 5)*
Carrying value as at 30 April 2016 as set out in Appendix V	**28,335**	

Notes:

1. *Includes properties held for investment amounting to RMB1,342,200,000, properties under development for sale amounting to RMB14,832,538,000, properties held for sale amounting to RMB4,439,942,000, in each case based on the accountants' report of the Target Group as set out in Appendix II to this circular, plus the value of those properties held by an associate and joint ventures of the Target Company amounting to RMB7,265,007,000 as at 31 December 2015 (which have been included as interests in an associate/joint ventures in the accountants' report of the Target Group) minus the value of those properties which have been included in the accountants' report of the Target Group but have not been included in the property valuation report set out in Appendix V to this circular amounting to approximately RMB434,142,000.*

2. *Being construction costs and land cost.*

3. *No commercial value was attributed to a parcel of land of the property no. 11 (Portions of Lanting Ronghui (蘭亭榮薈) located at the Gutian Si Road, Jian Rong Village, Qiaokou District, Wuhan City, Hubei Province, The PRC). However, for reference purpose, based on the independent property valuer's advice, the market value of the aforesaid land parcel of the property as at the valuation date would be RMB467,000,000 on condition that the relevant title certificates have been obtained by Wuhan Guangdian Haige Real Estate Development Co. Ltd.* 武漢廣電海格房地產開發有限公司 ("Wuhan Haige") and Wuhan Haige is entitled to freely transfer, lease, mortgage or otherwise dispose of the aforesaid land parcel of the property as clear and vacant site. For further details of this property, please refer to the property valuation report set out in Appendix V on pages V-52 to V-56.*

4. *No commercial value was attributed to the property no. 13 (Laoguan Village Project (老關村項目) located at the eastern side of Changjiang Road and the northern side of Laoguan Middle Road, Hanyang District, Wuhan City, Hubei Province, The PRC). However, for reference purpose, based on the independent property valuer's advice, the market value of the property as at the valuation date would be RMB2,230,500,000 on condition that the relevant title certificates have been obtained by Wuhan Guangshen Real Estate Development Co. Ltd.* 武漢廣申房地產開發有限公司 ("Wuhan Guangshen") and Wuhan Guangshen is entitled to freely transfer, lease, mortgage or otherwise dispose of the property as clear and vacant site. For further details of this property, please refer to the property valuation report set out in Appendix V on pages V-61 to V-62.*

5. *No commercial value was attributed to a parcel of land of the property no. 14. (2 parcels of land of Liji North Road Project (利濟北路項目) located at the junction of Liji North Road and Shundao Street, Qiaokou District, Wuhan City, Hubei Province, The PRC). However, for reference purpose, based on the independent property valuer's advice, the market value of the aforesaid land parcel of the property as at the valuation date would be RMB195,600,000 on condition that the relevant title certificates have been obtained by Wuhan Xindonghui Real Estate Development Co. Ltd.* 武漢鑫東輝房地產開發有限公司 ("Wuhan Xindonghui") and Wuhan Xindonghui is entitled to freely transfer, lease, mortgage or otherwise dispose of the aforesaid land parcel of the property as clear and vacant site. For further details of this property, please refer to the property valuation report set out in Appendix V on pages V-63 to V-65.*

7. MATERIAL ACQUISITION SINCE LATEST PUBLISHED AUDITED ACCOUNTS

As at the Latest Practicable Date, no member of the Group had acquired or agreed to acquire or was proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Company since 31 December 2015, being the date to which the latest published audited accounts of the Company have been made up.

The following is the text of an accountant's report on the Target Group, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

29 June 2016

The Directors
Gemdale Properties and Investment Corporation Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding 廣州廣電房地產開發集團股份有限公司 Guangzhou Guangdian Property Development Group Shares Co., Ltd. ("Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") for each of the three years ended 31 December 2015 (the "Relevant Periods"), for inclusion in the circular of Gemdale Properties and Investment Corporation Limited (the "Company") dated 29 June 2016 in connection with (i) the very substantial acquisition relating to the acquisition of 76% equity interest in the Target Company (the "Acquisition") for a consideration of RMB1,423,480,000 (subject to adjustment) and (ii) the possible major transaction relating to the possible acquisition of the remaining 24% equity interest in the Target Company through a public bid (the "Circular").

The Target Company was established with limited liability in the People's Republic of China (the "PRC") on 19 August 1996. The registered and paid up capital of the Target Company is RMB360,000,000 throughout the Relevant Periods and up to the date of this report. During the Relevant Periods, the principal activity of the Target Company was investment holding. The registered address and principal place of business of the Target Company is 廣州市天河區員村一橫路3號 No. 3, Yuancun Yiheng Road, Tianhe District, Guangzhou.

Particulars of the Target Company's subsidiaries are as follows:

Name of subsidiary	Place of establishment/ operation and date of establishment	Paid up and registered capital	Proportion of registered capital attributable to the Target Group				Principal activities
			31 December			Date of this report	
			2013	2014	2015		
武漢廣電房地產開發有限公司# Wuhan Guangdian Real Estate Development Co., Ltd.^	PRC 8 January 2003	RMB100,000,000	100.00%	100.00%	100.00%	100.00%	Property development

Name of subsidiary	Place of establishment/ operation and date of establishment	Paid up and registered capital	Proportion of registered capital attributable to the Target Group				Principal activities
			31 December			Date of	
			2013	2014	2015	this report	
武漢廣電海格房地產開發有限公司 Wuhan Guangdian Haige Real Estate Development Co., Ltd. ("Wuhan Guangdian Haige")^	PRC 28 June 2006	RMB20,000,000	70.00%	70.00%	70.00%	70.00%	Property development
武漢廣泓房地產開發有限公司 Wuhan Guanghong Real Estate Development Co., Ltd.^	PRC 12 December 2011	RMB50,000,000	100.00%	100.00%	100.00%	100.00%	Property development
長沙廣匯房地產開發有限公司# Changsha Guanghui Real Estate Development Co., Ltd. ("Changsha Guanghui")^	PRC 10 October 2007	RMB100,000,000	100.00%	100.00%	100.00%	100.00%	Property development
太原廣匯房地產開發有限公司# Taiyuan Guanghui Real Estate Development Co., Ltd.^	PRC 30 November 2009	RMB60,000,000	100.00%	100.00%	100.00%	100.00%	Property development
雲南廣電恒諾賽鑫投資有限公司#** Yunnan Guangdian Hengnuosaixin Investment Co., Ltd.^	PRC 11 April 2011	RMB100,000,000	70.00%	70.00%	70.00%	–	Property development
昆明廣鴻投資有限公司# Kunming Guanghong Investment Co., Ltd. ("Kunming Guanghong")^	PRC 27 September 2011	RMB50,000,000	100.00%	100.00%	100.00%	100.00%	Investment management
諸暨廣匯置業有限公司# Zhuji Guanghui Property Co., Ltd.^	PRC 15 January 2013	RMB20,000,000	100.00%	100.00%	100.00%	100.00%	Property development
諸暨廣匯物業管理有限公司 Zhuji Guanghui Property Management Co., Ltd^	PRC 14 October 2013	RMB1,000,000	100.00%	100.00%	100.00%	100.00%	Property management
廣州廣鴻投資管理有限公司# Guangzhou Guanghong Investment Management Co., Ltd.^	PRC 12 May 2011	RMB20,000,000	100.00%	100.00%	100.00%	100.00%	Investment management
廣州廣電房產經營管理有限公司# Guangzhou Guangdian Property Operation and Management Co., Ltd.^	PRC 24 August 2004	RMB3,080,000	100.00%	100.00%	100.00%	100.00%	Property management
廣州廣電物業管理有限公司# Guangzhou Guangdian Property Management Co., Ltd. ("Guangzhou Guangdian Property")^	PRC 27 January 1998	RMB15,000,000	51.00%	51.00%	51.00%	51.00%	Property management
廣州鑫廣電物業服務有限公司 Guangzhou Xinguangdian Property Service Co., Ltd.^	PRC 4 November 2005	RMB5,000,000	51.00%	51.00%	51.00%	51.00%	Property management

Name of subsidiary	Place of establishment/ operation and date of establishment	Paid up and registered capital	Proportion of registered capital attributable to the Target Group				Principal activities
			31 December			Date of this report	
			2013	2014	2015		
長沙粵電物業管理有限公司 Changsha Yuedian Property Management Co., Ltd.^	PRC 29 October 2012	RMB3,000,000	40.80%##	40.80%##	40.80%##	40.80%##	Property management
廣州和融物業管理有限公司# Guangzhou Herong Property Management Co., Ltd.^	PRC 26 December 2011	RMB5,000,000	100.00%	100.00%	100.00%	100.00%	Property management
武漢鑫廣電物業管理有限公司 Wuhan Xinguangdian Property Management Co., Ltd.^	PRC 11 August 2003	RMB3,000,000	100.00%	100.00%	100.00%	100.00%	Property management
長沙和融物業管理有限公司 Changsha Herong Property Management Co., Ltd.^	PRC 6 January 2012	RMB3,000,000	100.00%	100.00%	100.00%	100.00%	Property management
昆明廣鴻物業服務有限公司 Kunming Guanghong Property Service Co., Ltd.^	PRC 9 March 2012	RMB3,000,000	100.00%	100.00%	100.00%	100.00%	Property management
株洲穎沅房地產開發有限公司 Zhuzhou Yingyuan Real Estate Development Co., Ltd. ("Zhuzhou Yingyuan")^	PRC 2 July 2013	RMB10,000,000	80.00%	100.00%	100.00%	100.00%	Property development
武漢廣鴻投資有限公司 Wuhan Guanghong Investment Co., Ltd.^	PRC 8 February 2014	RMB50,000,000	–	100.00%	100.00%	100.00%	Investment management
武漢廣坤房地產開發有限公司 Wuhan Guangkun Real Estate Development Co., Ltd.^	PRC 22 January 2014	RMB100,000,000	–	100.00%	100.00%	100.00%	Property development
武漢廣申房地產開發有限公司 Wuhan Guangshen Real Estate Development Co., Ltd.^	PRC 3 September 2014	RMB100,000,000	–	100.00%	100.00%	100.00%	Property development
株洲和融物業管理有限公司 Zhuzhou Herong Property Management Co., Ltd.^	PRC 21 January 2014	RMB3,000,000	–	100.00%	100.00%	100.00%	Property management
長沙穎匯房地產開發有限公司 Changsha Yinghui Real Estate Development Co., Ltd.^	PRC 14 May 2014	RMB10,000,000	–	55.00%	55.00%	55.00%	Property development
廣州紡織集團金綸房地產開發公司# Guangzhou Fangzhi Group Jinlun Real Estate Development Co., Ltd.^	PRC 27 September 1993	RMB8,380,000	100.00%	100.00%	100.00%	100.00%	Property development
武漢廣電國博房地產開發有限公司 Wuhan Guangdian Guobo Real Estate Development Co., Ltd.^	PRC 20 June 2011	RMB30,000,000	100.00%	100.00%	100.00%	100.00%	Property development

Name of subsidiary	Place of establishment/ operation and date of establishment	Paid up and registered capital	Proportion of registered capital attributable to the Target Group				Principal activities
			31 December			Date of	
			2013	2014	2015	this report	
武漢廣電新城房地產開發有限公司 Wuhan Guangdian Xincheng Real Estate Development Co., Ltd. ("Wuhan Xincheng")^	PRC 20 June 2011	RMB30,000,000	100.00%	100.00%	100.00%	100.00%	Property development
長沙穎沅房地產開發有限公司 Changsha Yingyuan Real Estate Development Co., Ltd. ("Changsha Yingyuan")^	PRC 17 August 2009	RMB10,000,000	55.00%	55.00%	100.00%	100.00%	Property development
長沙煜華房地產開發有限公司 Changsha Yuhua Real Estate Development Co., Ltd.^	PRC 26 July 2007	RMB50,000,000	100.00%	100.00%	100.00%	100.00%	Property development
長沙市石人房地產開發有限公司 Changsha Shiren Real Estate Development Co., Ltd. ("Changsha Shiren")^	PRC 9 August 2007	RMB15,705,822	100.00%	100.00%	100.00%	100.00%	Property development
鑫長城(湖南)置業有限公司 Xinchangcheng (Hunan) Property Co., Ltd.^	PRC 4 September 2012	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Property development
長沙市靳江水利投資置業有限公司 Changsha Jinjiangshuili Investment Property Co., Ltd. ("Jinjiangshuili")^	PRC 16 January 2006	RMB100,000,000	85.00%	85.00%	85.00%	100.00%	Property development
山西合眾瑞通投資有限公司 Shanxi Hezhongruitong Investment Co., Ltd.^	PRC 9 December 2005	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Property development
廣州穎沅投資合夥企業(有限合夥)* Guangzhou Yingyuan Investment Partnership Enterprise (Limited Partnership)^	PRC 14 January 2015	RMB5,000,000	–	–	100.00%	100.00%	Property management
廣州廣電置業發展有限公司# Guangzhou Guangdian Property Development Co., Ltd.^	PRC 28 January 2014	RMB20,000,000	–	100.00%	100.00%	100.00%	Property development
廣州廣電新唐置業發展有限公司 Guangzhou Guangdian Xintang Property Development Co., Ltd.^	PRC 25 February 2014	RMB10,000,000	–	100.00%	100.00%	100.00%	Property development
廣州中鵠投資管理有限公司# Guangzhou Zhonghu Investment Management Co., Ltd.^	PRC 7 July 2014	RMB20,000,000	–	100.00%	100.00%	100.00%	Property management
深圳前海中鵠投資管理有限公司 Shenzhen Qianhai Zhonghu Investment Management Co., Ltd.^	PRC 15 August 2014	RMB10,000,000	–	100.00%	100.00%	100.00%	Property management

Name of subsidiary	Place of establishment/ operation and date of establishment	Paid up and registered capital	Proportion of registered capital attributable to the Target Group				Principal activities
			31 December			Date of	
			2013	2014	2015	this report	
珠海橫琴廣電智慧城市遠維科技有限公司### Zhuhai Hengqin Guangdian Intelligent City Yuanwei Technology Co., Ltd.^	PRC 15 January 2015	RMB5,000,000	–	–	100.00%	100.00%	Technology development
廣鴻控股(香港)有限公司### Grandeur Holdings (HK) Limited^	Hong Kong 25 January 2013	HK$20,000,000	100.00%	100.00%	100.00%	100.00%	Inactive
山西時輪投資有限公司 Shanxi Shilun Investment Co., Ltd.^	PRC 2 July 2009	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Investment management
雲南偉佳房地產開發有限公司 Yunnan Weijia Real Estate Development Co., Ltd. ("Yunnan Weijia")^	PRC 26 October 2006	RMB50,000,000	70.00%	70.00%	70.00%	100.00%	Property development
太原市維佳物業管理有限公司 Taiyuan Weijia Property Management Co., Ltd.^	PRC 14 October 1998	RMB500,000	100.00%	100.00%	100.00%	100.00%	Property management
武漢東輝房地產開發有限公司 Wuhan Donghui Real Estate Development Co., Ltd. ("Wuhan Donghui")^	PRC 1 June 2006	RMB30,000,000	–	100.00%	100.00%	100.00%	Property development
武漢鑫東輝房地產開發有限公司 Wuhan Xindonghui Real Estate Development Co., Ltd. ("Wuhan Xindonghui")^	PRC 14 December 2010	RMB50,000,000	–	100.00%	100.00%	100.00%	Property development
湖南宏揚聯眾房地產開發有限公司 Hunan Hongyanglianzhong Real Estate Development Co., Ltd. ("Hunan Hongyang")^	PRC 19 December 2013	RMB20,000,000	–	–	100.00%	100.00%	Property development
太原穎沅房地產開發有限公司 Taiyuan Yingyuan Real Estate Development Co., Ltd.^	PRC 4 February 2015	RMB10,000,000	–	–	100.00%	100.00%	Property development
深圳前海廣鴻江富股權投資企業(有限合夥)* Shenzhen Qianhai Guanghong Jiangfu Shareholding Investment Enterprise (Limited Partnership) ("Shenzhen Qianhai")^	PRC 24 March 2014	RMB18,050,000	–	6.93%	6.93%	6.93%	Provision of financing
廣州廣泓價值投資合夥企業* Guangzhou Guanghong Jiazhi Investment Enterprise (Limited Partnership) ("Guangzhou Guanghong")^	PRC 9 October 2013	RMB248,200,000	4.43%	4.43%	4.43%	4.43%	Provision of financing

Name of subsidiary	Place of establishment/ operation and date of establishment	Paid up and registered capital	Proportion of registered capital attributable to the Target Group				Principal activities
			31 December			Date of	
			2013	2014	2015	this report	
廣州鴻寶投資合夥企業(有限合夥)#* Guangzhou Hongbao Investment Enterprise (Limited Partnership) ("Guangzhou Hongbao")^	PRC 13 January 2015	RMB1,100,000,000	–	–	9.09%	9.09%	Provision of financing

\# These companies are directly held by the Target Company. All other companies are indirectly held by the Target Company.

\## The Target Group obtained control through investment in a non-wholly owned subsidiary, Guangzhou Guangdian Property.

\### These companies are in the process of deregistration. The procedures are yet completed up to the date of this report.

* All of the above companies are limited liability companies except that these entities are limited partnerships.

** The Company is deregistered on 18 January 2016.

^ For identification purposes

The financial year end date of the Target Company and its subsidiaries is 31 December.

The statutory financial statements of the Target Company and each of its subsidiaries established in the PRC for each of the years ended 31 December 2013, 2014 and 2015 were prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. They were audited by SHU LUN PAN Certified Public Accountants LLP Guangdong Branch, certified public accountants registered in the PRC.

The statutory financial statements of the subsidiary incorporated in Hong Kong for each of the years ended 31 December 2013, 2014 and 2015 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were audited by Baililai Certified Public Accountants, certified public accountants registered in Hong Kong.

For the purpose of this report, the directors of the Target Company have prepared the consolidated financial statements of the Target Group for the Relevant Periods ("Underlying Financial Statements") in accordance with HKFRSs issued by the HKICPA. We have carried out independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountants" as recommended by the HKICPA.

The Financial Information of the Target Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are considered necessary to make to the Underlying Financial Statements in the preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of the Target Company who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Target Group as at 31 December 2013, 2014 and 2015 and of the financial performance and cash flows of the Target Group for the Relevant Periods.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**Year ended 31 December**		
		2013	**2014**	**2015**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	4,081,258	5,472,202	6,968,127
Cost of sales		(3,616,498)	(4,608,715)	(6,184,872)
Gross profit		464,760	863,487	783,255
Other income	*8*	28,768	46,353	65,132
Other gains and losses	*9*	2,194	(18,934)	(24,853)
Selling and distribution expenses		(134,844)	(138,505)	(141,437)
Changes in fair value of investment properties	*17*	43,069	72,827	199,189
Administrative expenses		(118,122)	(141,721)	(179,254)
Finance costs	*10*	(16,013)	(55,776)	(200,944)
Share of results of an associate	*18*	(7,649)	12,888	71,371
Share of results of joint ventures	*19*	–	(513)	(330)
Profit before taxation		262,163	640,106	572,129
Tax charge	*11*	(104,867)	(197,696)	(236,960)
Profit and total comprehensive income for the year	*12*	157,296	442,410	335,169
Attributable to:				
Owners of the Target Company		152,079	372,566	268,762
Non-controlling interests		5,217	69,844	66,407
		157,296	442,410	335,169

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	NOTES	**2013**	**2014**	**2015**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*15*	43,103	51,740	44,655
Prepaid lease payments	*16*	658	640	622
Investment properties	*17*	690,800	1,019,600	1,342,200
Interest in an associate	*18*	16,395	29,283	100,654
Interests in joint ventures	*19*	–	30,487	39,957
Long-term deposits and other receivables	*21*	60,840	141,874	244,773
Deferred tax assets	*32*	31,842	56,725	109,292
Pledged bank deposit	*27*	500,000	–	–
		1,343,638	1,330,349	1,882,153
Current assets				
Properties under development for sale	*22*	10,729,288	7,041,019	14,832,538
Properties held for sale	*23*	2,391,056	7,754,959	4,439,942
Trade receivables	*24*	13,412	23,253	97,827
Prepayments, deposits and other receivables	*25*	1,188,035	1,276,963	1,971,827
Available-for-sale financial investments	*20*	162,000	–	–
Amounts due from non-controlling interests	*26*	5,400	56,046	146
Amount due from an associate	*26*	288,299	12,389	1,510
Amount due from a joint venture	*26*	–	583,118	572,668
Prepaid tax		268,072	491,897	546,228
Pledged bank deposits	*27*	100,000	250,000	–
Restricted bank deposits	*27*	371,485	369,239	405,866
Bank balances and cash	*27*	1,279,959	866,196	1,648,921
		16,797,006	18,725,079	24,517,473
Current liabilities				
Trade and bills payables	*28*	1,075,023	1,525,340	6,201,275
Advanced receipts, accruals and other payables	*29*	6,628,568	7,043,003	7,013,753
Tax payables		173,655	230,617	392,228
Amounts due to non-controlling interests	*30*	369,209	138,110	72,259
Borrowings – due within one year	*31*	2,107,437	4,606,690	4,830,413
		10,353,892	13,543,760	18,509,928
Net current assets		6,443,114	5,181,319	6,007,545
Total assets less current liabilities		7,786,752	6,511,668	7,889,698
Non-current liabilities				
Borrowings – due after one year	*31*	6,250,571	4,345,840	4,610,012
Deferred tax liabilities	*32*	97,764	116,056	167,042
Amounts due to non-controlling interests	*30*	137,200	405,200	1,268,513
		6,485,535	4,867,096	6,045,567
Net assets		1,301,217	1,644,572	1,844,131
Capital and reserves				
Paid-up capital	*33*	360,000	360,000	360,000
Reserves		611,249	891,434	1,057,562
Equity attributable to owners of the Target Company		971,249	1,251,434	1,417,562
Non-controlling interests	*41*	329,968	393,138	426,569
Total equity		1,301,217	1,644,572	1,844,131

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target Company							
	Paid-up capital *RMB'000*	Share premium *RMB'000*	Statutory surplus reserve *RMB'000* *(Note)*	Other reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2013	360,000	178,118	9,069	–	351,270	898,457	218,135	1,116,592
Profit and total comprehensive income for the year	–	–	–	–	152,079	152,079	5,217	157,296
Dividend declared	–	–	–	–	(72,000)	(72,000)	–	(72,000)
Dividend paid to non-controlling interests	–	–	–	–	–	–	(7,350)	(7,350)
Transfer	–	–	14,517	–	(14,517)	–	–	–
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	2,000	2,000
Acquisition of subsidiaries *(note 34(A))*	–	–	–	–	–	–	114,279	114,279
Acquisition of additional interests in subsidiaries *(note 34(B))*	–	–	–	(16,870)	–	(16,870)	(13,130)	(30,000)
Partial disposal of equity interest in a subsidiary *(note 34(C))*	–	–	–	9,583	–	9,583	10,817	20,400
At 31 December 2013	360,000	178,118	23,586	(7,287)	416,832	971,249	329,968	1,301,217
Profit and total comprehensive income for the year	–	–	–	–	372,566	372,566	69,844	442,410
Transfer	–	–	11,414	–	(11,414)	–	–	–
Dividend declared	–	–	–	–	(90,000)	(90,000)	–	(90,000)
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	4,500	4,500
Dividend paid to non-controlling interests	–	–	–	–	–	–	(9,555)	(9,555)
Acquisition of additional interests in subsidiaries *(note 34(B))*	–	–	–	(2,381)	–	(2,381)	(1,619)	(4,000)
At 31 December 2014	360,000	178,118	35,000	(9,668)	687,984	1,251,434	393,138	1,644,572
Profit and total comprehensive income for the year	–	–	–	–	268,762	268,762	66,407	335,169
Transfer	–	–	4,734	–	(4,734)	–	–	–
Acquisition of additional interests in subsidiaries *(note 34(B))*	–	–	–	(53,278)	–	(53,278)	21,778	(31,500)
Dividend declared	–	–	–	–	(49,356)	(49,356)	–	(49,356)
Dividend paid to non-controlling interests	–	–	–	–	–	–	(54,754)	(54,754)
At 31 December 2015	360,000	178,118	39,734	(62,946)	902,656	1,417,562	426,569	1,844,131

Note: As stipulated by the relevant laws and regulations in the PRC, before distribution of the net profit each year, the Target Company shall set aside 10% of its net profit after taxation for the statutory surplus reserve (except where the reserve has reached 50% of paid-up capital). The reserve fund can only be used, upon approval by the board of directors and by the relevant authority, to offset accumulated losses or increase capital.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Profit before taxation	262,163	640,106	572,129
Adjustments for:			
Interest expenses	16,013	55,776	200,944
Interest income	(27,626)	(39,220)	(65,062)
Investment income	–	(1,313)	(70)
Depreciation of property, plant and equipment	5,900	6,448	7,243
Release of prepaid lease payments	18	18	18
Changes in fair value of investment properties	(43,069)	(72,827)	(199,189)
Share of results of an associate	7,649	(12,888)	(71,371)
Share of results of joint ventures	–	513	330
Gain on disposal of property, plant and equipment	–	(47)	(442)
(Reversal of allowance) allowance for bad and doubtful debts	(2,194)	18,981	25,295
Allowance for properties held for sales	–	–	93,532
Operating cash flows before movements in working capital	218,854	595,547	563,357
Increase in properties under development for sale	(6,052,725)	(5,104,266)	(9,964,053)
Decrease in properties held for sale	3,547,061	4,457,974	5,702,300
Decrease (increase) in trade receivables	56,399	(10,358)	(74,791)
Decrease (increase) in prepayments, deposits and other receivables	587,973	(81,831)	(699,942)
(Increase) decrease in restricted bank deposits	(367,802)	2,246	(36,627)
Increase in trade and bills payables	695,293	450,317	4,675,935
Increase (decrease) in advanced receipts, accruals and other payables	986,201	278,715	(60,476)
Net cash (used in) from operations	(328,746)	588,344	105,703
PRC taxes paid	(74,184)	(371,150)	(131,261)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(402,930)	217,194	(25,558)

	NOTES	Year ended 31 December 2013 RMB'000	2014 RMB'000	2015 RMB'000
INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(6,101)	(20,449)	(4,114)
Proceeds from disposal of property, plant and equipment		24	5,411	4,398
Additions to investment properties		(241,631)	(225,745)	(20,158)
Placement of pledged bank deposits		(600,000)	–	–
Withdrawal of pledged bank deposits		–	350,000	250,000
Placement of deposits to lenders of other borrowings		(20,050)	(81,034)	(35,689)
Advance to non-controlling interests		(5,117)	(50,646)	–
Repayment from non-controlling interests		–	–	55,900
Advance to an associate		(316,205)	–	–
Repayment from an associate		27,906	275,910	10,879
Advance to a joint venture		–	(623,318)	(572,386)
Repayment from a joint venture		–	40,200	582,836
Purchase of available-for-sale financial investments		(162,000)	–	–
Proceeds from disposal of available-for-sale investments		–	162,000	–
Investment in joint ventures		–	(31,000)	(9,800)
Acquisition of assets and liabilities through acquisition of subsidiaries	34(A)	(1,041,722)	(89,029)	(20,000)
Interest received		27,626	39,220	65,062
Investment income received		–	1,313	70
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(2,337,270)	(247,167)	306,998
FINANCING ACTIVITIES				
New borrowings raised		7,582,854	5,481,280	7,175,806
Repayment of borrowings		(4,021,634)	(4,886,758)	(6,687,911)
Deposits paid for acquisition of additional interest of a subsidiary		–	–	(108,000)
Payment on acquisition of additional interests in subsidiaries	34(B)	(30,000)	(4,000)	(31,500)
Proceeds received in respect of partial disposal of equity interest of a subsidiary	34(C)	20,400	–	–
Capital contribution from non-controlling shareholders of subsidiaries		2,000	4,500	–
Interest paid		(711,733)	(937,609)	(519,011)
Dividend paid		(72,000)	(68,549)	(70,807)
Dividend payment to non-controlling shareholders of subsidiaries		(7,350)	(9,555)	(54,754)
Advance from non-controlling interests		506,409	36,901	797,462
NET CASH FROM (USED IN) FINANCING ACTIVITIES		3,268,946	(383,790)	501,285
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		528,746	(413,763)	782,725
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		751,213	1,279,959	866,196
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash		1,279,959	866,196	1,648,921

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

The Target Company and the Target Group are engaged in property development, operation and management.

The functional currency of the Target Company and its subsidiaries is Renminbi ("RMB"), the currency of the primary economic environment in which the Target Company and its subsidiaries operate.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has consistently applied all HKFRSs issued by the HKICPA that are effective for its annual accounting period beginning on 1 January 2015 throughout the Relevant Periods.

The Target Group has not early applied the following new and revised HKFRSs that have been issued by the HKICPA but are not yet effective at the date of this report:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after a date to be determined

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Target Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Financial Information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Target Group performs a detailed review.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Certain key requirements of HKFRS 9 which are relevant to the Target Group are:

- all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Target Company anticipate that the application of HKFRS 9 in the future may have impact on amounts reported in respect of the Target Group's financial assets. Regarding the Target Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detail review has been completed.

HKFRS 16 – Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Target Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Target Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to this Financial Information. The directors of the Target Company anticipate that the application of HKFRS 16 in the future will have a material impact on the amounts reported and disclosures made in the Financial Information. However, it is not practicable to provide a reasonable estimate of the effect until the Target Group performs a detailed review.

Other than as described above, the directors of the Target Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Target Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost except for the investment properties which are stated at fair value, as explained in the accounting policies set out below. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of the Target Company and entities controlled by the Target Company and its subsidiaries. Control is achieved where the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's ownership interests in existing subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the proportionate share of net assets attributable to the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

Investments in associates and joint ventures

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the Financial Information using the equity method of accounting. Under the equity method, investment in an associate or a joint venture is initially recognised in the consolidated statements of financial position at cost, and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Target Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate or joint venture), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Target Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Target Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Financial Information only to the extent of interests in the associate or joint venture that are not related to the Target Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of properties is recognised when the significant risks and rewards of the properties are passed to the purchasers when (i) an irrevocable sale and purchase contract has been entered into by both buyer and seller; (ii) the seller has received or obtained the right to receive all the consideration of the sale; (iii) the construction has been completed, and its quality has been inspected and accepted by the relevant government authorities; and (iv) the ready-for-delivery conditions under the sale and purchase contract have been fulfilled.

The Target Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Property management fee income is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statements of financial position at cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

Prepaid lease payments represent the prepaid lease payments of leasehold interests in land under operating lease arrangements and are amortised on a straight-line basis over the lease terms.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

The Target Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Target Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Target Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Target Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Impairment losses on tangible assets

At end of the reporting period, the Target Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Properties under development for sale

Properties under development for sale are stated at lower of cost and net realisable value. Cost comprises both the acquisition cost of land use rights and development cost of the property. Net realisable value takes into account the price ultimately expected to be realised, less the anticipated costs to completion.

Development cost of property comprises construction costs, borrowing costs capitalised according to the Target Group's accounting policy and directly attributable cost incurred during the development period. On completion and its quality has been inspected and accepted by the relevant government authorities, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Transfer from properties held for sale to investment properties carried at fair value

The Target Group transfers a property from properties held for sale to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before taxation as reported in the consolidated statements of comprehensive income because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability of the Target Group for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in associates and joint ventures, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in the other comprehensive income or directly in equity, in which case, the amount and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The financial assets of the Target Group are mainly loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from an associate, a joint venture and non-controlling interests, pledged bank deposits, restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment losses of loans and receivables below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as loans and receivables, held-to-maturity instruments or financial assets at fair value through profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of the securities below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For the financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group equity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments issued by Target Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and bills payable and accrued charges, amounts due to non-controlling interests and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Target Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when the Target Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefit costs

Payments to state-managed retirement benefits schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 3 above, the directors of the Target Company have made various judgements and estimates based on past experience, expectations of the future and other information. Actual results may differ from these estimates. The critical accounting judgements and key sources of estimation uncertainty that can significantly affect the amounts recognised in the Financial Information in the next twelve months are set out below.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Target Company have reviewed the Target Group's investment property portfolios and concluded that the Target Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over the time rather than through sale. Therefore, in measuring the Target Group's deferred taxation on investment properties, the directors of the Target Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted for such properties. As at 31 December 2013, 2014 and 2015, the carrying amounts of the deferred tax liabilities recognised for the revaluation of investment properties were RMB97,764,000, RMB116,056,000 and RMB167,042,000 respectively.

Control over Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao

Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao are subsidiaries of the Target Company although the Target Group has only less than 50% ownership interest in Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao.

The directors of the Target Company assess whether or not the Target Group has control over Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao based on whether the Target Group has the practical ability to direct the relevant activities of Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao unilaterally. After assessment, the directors of the Target Company conclude that the Target Group can control

Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao through its capacity of general partners to direct the relevant activities of Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao pursuant to the terms of relevant partnership agreement and past voting pattern and therefore the Target Group has control over Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao.

Key sources of estimation uncertainty

Impairment of trade and other receivables

In estimating whether impairment is required, the Target Group takes into consideration the ageing status and the likelihood of collection. When there is objective evidence of impairment loss, the Target Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2013, 2014 and 2015, the carrying amounts of trade receivables were approximately RMB13,412,000, RMB23,253,000 and RMB97,827,000, respectively (net of allowance for bad and doubtful debts of RMB2,073,000, RMB2,590,000 and RMB2,807,000, respectively). The carrying amounts of other receivables are approximately RMB113,391,000, RMB169,847,000 and RMB54,670,000, respectively (net of allowance for bad and doubtful debts of RMB1,159,000, RMB19,623,000 and RMB44,701,000, respectively).

Land appreciation tax ("LAT")

The Target Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Target Group have not yet finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Target Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Valuation of investment properties

As described in note 17, investment properties are measured at fair value at the end of each reporting period using an income capitalisation method and where appropriate, a residual method by independent professional valuers. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In relying on the valuation reports, the directors of the Target Company have exercised their judgment and are satisfied that the assumptions used in the valuation reflect market conditions. Where there are any changes in the assumptions due to the market conditions in the PRC, the estimated of fair value of investment properties may be significantly affected. The carrying amounts of investment properties as at 31 December 2013, 2014 and 2015 were RMB690,800,000, RMB1,019,600,000 and RMB1,342,200,000, respectively.

Allowance of properties under development for sale and properties held for sale

The Target Group's properties under development for sale and properties held for sale are stated at the lower of cost and net realisable value. Based on the Target Group's recent experience and the nature of the subject properties, the Target Group makes estimates of the selling prices based on the prevailing market condition, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net realisable value, this may result in write-down of properties under development for sale and properties held for sale. Such write-down requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying amount and write-down of properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the write-down of properties would affect profit or loss in future years. As at 31 December 2013, 2014 and 2015, the aggregate carrying amounts of properties under development for sale and properties held for sale were RMB13,120,344,000, RMB14,795,978,000 and RMB19,272,480,000 respectively. During the years ended 31 December 2013, 2014 and 2015, an allowance in respect of properties held for sale of nil, nil and RMB93,532,000 was recognised in profit or loss respectively.

Income taxes

As at 31 December 2013, 2014 and 2015, deferred tax assets of RMB28,338,000, RMB52,007,000 and RMB81,550,000 in relation to unused tax losses and other deductible temporary differences were recognised in the Target Group's consolidated statements of financial position respectively. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. FINANCIAL INSTRUMENTS

Capital risk management

The Target Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of net debt, which includes borrowings, net of cash and cash equivalents and reserves comprising paid-up capital, share premium, statutory surplus reserve and retained profits.

The directors of the Target Company review the capital structure regularly. As part of this review, the directors consider the cost and the risks associated with each class of the capital. Based on recommendations of the directors of the Target Company, the Target Group will balance its overall capital structure through payment of dividends, raising of new capital as well as the issue of new debt or the redemption of existing debt.

Categories of financial instruments

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Available-for-sale financial assets	162,000	–	–
Loans and receivables (including cash and cash equivalents)	2,679,834	2,355,110	2,837,129
Financial liabilities			
Amortised cost	10,437,033	11,591,016	17,566,650

Financial risk management objectives and policies

The Target Group's major financial instruments include trade and other receivables, amounts due from non-controlling interests, an associate and a joint venture, pledged bank deposits, restricted bank deposits, bank balances and cash, trade and bills payables and accrued charges, amounts due to non-controlling interests and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Target Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Target Group's fair value interest rate risk relates primarily to fixed-rate amount due from a joint venture and pledged bank deposits. The Target Group's cash flow interest rate risk relates to its variable-rate amounts due from an associate, restricted bank deposits, bank balances and borrowings.

The Target Group currently does not have an interest rate hedging policy. However, management of the Target Group manages the interest rate risk by maintaining a balanced portfolio of fixed-rate borrowings and floating-rate borrowings.

There has been no change to the Target Group's exposure to interest rate risk or the manner in which it manages and measures the risk throughout the Relevant Periods.

The Target Group's cash flow interest rate risk is mainly concentrated on the fluctuation of benchmark borrowing rate as quoted by People's Bank of China ("PBOC") arising from the bank borrowings and prevailing market interest rate arising from the bank balances.

Sensitivity analysis

The management considers that the Target Group's exposure to future cash flow risk on variable-rate restricted bank deposits and bank balances as a result of the change of market interest rate is insignificant and thus variable-rate restricted bank deposits and bank balances are not included in the sensitivity analysis.

The sensitivity analysis is prepared assuming the borrowings outstanding at the end of the reporting period were outstanding for the whole year. If the interest rate of bank borrowings had been 100 basis point higher/lower and all other variables were held constant, the Target Group's post-tax profit would decrease/increase by RMB6,269,000, RMB6,714,000 and RMB7,868,000 for the year ended 31 December 2013, 2014 and 2015, respectively, after taking into account of interest capitalisation.

Credit risk

The Target Group's credit risk are primarily attributable to trade receivables, other receivables, amounts due from non-controlling interests, an associate and a joint venture, pledged bank deposits, restricted bank deposits, bank balances and structured deposits.

At the end of each reporting period, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Target Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position and the amount of contingent liabilities disclosed in note 40. In order to minimise the credit risk, the monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the Target Group reviews regularly the recoverable amount of each individual trade and other receivables, amounts due from non-controlling interest, an associate and a joint venture at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The structured deposits were subsequently withdrew during the year ended 31 December 2014. The amounts presented in the consolidated statements of financial position are net of allowances for bad and doubtful debts, estimated by the Target Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC. Other than concentration of credit risk on liquid funds and structured deposits which are deposited with several banks with high credit ratings, the Target Group has no significant concentration of credit risk, which exposure spread over a number of counterparties and customers.

For properties that are pre-sold but development have not been completed, the Target Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Target Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Target Group is able to forfeit the sales deposit received and re-sell the repossessed properties. Therefore, the management of the Target Group considers it would likely recover any loss incurred arising from the guarantee by the Target Group. The management of the Target Group considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the guarantees are secured by the properties and the market prices of the properties are higher than the guaranteed amounts. In this regard, the directors of the Target Company consider that the Target Group's credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the daily operation of the Target Group and mitigate the effects of fluctuations in cash flows. The management of the Target Group monitors and reviews periodically the conditions of loan covenants of the existing banking facilities and ensure to comply with the loan covenants.

The following table details the Target Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating-rate, the undiscounted amount is derived from prevailing market rate at the end of the reporting period.

	Weighted average effective interest rate	Less than 3 months or on demand	3 months to 1 year	1 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2013							
Non-derivative financial liabilities							
Trade and bills payables	–	1,075,023	–	–	–	1,075,023	1,075,023
Accruals and other payables	–	497,593	–	–	–	497,593	497,593
Amounts due to non-controlling interests	–	369,209	–	–	–	369,209	369,209
Amounts due to non-controlling interests	12.35	–	–	–	302,573	302,573	137,200
Borrowings	9.50	566,628	2,259,657	6,251,672	170,109	9,248,066	8,358,008
		2,508,453	2,259,657	6,251,672	472,682	11,492,464	10,437,033
Financial guarantees *(note)*	–	3,260	2,985,384	–	–	2,988,644	–

	Weighted Average effective interest rate	Less than 3 months or on demand	3 months to 1 year	1 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2014							
Non-derivative financial liabilities							
Trade and bills payables	–	1,525,340	–	–	–	1,525,340	1,525,340
Accruals and other payables	–	569,836	–	–	–	569,836	569,836
Amounts due to non-controlling interests	–	138,110	–	–	–	138,110	138,110
Amounts due to non-controlling interests	12.20	–	–	–	806,736	806,736	405,200
Borrowings	10.32	1,537,349	5,061,024	3,308,449	130,434	10,037,256	8,952,530
		3,770,635	5,061,024	3,308,449	937,170	13,077,278	11,591,016
Financial guarantees *(note)*	–	112,859	4,277,401	–	–	4,390,260	–

	Weighted average effective interest rate	Less than 3 months or on demand	3 months to 1 year	1 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2015							
Non-derivative financial liabilities							
Trade and bills payables	–	6,201,275	–	–	–	6,201,275	6,201,275
Accruals and other payables	–	584,178	–	–	–	584,178	584,178
Amounts due to non-controlling interests	–	72,259	–	–	–	72,259	72,259
Amounts due to non-controlling interests	11.24	–	–	174,771	2,184,053	2,358,824	1,268,513
Borrowings	10.51	1,199,651	3,948,843	5,737,295	84,730	10,970,519	9,440,425
		8,057,363	3,948,843	5,912,066	2,268,783	20,187,055	17,566,650
Financial guarantees *(note)*	–	237,808	5,521,748	–	–	5,759,556	–

Note: The amounts included above for financial guarantee contracts are the maximum amounts the Target Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Target Group considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Fair Value

The fair value of financial assets and financial liabilities of the Target Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statements of financial position approximate their fair values.

6. REVENUE

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
An analysis of the revenue for the Relevant Periods is as follows:			
Sales of properties	3,811,939	5,128,883	6,535,586
Rental income	12,706	14,153	30,894
Management fee income	256,613	329,166	401,647
Total revenue	4,081,258	5,472,202	6,968,127

7. SEGMENT INFORMATION

Information reported to the directors of the Target Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services rendered.

Specifically, the Target Group's reportable segments under HKFRS 8 are as follows:

Property development	Sales of properties
Others	Property investment, provision of property management services and investment management

The reportable segment-others includes property investment, provision of property management services and investment management, each of which is considered as a separate operating segment by the directors of the Target Company. For segment reporting, these individual operating segments have been aggregated into a single reportable segment.

Segment revenues and results

The following is an analysis of the Target Group's revenue and results by operating and reportable segment:

For the year ended 31 December 2013

	Property development	**Others**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	3,811,939	269,319	4,081,258
Segment profit	392,696	72,064	464,760
Other income			28,768
Other gains			2,194
Selling and distribution expenses			(134,844)
Changes in fair value of investment properties			43,069
Administrative expenses			(118,122)
Finance costs			(16,013)
Share of results of an associate			(7,649)
Profit before taxation			262,163

For the year ended 31 December 2014

	Property development	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue	5,128,883	343,319	5,472,202
Segment profit	760,059	103,428	863,487
Other income			46,353
Other losses			(18,934)
Selling and distribution expenses			(138,505)
Changes in fair value of investment properties			72,827
Administrative expenses			(141,721)
Finance costs			(55,776)
Share of results of an associate			12,888
Share of results of joint ventures			(513)
Profit before taxation			640,106

For year ended 31 December 2015

	Property development	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue	6,535,586	432,541	6,968,127
Segment profit	664,608	118,647	783,255
Other income			65,132
Other losses			(24,853)
Selling and distribution expenses			(141,437)
Changes in fair value of investment properties			199,189
Administrative expenses			(179,254)
Finance costs			(200,944)
Share of results of an associate			71,371
Share of results of joint ventures			(330)
Profit before taxation			572,129

All of the segment revenue reported above is from external customers.

The accounting policies of the operating and reportable segments are the same as the Target Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of other income, other gains and losses, selling and distribution expenses, changes in fair value of investment properties, administrative expenses, finance costs, share of results of an associate and share of results of joint ventures. This is the measure reported to the directors of the Target Company for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Target Group's assets and liabilities by operating and reportable segment:

At 31 December 2013

	Property development	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Segment assets	14,752,743	838,966	15,591,709
Other unallocated assets			2,548,935
Consolidated assets			18,140,644
Segment liabilities	7,583,101	116,256	7,699,357
Other unallocated liabilities			9,140,070
Consolidated liabilities			16,839,427

At 31 December 2014

	Property development	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Segment assets	16,768,271	1,249,449	18,017,720
Other unallocated assets			2,037,708
Consolidated assets			20,055,428
Segment liabilities	8,413,871	6,525	8,420,396
Other unallocated liabilities			9,990,460
Consolidated liabilities			18,410,856

At 31 December 2015

	Property development RMB'000	Others RMB'000	Consolidated RMB'000
Segment assets	22,138,430	1,605,998	23,744,428
Other unallocated assets			2,655,198
Consolidated assets			26,399,626
Segment liabilities	13,247,195	152,772	13,399,967
Other unallocated liabilities			11,155,528
Consolidated liabilities			24,555,495

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, prepaid lease payments, interest in an associate, interests in joint ventures, available-for-sale financial investments, deferred tax assets, amounts due from non-controlling interests, an associate and a joint venture, pledged bank deposits, bank balances and cash and certain other receivables.

- all liabilities are allocated to operating and reportable segments other than amounts due to non-controlling interests, borrowings and deferred tax liabilities, certain accruals and other payables.

Other segment information

For the year ended 31 December 2013

	Property development RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts charged (credited) included in the measure of segment results or segment assets				
Changes in fair values of investment properties	–	–	(43,069)	(43,069)
Depreciation of property, plant and equipment	–	–	5,900	5,900
Additions to property, plant and equipment	–	–	6,101	6,101
Additions to investment properties	–	–	241,631	241,631
Reversal of allowance for bad and doubtful debts	–	–	(2,194)	(2,194)

For the year ended 31 December 2014

	Property development *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts charged (credited) included in the measure of segment results or segment assets				
Changes in fair values of investment properties	–	–	(72,827)	(72,827)
Depreciation of property, plant and equipment	–	–	6,448	6,448
Additions to property, plant and equipment	–	–	20,449	20,449
Additions to investment properties	–	–	225,745	225,745
Allowance for bad and doubtful debts	–	–	18,981	18,981

For the year ended 31 December 2015

	Property development *RMB'000*	Others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts charged (credited) included in the measure of segment results or segment assets				
Changes in fair values of investment properties	–	–	(199,189)	(199,189)
Depreciation of property, plant and equipment	–	–	7,243	7,243
Additions to property, plant and equipment	–	–	4,114	4,114
Additions to investment properties	–	–	60,948	60,948
Allowance for bad and doubtful debts	–	–	25,295	25,295
Allowance for properties held for sales	93,532	–	–	93,532

The Target Group's operations are located in the PRC and all the Target Group's revenue are generated from PRC. The non-current assets of the Target Group are also located in the PRC.

No single customer contributed over 10% of the total revenue during the Relevant Periods.

8. OTHER INCOME

	Year ended 31 December		
	2013 *RMB'000*	**2014** *RMB'000*	**2015** *RMB'000*
Bank interest income	19,720	14,659	9,576
Interest income on amounts due from an associate and a joint venture	7,906	24,561	55,486
Investment income from available-for-sale financial investments	–	1,313	70
Others	1,142	5,820	–
	28,768	46,353	65,132

9. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Reversal of allowance (allowance) for bad and doubtful debts	2,194	(18,981)	(25,295)
Gain on disposal of property, plant and equipment	–	47	442
	2,194	(18,934)	(24,853)

10. FINANCE COSTS

	Year ended 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Interest on borrowings	716,730	956,387	493,450
Interest on amounts due to non-controlling interests	–	16,040	78,238
Less: Amounts capitalised	(700,717)	(916,651)	(370,744)
	16,013	55,776	200,944

During the Relevant Periods, interest expenses arising on specific loans were capitalised in investment properties under construction and properties under development for sale.

11. TAX CHARGE

	Year ended 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
Enterprise Income Tax ("EIT") in the PRC	75,381	159,673	147,369
LAT in the PRC	26,372	32,220	81,366
Underprovision in prior years of EIT in the PRC	8,998	12,394	9,806
	110,751	204,287	238,541
Deferred tax credit *(note 32)*	(5,884)	(6,591)	(1,581)
	104,867	197,696	236,960

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the EIT tax rate of the PRC subsidiaries was 25% during the Relevant Periods.

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

Tax charge for the Relevant Periods can be reconciled to the profit before taxation from continuing operations per the consolidated statements of comprehensive income as follows:

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	262,163	640,106	572,129
Taxation at the PRC EIT rate of 25%	65,541	160,027	143,032
Tax effect of expenses not deductible for tax purpose	5,489	4,902	39,824
Tax effect of tax losses not recognised	3,577	435	1,629
Tax effect of utilisation of tax losses/deductible temporary differences previously not recognised	(429)	(1,133)	(595)
LAT	26,372	32,220	81,366
Income tax effect of LAT of 25%	(6,593)	(8,055)	(20,342)
Underprovision in prior years of EIT in the PRC	8,998	12,394	9,806
Effect of share of results of an associate/joint ventures	1,912	(3,094)	(17,760)
Tax charge for the year	104,867	197,696	236,960

12. PROFIT FOR THE YEAR

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year has been arrived at after charging (crediting):			
Directors' remuneration	3,924	2,958	4,879
Staff costs			
Salaries and other benefits	45,435	56,643	71,587
Retirement benefits scheme contribution	4,013	5,702	5,819
	49,448	62,345	77,406
Auditors' remuneration	620	635	630
Depreciation for property, plant and equipment	5,900	6,448	7,243
Release of prepaid lease payments	18	18	18
Operating lease rentals in respect of land and buildings (included in administrative expenses)	411	562	2,010
Allowance for properties held for sales	–	–	93,532
Cost of properties for sale (included in cost of sales)	3,419,243	4,382,285	5,840,545
Gross rental income from investment properties	(12,706)	(14,153)	(30,894)

13. DIVIDENDS

Dividends of RMB72,000,000, RMB90,000,000 and RMB49,356,000 were declared by the Target Company during the years ended 31 December 2013, 2014 and 2015 respectively.

14. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for purpose of this report, is not meaningful.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Office equipment	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At 1 January 2013	20,410	29,427	12,547	1,688	64,072
Additions	–	4,947	1,027	127	6,101
Acquisition of assets and liabilities through acquisition of subsidiaries *(note 34(A))*	–	–	4	–	4
Disposals	–	–	(35)	–	(35)
At 31 December 2013	20,410	34,374	13,543	1,815	70,142
Additions	7,758	2,898	9,542	251	20,449
Disposals	(3,354)	(3,464)	(1,250)	–	(8,068)
At 31 December 2014	24,814	33,808	21,835	2,066	82,523
Additions	156	2,279	1,395	284	4,114
Disposals	–	(6,053)	(3,878)	–	(9,931)
At 31 December 2015	24,970	30,034	19,352	2,350	76,706
DEPRECIATION					
At 1 January 2013	5,850	9,075	5,712	513	21,150
Charge for the year	974	2,943	1,764	219	5,900
Eliminated on disposals	–	–	(11)	–	(11)
At 31 December 2013	6,824	12,018	7,465	732	27,039
Charge for the year	808	3,580	1,871	189	6,448
Eliminated on disposals	(1,036)	(867)	(801)	–	(2,704)
At 31 December 2014	6,596	14,731	8,535	921	30,783
Charge for the year	1,201	2,687	3,335	20	7,243
Eliminated on disposals	–	(4,080)	(1,895)	–	(5,975)
At 31 December 2015	7,797	13,338	9,975	941	32,051
CARRYING VALUES					
At 31 December 2013	13,586	22,356	6,078	1,083	43,103
At 31 December 2014	18,218	19,077	13,300	1,145	51,740
At 31 December 2015	17,173	16,696	9,377	1,409	44,655

The cost less residual values of the property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5%
Motor vehicles	10%
Office equipment	20%
Others	10% – 20%

The buildings of the Target Group are situated in the PRC.

The Target Group pledged certain buildings with carrying values of approximately RMB3,330,000 and RMB3,084,000 as at 31 December 2014 and 2015 respectively, to secure loan facilities granted to the Target Group.

16. PREPAID LEASE PAYMENTS

		As at 31 December	
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
The Target Group's prepaid lease payments analysed for reporting purposes as:			
Non-current assets	658	640	622

The prepaid lease payments of the Target Group are amortised over the term of the lease.

17. INVESTMENT PROPERTIES

	Investment properties under construction	**Completed investment properties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2013	13,900	392,200	406,100
Additions	241,631	–	241,631
Transfer	(19,500)	19,500	–
Change in fair value	28,269	14,800	43,069
At 31 December 2013	264,300	426,500	690,800
Transfer from properties held for sale	–	30,228	30,228
Additions	225,745	–	225,745
Transfer	(548,800)	548,800	–
Change in fair value	58,755	14,072	72,827
At 31 December 2014	–	1,019,600	1,019,600
Additions	60,948	–	60,948
Transfer from properties held for sale	–	62,463	62,463
Change in fair value	9,210	189,979	199,189
At 31 December 2015	70,158	1,272,042	1,342,200

All of the Target Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

During the year ended 31 December 2014 and 2015, properties held for sale with carrying amounts of approximately RMB30,228,000 and RMB62,463,000 respectively were transferred to investment properties as the management had changed the use of the properties upon entering into various operating leases with tenants.

The fair values of the Target Group's investment properties at December 2013, 2014 and 2015 and at the dates of transfer were arrived at on the basis of valuations carried out on that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), independent qualified professional valuers not connected with the Target Group. JLL has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

For the completed investment properties which are leased out, the valuations were determined based on income approach where the market rentals are assessed by considering the income derived from existing tenancies with due provision for any reversionary income potential of the properties (the "Income Capitalisation Method") and discounted at the market yield. For investment properties under construction, the valuations have been arrived at using the residual approach by making reference to recent rental information in the relevant market as publicly available to determine the potential rental income of the completed investment properties, less estimated costs to completion and expected developed profit margin so as to determine the value of the proposed development as if these were completed as at the date of valuation (the "Residual Approach"). The rental income included in the Residual Approach was principally based on income approach by taking into account the current rents passing and the reversionary income potential of tenancies.

There has been no change from the valuation technique used during the Relevant Periods.

In estimating the fair value of the properties, the highest and best use of the properties was their current use.

At the end of the reporting period, management of the Target Group works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs. Where there was a material change in the fair value of the assets, the causes of the fluctuations would be reported to management of the Target Group.

There were no transfers into or out of Level 3 in the fair value measurement hierarchy during the Relevant Periods.

Information about fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of fair values for investment properties and key unobservable inputs used in the valuation models.

	Fair value *RMB'000*	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of significant inputs	Relationship of inputs to fair value
As at 31 December 2013						
Commercial property units located in the PRC – completed properties	426,500	Level 3	Income Capitalisation Approach	(i) Capitalisation rate	3% – 5%	The higher the capitalisation rate, the lower the fair value.
				(ii) Daily market rent per square meter	RMB0.16 to RMB13.48 per square meter	The higher the daily market rent per square meter, the higher the fair value.

	Fair value *RMB'000*	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of significant inputs	Relationship of inputs to fair value
Commercial property units located in the PRC – under construction	264,300	Level 3	Residual Approach	(i) Capitalisation rate	3.5% to 4.5%	The higher the capitalisation rate, the lower the fair value.
				(ii) Daily market rent per square meter	RMB0.07 to RMB4.39 per square meter	The higher the daily market rent per square meter, the higher the fair value.
				(iii) Expected developer profit margin	10%	The higher the expected developer profit margin, the lower the fair value.
				(iv) Estimated construction cost to complete	RMB189,830,000	The lower the construction cost to complete, the higher the fair value.
	690,800					
As at 31 December 2014						
Commercial property units located in the PRC – completed properties	1,019,600	Level 3	Income Capitalisation Approach	(i) Capitalisation rate	3% – 5%	The higher the capitalisation rate, the lower the fair value.
				(ii) Daily market rent per square meter	RMB0.07 to RMB14.02 per square meter	The higher the daily market rent per square meter, the higher for the fair value.
As at 31 December 2015						
Commercial property units located in the PRC – completed properties	1,272,042	Level 3	Income Capitalisation Approach	(i) Capitalisation rate	3% – 5%	The higher the capitalisation rate, the lower the fair value.
				(ii) Daily market rent per square meter	RMB0.07 to RMB14.50 per square meter	The higher the daily market rent per square meter, the higher the fair value.

	Fair value	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of significant inputs	Relationship of inputs to fair value
	RMB'000					
Commercial property units located in the PRC – under construction	70,158	Level 3	Residual Approach	(i) Capitalisation rate	3.5% to 5%	The higher the capitalisation rate, the lower the fair value.
				(ii) Daily market rent per square meter	RMB1.33 to RMB1.83 per square meter	The higher the daily market rent per square meter, the higher the fair value.
				(iii) Expected developer profit margin	10%	The higher the expected developer profit margin, the lower the fair value.
				(iv) Estimated construction cost to complete	RMB16,194,000	The lower the construction cost to complete, the higher the fair value.
	1,342,200					

18. INTEREST IN AN ASSOCIATE

	As at 31 December 2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Cost of investment in unlisted investment	24,500	24,500	24,500
Share of post-acquisition results and other comprehensive income, net of dividends received	(8,105)	4,783	76,154
	16,395	29,283	100,654

The Target Group had interest in the following associate:

Name of entity	Business structure	Country of establishment	Proportion of registered capital held by the Target Group As at 31 December 2013	2014	2015	Proportion of voting power held As at 31 December 2013	2014	2015	Principal activity
			%	%	%	%	%	%	
昆山市越秀廣電投資發展有限公司 Kunshan Yuexiu Guangdian Investment Development Co., Ltd. ("Kunshan Yuexiu")^	Limited liability company	PRC	49.00	49.00	49.00	49.00	49.00	49.00	Property development

^ For identification purpose

The associate was accounted for using the equity method on Financial Information.

The summarised financial information in respect of the Target Group's associate during the Relevant Periods is set out below:

Kunshan Yuexiu

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Total assets	918,861	1,871,668	2,483,239
Total liabilities	(885,402)	(1,811,907)	(2,277,822)
Net assets	33,459	59,761	205,417
The Target Group's share of net assets of Kunshan Yuexiu	16,395	29,283	100,654

	For the year ended 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	409,970	1,057,959
Result for the year	(15,611)	26,302	145,655
The Target Group's share of result and other comprehensive income of Kunshan Yuexiu for the year ended	(7,649)	12,888	71,371

Reconciliation of the above summarised financial information to the carrying amount of interest in the associate recognised in the Financial Information:

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Net assets of Kunshan Yuexiu	33,459	59,761	205,417
Proportion of the Target Group's ownership interest in Kunshan Yuexiu	49%	49%	49%
Carrying amount of the Target Group's interest in Kunshan Yuexiu	16,395	29,283	100,654

19. INTERESTS IN JOINT VENTURES

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Cost of investment in unlisted investments	–	31,000	40,800
Share of post-acquisition results and other comprehensive income, net of dividends received	–	(513)	(843)
	–	30,487	39,957

The Target Group had interest in the following joint ventures:

Name of entities	Business structure	Country of establishment	Proportion of registered capital held by the Target Group As at 31 December			Proportion of voting power held As at 31 December			Principal activity
			2013	2014	2015	2013	2014	2015	
			%	%	%	%	%	%	
廣州佳郡置業有限公司 Guangzhou Jiajun Property Co., Ltd. ("Guangzhou Jiajun")^	Limited liability company	PRC	–	29.00	29.00	–	29.00	29.00	Property development
廣州亞運城綜合體育館運營管理有限公司 Guangzhou Asian Games City Stadium Operation Co., Ltd. ("Guangzhou Asia Games City")^	Limited liability company	PRC	–	50.00	50.00	–	50.00	50.00	Property management
廣州廣電南洋資產運營有限公司 Guangzhou Guangdian Nanyang Asset Operation Co., Ltd. ("Guangzhou Guangdian Nanyang")^	Limited liability company	PRC	–	–	49.00	–	–	49.00	Property management

^ For identification purposes

The relevant activities that significantly affect the return of Guangzhou Jiajun, Guangzhou Asia Games City and Guangzhou Guangdian Nanyang require unanimous consent from the other joint venture partners holding the remaining 71%, 50% and 51% equity interests in each of Guangzhou Jiajun, Guangzhou Asia Games City and Guangzhou Guangdian Nanyang respectively. In addition, the joint arrangement does not result in either parties having rights to assets and obligations to liabilities of Guangzhou Jiajun, Guangzhou Asia Games City and Guangzhou Guangdian Nanyang, hence the Target Group has accounted for Guangzhou Jiajun, Guangzhou Asia Games City and Guangzhou Guangdian Nanyang as joint ventures.

The summarised financial information in respect of the Target Group's joint ventures during the Relevant Periods is set out below:

All of these joint ventures were accounted for using the equity method on Financial Information.

Guangzhou Jiajun

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	–	2,537,179	6,319,617
Total liabilities	–	(2,438,948)	(6,220,396)
Net assets	–	98,231	99,221
The Target Group's share of net assets of Guangzhou Jiajun	–	28,487	28,774

	For the year ended 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	–
Result for the year	–	(1,769)	990
The Target Group's share of result and other comprehensive income of Guangzhou Jiajun for the year ended	–	(513)	287

Reconciliation of the above summarised financial information to the carrying amount of interest in the joint venture recognised in the Financial Information:

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Net assets of Guangzhou Jiajun	–	98,231	99,221
Proportion of the Target Group's ownership interest in Guangzhou Jiajun	–	29%	29%
Carrying amount of the Target Group's interest in Guangzhou Jiajun	–	28,487	28,774

Guangzhou Asia Games City

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Total assets	–	6,000	6,782
Total liabilities	–	(2,000)	(2,136)
Net assets	–	4,000	4,646
The Target Group's share of net assets of Guangzhou Asia Games City	–	2,000	2,323

	For the year ended 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	12,341
Result for the year	–	–	646
The Target Group's share of result and other comprehensive income of Guangzhou Asia Games City for the year ended	–	–	323

Reconciliation of the above summarised financial information to the carrying amount of interest in the joint venture recognised in the Financial Information:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Net assets of Guangzhou Asia Games City	–	4,000	4,646
Proportion of the Target Group's ownership interest in Guangzhou Asia Games City	–	50%	50%
Carrying amount of the Target Group's interest in Guangzhou Asia Games City	–	2,000	2,323

Guangzhou Guangdian Nanyang

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	–	–	18,115
Total liabilities	–	–	(33)
Net assets	–	–	18,082
The Target Group's share of net assets of Guangzhou Guangdian Nanyang	–	–	8,860

	For the year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	–
Result for the year	–	–	(1,919)
The Target Group's share of result and other comprehensive income of Guangzhou Guangdian Nanyang for the year ended	–	–	(940)

Reconciliation of the above summarised financial information to the carrying amount of interest in the joint venture recognised in the Financial Information:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Net assets of Guangzhou Guangdian Nanyang	–	–	18,082
Proportion of the Target Group's ownership interest in Guangzhou Guangdian Nanyang	–	–	49%
Carrying amount of the Target Group's interest in Guangzhou Guangdian Nanyang	–	–	8,860

20. AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	162,000	–	–

Structured deposits represent principal-protected deposits placed with banks in the PRC for interest returns, which will mature in one year from the end of each reporting period. The interests were fixed at a predetermined rate ranging from 5% to 9% per annum.

They were measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates was so significant that the directors of the Target Company were of the opinion that their fair values cannot be measured reliably.

21. LONG-TERM DEPOSITS AND OTHER RECEIVABLES

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Deposit paid for acquisition of an investment property	40,790	40,790	–
Deposits paid for acquisition of additional interests of subsidiaries *(note 36)*	–	–	108,000
Deposits paid to lenders of other borrowings	20,050	101,084	136,773
	60,840	141,874	244,773

Deposit paid for acquisition of an investment property

During the year ended 31 December 2013, deposit of RMB40,790,000 was paid to local government authority for acquisition of a leasehold land for construction of an investment property. The land use right certificate was obtained from relevant government authority and the deposit was transferred to investment property during the year ended 31 December 2015.

Deposits paid to lenders of other borrowings

As at 31 December 2013, 2014 and 2015, deposits of RMB20,050,000, RMB101,084,000 and RMB136,773,000 respectively, were paid to lenders of other borrowings to secure the long-term general credit facilities granted to the Target Group. The maturity of the deposits was more than one year and the deposits were classified as non-current assets. The deposits were interest free and would be refunded upon repayment of the relevant other borrowings.

22. PROPERTIES UNDER DEVELOPMENT FOR SALE

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At the beginning of the year	7,420,204	10,729,288	7,041,019
Additions	6,753,442	6,020,917	10,334,797
Additions through acquisition of assets and liabilities through acquisition of subsidiaries *(note 34(A))*	2,229,373	142,919	–
Transfer to properties held for sale	(5,673,731)	(9,852,105)	(2,543,278)
At the end of the year	10,729,288	7,041,019	14,832,538
Properties under development for sales of which:			
– expected to be realised within 12 months	10,127,906	2,543,278	3,288,066
– expected to be realised over 12 months	601,382	4,497,741	11,544,472
	10,729,288	7,041,019	14,832,538

The properties under development for sale of the Target Group are situated in the PRC.

The properties under development for sale with carrying amounts of approximately RMB5,365,710,000, RMB6,825,556,000 and RMB10,080,754,000 were pledged to secure certain banking facilities granted to the Target Group as at 31 December 2013, 2014 and 2015, respectively.

23. PROPERTIES HELD FOR SALE

The Target Group's properties held for sale are situated in the PRC. All the properties held for sale were stated at lower of cost and net realisable value. In the opinion of the directors of Target Company, properties held for sales would be realised within twelve months.

The properties held for sale with carrying amounts of approximately RMB1,815,073,000, RMB3,287,893,000 and RMB1,451,835,000 were pledged to secure certain banking facilities granted to the Target Group as at 31 December 2013, 2014 and 2015, respectively.

24. TRADE RECEIVABLES

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	15,485	25,843	100,634
Less: Accumulated allowances	(2,073)	(2,590)	(2,807)
	13,412	23,253	97,827

Consideration in respect of properties sold under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.

The following is an aged analysis of trade receivables presented based on the date of revenue recognition or the date of debit notes as applicable at the end of the reporting period:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	13,412	23,253	97,827

The Target Group has a policy for recognition of impairment which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment including creditworthiness and the past collection history of each customer.

The Target Group made allowances of RMB517,000 and RMB217,000 for the two years ended 31 December 2014 and 2015 respectively in respect of the receivables from property investment and management, which were past due at the reporting date with long age since the due date. The directors of the Target Company considered the related receivables might be impaired and specific allowances were made.

Movement in the allowance for bad and doubtful debts:

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	5,426	2,073	2,590
Impairment loss recognised on receivables	–	517	217
Amounts recovered during the year	(3,353)	–	–
Balance at the end of the year	2,073	2,590	2,807

In determining the recoverability of the trade receivables, the Target Group considered any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

The trade receivables of sales of properties were not past due as at 31 December 2013, 2014 and 2015. Rental receivables and management fee receivables of RMB771,000, RMB21,116,000 and RMB49,853,000 were overdue but not impaired as at 31 December 2013, 2014 and 2015, respectively, which were overdue within 1 year. The Target Group did not hold any collateral over these balances.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	779,276	747,254	427,955
Deposits for acquisition of leasehold lands for properties under development for sale *(note)*	–	14,500	1,090,491
Prepaid business taxes	287,480	320,340	343,190
Deposits	7,888	25,022	55,521
Other receivables	113,391	169,847	54,670
	1,188,035	1,276,963	1,971,827

Note: As at 31 December 2015, an amount of RMB1,090,491,000 was paid to relevant local government authorities for acquisition of leasehold lands for properties under development for sale. The amount would be transferred to properties under development for sale upon obtaining the land use right certificates from relevant government authorities. The land use right certificates were subsequently obtained after 31 December 2015.

The Target Group made allowances of RMB1,159,000, RMB18,464,000 and RMB25,078,000 for the three years ended 31 December 2013, 2014 and 2015 respectively in respect of the other receivables. The directors of the Target Company considered the related receivables might be impaired and specific allowances were made.

Movements in the allowances for bad and doubtful debts

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	–	1,159	19,623
Impairment loss recognised on receivables	1,159	18,464	25,078
Balance at the end of the year	1,159	19,623	44,701

26. AMOUNTS DUE FROM NON-CONTROLLING INTERESTS, AN ASSOCIATE AND A JOINT VENTURE

As at 31 December 2013, amount due from an associate, Kunshan Yuexiu, of RMB288,000,000 was unsecured, interest bearing at 3-year RMB lending rate offered by the PBOC and was repayable on 31 December 2015. The amount was early repaid during the year ended 31 December 2014.

As at 31 December 2014, amount due from a joint venture, Guangzhou Jiajun, of RMB571,000,000 was unsecured, interest bearing at 12% per annum and repayable within one year. The amount was fully repaid during the year ended 31 December 2015.

As at 31 December 2015, amount due from a joint venture, Guangzhou Jiajun, of RMB571,000,000 was unsecured, interest bearing at 12% per annum and repayable within one year. The amount was fully repaid after 31 December 2015.

The remaining amounts due from non-controlling interests, an associate and a joint venture were unsecured, non-interest bearing and repayable on demand.

27. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

The Target Group's pledged bank deposits of RMB100,000,000 and RMB250,000,000 were pledged to secure the short-term general banking facilities granted to the Target Group as at 31 December 2013 and 2014, respectively. As at 31 December 2013, pledged bank deposit of RMB500,000,000 with maturity of more than one year was pledged to secure the long-term general facilities granted to the Target Group and classified as non-current assets. The deposits carried interests at market rates of 3.68% and 3.75% as at 31 December 2013 and 2014 respectively.

Restricted bank deposits

As at 31 December 2013, 2014 and 2015, in accordance with the applicable government regulations, RMB371,485,000, RMB369,239,000 and RMB405,866,000 were placed in the banks which would only be used in the designated property development projects respectively. During the year ended 31 December 2013, 2014 and 2015, the deposits carried interest at market rates which range from 1.75% to 2.25%, 2.75% to 3.35% and 1.5% to 2.1% per annum respectively.

Bank balances and cash

Bank balances and cash comprised cash and bank balances held by the Target Group with original maturity of three months or less and carried interest at average market rates of 0.3%, 0.35% and 0.35% as at 31 December 2013, 2014 and 2015 respectively.

28. TRADE AND BILLS PAYABLES

Trade and bills payables to construction contractors for property development operations comprised construction costs and other project related expenses which were payable based on project progress measured by the Target Group.

An aging analysis of the Target Group's trade and bills payables at the end of the reporting period presented based on the invoice date is as follows:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,075,023	1,525,340	6,201,275

29. ADVANCED RECEIPTS, ACCRUALS AND OTHER PAYABLES

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Sales deposits received	6,038,729	6,406,791	6,410,003
Accrued construction costs on properties under development for sale	222,276	84,317	161,062
Advanced receipts from sales of properties	92,246	66,376	19,572
Rental and other deposits received	33,786	40,641	41,269
Interest payables	4,997	39,815	92,492
Dividend payable	–	21,451	–
Other taxes payables	30,379	106,979	63,724
Other payables and accruals	206,155	276,633	225,631
	6,628,568	7,043,003	7,013,753

30. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

Pursuant to the terms of partnership's agreements entered into between Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao, the limited partners of Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao contributed the capital to Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao with the pre-determined rate of return on the capital contributed. The capital contributed by those limited partners of Shenzhen Qianhai, Guangzhou Guanghong and Guangzhou Hongbao will be refunded after seven years from the date of partnership's agreement and recognised by the Target Group as loans from non-controlling interests which are stated as amortised cost and non-current liabilities. As at 31 December 2013, 2014 and 2015, the aggregate amounts due to those non-controlling interests were RMB137,200,000, RMB405,200,000 and RMB1,268,513,000 respectively.

The remaining amounts were non-trade balance which were unsecured, interest-free and repayable on demand.

31. BORROWINGS

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings – secured	4,002,647	3,284,680	3,453,634
Bank borrowings – unsecured	2,492,000	1,046,450	2,634,500
Other borrowing – secured	1,370,000	3,227,350	3,089,312
Other borrowing – unsecured	493,361	1,394,050	262,979
	8,358,008	8,952,530	9,440,425

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
The borrowings were repayable as follows:			
Within one year	2,107,437	4,606,690	4,830,413
Over one year but not exceeding two years	5,033,971	3,915,440	2,707,062
Over two years but not exceeding five years	1,090,600	332,400	1,832,950
Over five years	126,000	98,000	70,000
	8,358,008	8,952,530	9,440,425
Less: Amounts due within one year shown under current liabilities	(2,107,437)	(4,606,690)	(4,830,413)
Amounts shown under non-current liabilities	6,250,571	4,345,840	4,610,012

The range of interest rates per annum (which were also equal to contracted interest rates) of the fixed-rate borrowings are as follows:

	As at 31 December		
	2013	2014	2015
The Target Group	5.13% to 16.00%	6.00% to 16.00%	5.13% to 14.90%

The variable-rate borrowings represented the benchmark borrowing rate quoted by the PBOC (中國人民銀行同期貸款基準利率) plus a spread.

The Target Group's borrowings during the Relevant Periods were secured by the pledge of assets as set out in note 37.

32. DEFERRED TAX

The movements in deferred income tax assets (liabilities) during the Relevant Periods are as follows:

	Impairment on assets	Tax losses	Provision and other accrual	Revaluation of investment properties	Other deductible temporary differences	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	3,904	3,389	832	(87,103)	7,172	(71,806)
(Charge) credit to profit or loss for the year *(note 11)*	(1,547)	8,279	315	(10,661)	9,498	5,884
At 31 December 2013	2,357	11,668	1,147	(97,764)	16,670	(65,922)
(Charge) credit to profit or loss for the year *(note 11)*	570	16,639	644	(18,292)	7,030	6,591
At 31 December 2014	2,927	28,307	1,791	(116,056)	23,700	(59,331)
(Charge) credit to profit or loss for the year *(note 11)*	23,024	35,644	–	(50,986)	(6,101)	1,581
At 31 December 2015	25,951	63,951	1,791	(167,042)	17,599	(57,750)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	31,842	56,725	109,292
Deferred tax liabilities	(97,764)	(116,056)	(167,042)
	(65,922)	(59,331)	(57,750)

The following is the analysis of the unused tax losses and other deductible temporary differences:

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Unused tax losses			
Recognised as deferred tax assets	46,672	113,228	255,804
No recognition of deferred tax assets *(note)*	25,403	22,614	26,748
	72,075	135,842	282,552
Other deductible temporary differences			
Recognised as deferred tax assets	66,680	94,800	70,396

Note: No deferred tax asset has been recognised due to the unpredictability of future profit streams.

The expiry of unrecognised unused tax losses was as follows:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Year 2017	11,096	8,656	8,656
Year 2018	14,307	12,216	9,835
Year 2019	–	1,742	1,742
Year 2020	–	–	6,515
	25,403	22,614	26,748

33. PAID-UP CAPITAL

	RMB'000
Registered and fully paid:	
At 1 January 2013, 31 December 2013, 31 December 2014 and 31 December 2015	360,000

33b. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

As at 31 December 2015, an amount of RMB300,000,000 was deposited to a bank to guarantee a discounted commercial bill with par value of RMB300,000,000. The directors are in the opinion that the Target Group has a legally enforceable right to set off such deposit and the commercial bill that are due to be fully settled on the same date and the Target Group intended to settle these balances on a net basis. These balances were offset in the consolidated statement of financial position as at 31 December 2015.

34. ACQUISITIONS AND DISPOSAL

(A) Acquisitions of assets and liabilities through acquisition of subsidiaries

For the year ended 31 December 2013

(i) On 31 March 2013, the Target Group acquired 100% equity interest of Wuhan Xincheng for a total consideration of RMB1,031,430,000 by cash.

The principal assets of Wuhan Xincheng were certain leasehold lands included in properties under development for sale, while it was acquired by the Target Group for property development and sale. Wuhan Xincheng did not commence business at the date of acquisition. The transaction was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Properties under development for sale	1,021,733
Bank balances and cash	9,515
Other receivables	182
	1,031,430

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	1,031,430
Less: Bank balances and cash acquired	(9,515)
	1,021,915

(ii) On 31 July 2013, the Target Group acquired 85% equity interest of Jinjiangshuili for a total consideration of RMB647,582,000 by cash.

The principal assets of Jinjiangshuili were certain leasehold lands included in properties under development for sale, while it was acquired by the Target Group for property development and sale. Jinjiangshuili did not commence business at the date of acquisition. The transaction was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Property, plant and equipment	4
Properties under development for sale	1,207,640
Prepayments, deposits and other receivables	353,107
Bank balances and cash	627,775
Advanced receipts, accruals and other payables	(356,665)
Borrowings	(1,070,000)
	761,861
Non-controlling interests	(114,279)
	647,582

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	647,582
Less: Bank balances and cash acquired	(627,775)
	19,807

For the year ended 31 December 2014

(i) On 31 January 2014, the Target Group acquired 100% equity interest of Wuhan Donghui for a total consideration of RMB34,880,000 by cash.

The principal assets of Wuhan Donghui were certain lands and construction in progress included in properties under development for sale, while it was acquired by the Target Group for property development and sale. Wuhan Donghui did not commence business at the date of acquisition. The acquisition transaction was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Properties under development for sale	62,745
Prepayments, deposits and other receivables	25,561
Bank balances and cash	44
Advanced receipts, accruals and other payables	(53,470)
	34,880

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	34,880
Less: Bank balances and cash acquired	(44)
	34,836

(ii) On 31 January 2014, the Target Group acquired 100% equity interest of Wuhan Xindonghui for a total consideration of RMB54,200,000 by cash.

The principal assets of Wuhan Xindonghui were certain leasehold lands included in properties under development for sale, while it was acquired by the Target Group for property development and sale. Wuhan Xindonghui did not commence business at the date of acquisition. The acquisition was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Properties under development for sale	80,174
Bank balances and cash	7
Advanced receipts, accruals and other payables	(25,981)
	54,200

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	54,200
Less: Bank balances and cash acquired	(7)
	54,193

For the year ended 31 December 2015

(i) On 15 January 2015, the Target Group acquired 100% equity interest of Hunan Hongyang for a total consideration of RMB20,277,000 by cash.

The principal asset of Hunan Hongyang was certain prepayments, deposits and other receivables, while it was acquired by the Target Group for property development purpose. Hunan Hongyang did not commence business at the date of acquisition. The transaction was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Prepayments, deposits and other receivables	20,000
Bank balances and cash	277
	20,277

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	20,277
Less: Bank balances and cash acquired	(277)
	20,000

In the opinion of the directors of the Target Company, the above acquisitions did not constitute business combinations in accordance with HKFRS 3 "Business combinations" as Wuhan Xincheng, Jinjiangshuili, Wuhan Donghui, Wuhan Xindonghui and Hunan Hongyang did not commence business at the respective dates of acquisitions. All acquisitions were accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries.

(B) Acquisition of additional interests in subsidiaries

For the year ended 31 December 2013

On 22 January 2013, Changsha Guanghui and 滙穎(天津)股權投資基金合夥企業 Huiying (Tianjin) Shareholding Investment Fund Partnership ("Huiying Tianjin")^, the non-controlling interest of Changsha Shiren entered into an equity transfer agreement, pursuant to which Huiying Tianjin agreed to transfer its 49% equity interest in Changsha Shiren to Changsha Guanghui for a consideration of RMB30,000,000. Thereafter, the Target Group's effective interest in Changsha Shiren increased from 51% to 100%. The transaction was accounted for as an equity transaction. The difference between the consideration paid and the carrying amount of the Target Group's additional interest in Changsha Shiren of RMB16,870,000 was debited to equity as other reserve during the year ended 31 December 2013.

For the year ended 31 December 2014

On 20 March 2014, Changsha Guanghui and 長沙潤璽投資置業有限公司 Changsha Runxi Investment Real Estate Co., Ltd. ("Changsha Runxi")^, the non-controlling interest of Zhuzhou Yingyuan entered into an equity transfer agreement, pursuant to which Changsha Runxi agreed to transfer its 20% equity interest in Zhuzhou Yingyuan to Changsha Guanghui for a consideration of RMB4,000,000. Thereafter, the Target Group's effective interest in Zhuzhou Yingyuan increased from 80% to 100%. The transaction was accounted for as an equity transaction. The difference between the consideration paid and the carrying amount of the Target Group's additional interest in Zhuzhou Yingyuan of RMB2,381,000 was debited to equity as other reserve during the year ended 31 December 2014.

For the year ended 31 December 2015

On 29 June 2015, Changsha Guanghui and 北京置安日盛信息技術有限公司 Beijing Zhianrisheng Information Technology Co., Ltd. ("Beijing Zhian")^, the non-controlling interest of Changsha Yingyuan entered into an equity transfer agreement, pursuant to which Beijing Zhian agreed to transfer its 45% equity interest in Changsha Yingyuan to Changsha Guanghui for a consideration of RMB31,500,000. Thereafter, the Target Group's effective interest in Changsha Yingyuan increased from 55% to 100%. The transaction was accounted for as an equity transaction. The difference between the consideration paid and the carrying amount of the Target Group's additional interest in Changsha Yingyuan of RMB53,278,000 was debited to equity as other reserve during the year ended 31 December 2015.

(C) Partial disposal of equity interest in a subsidiary

For the year ended 31 December 2013

Pursuant to an equity transfer agreement dated 14 June 2013, entered into between Kunming Guanghong, a wholly-owned subsidiary of the Target Company, and 雲南吉龍房地產開發有限公司 Yunnan Jilong Real Estate Development Co., Ltd. ("Yunnan Jilong")^, Kunming Guanghong agreed to dispose of, and Yunnan Jilong agreed to acquire from Kunming Guanghong, 30% of the equity interests of Yunnan Weijia for a total cash consideration of RMB20,400,000. Upon completion of the transaction, the Target Group's ownership interest in Yunnan Weijia was reduced to 70% and the Target Group continued to have control over Yunnan Weijia. The difference of RMB9,583,000 between the cash consideration received and the carrying amount of the net assets attributable to the 30% equity interest of Yunnan Weijia was recognised directly in equity as other reserve for the year ended 31 December 2013.

* *For identification purpose*

35. OPERATING LEASE COMMITMENTS

The Target Group as lessee

At the end of each of the reporting period, the Target Group had the following future minimum lease payments under non-cancellable operating leases contracted with landlords in respect of rented premises which fall due as follows:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	795	819	2,169
In the second to fifth year inclusive	795	–	2,181
	1,590	819	4,350

The Target Group as lessor

Property rental income earned during the years ended 31 December 2013, 2014 and 2015 were RMB12,706,000, RMB14,153,000 and RMB30,894,000 respectively. The properties held have committed tenants for the next five years.

At the end of the each reporting period, the Target Group had the following future minimum lease receivables under non-cancellable operating leases contracted with tenants:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	2,206	20,497	32,757
In the second to fifth year inclusive	5,619	91,207	116,029
Over five years	–	160,065	142,437
	7,825	271,769	291,223

36. CAPITAL COMMITMENTS

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure contracted for but not provided in the Financial Information – Investment properties	189,830	–	16,194

Deposits paid for acquisition of additional interests of subsidiaries

On 10 August 2015, Changsha Guanghui entered into an equity transfer agreement with an independent third party to further acquire 15% equity interest in Jinjiangshuili at a total cash consideration of RMB139,000,000 ("Jinjiangshuili's Acquisition"). RMB100,000,000 was paid during the year ended 31 December 2015. The transaction was completed on 5 February 2016 and Jinjiangshuili has become a wholly-owned subsidiary of the Target Company.

On 18 November 2015, Kunming Guanghong entered into an equity transfer agreement with an independent third party to further acquire 30% equity interest in Yunnan Weijia at a total cash consideration of RMB15,000,000 ("Yunnan Weijia's Acquisition"). RMB8,000,000 was paid during the year ended 31 December 2015. The transaction was completed on 8 March 2016 and Yunnan Weijia has become a wholly-owned subsidiary of the Target Company.

37. PLEDGE OF ASSETS

The following assets of the Target Group were pledged to banks and other parties to secure credit facilities granted to the Target Group during the Relevant Periods:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Deposits paid to lenders of other borrowings	20,050	101,084	136,773
Pledged bank deposits	600,000	250,000	–
Properties under development for sale	5,365,710	6,825,556	10,080,754
Properties held for sale	1,815,073	3,287,893	1,451,835
Investment properties	300,324	362,045	387,012
Property, plant and equipment	–	3,330	3,084
	8,101,157	10,829,908	12,059,458

As at 31 December 2015, the Target Group also pledged certain equity interests over certain subsidiaries to banks and other trust companies to secure loan facilities granted to the Target Group.

38. RETIREMENT BENEFITS SCHEMES

According to the relevant laws and regulations in the PRC, the Target Group is required to participate in defined contribution retirement schemes administered by the local municipal governments. The Target Group contributes funds which are calculated on certain percentage of the average employees salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Target Group with respect to the retirement benefits schemes is to make the required contributions under the scheme.

39. RELATED PARTY DISCLOSURES

(i) Related party transactions

The Target Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Management fee income			
A shareholder	2,309	6,023	7,658
Related companies *(note)*	7,416	12,124	15,880

Note: The related companies are controlled by a shareholder of the Target Company.

(ii) Related party balances

The Target Group's balances with related parties are set out in notes 26 and 30 respectively.

(iii) Compensation of key management personnel

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Short-term benefits	9,879	9,721	1,291
Post-employment benefits	115	125	209
	9,994	9,846	1,500

40. CONTINGENT LIABILITY

The Target Group provided guarantees amounting to approximately RMB2,988,644,000, RMB4,390,260,000 and RMB5,759,556,000 as at 31 December 2013, 2014 and 2015 respectively in respect of mortgage bank loans granted to purchasers of the Target Group's developed properties. In the opinion of the directors of the Target Company, the fair values of these financial guarantee contracts of the Target Group were insignificant at initial recognition as the default rate is low, and subsequently at each reporting dates it was not probable that the customers would default on repayment to banks. Accordingly, no fair value was recognised at the inception of the guarantee contracts and on the consolidated statements of financial position as at 31 December 2013, 2014 and 2015. The guarantee would be released upon customers obtaining the property individual ownership certificates.

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Target Company that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Profit (loss) allocated to non-controlling interests Year ended 31 December			Accumulated non controlling interests As at 31 December		
		2013	2014	2015	2013	2014	2015	2013	2014	2015
					RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wuhan Guangdian Haige	PRC	30%	30%	30%	(1,267)	(3,697)	48,989	148,142	144,445	193,434
Guangzhou Guangdian Property	PRC	49%	49%	49%	11,239	8,934	25,116	40,400	39,834	62,010
Jinjiangshuili	PRC	15%	15%	15%	(1,964)	(2,038)	(9,822)	112,604	110,566	100,744
Individually immaterial subsidiaries with non-controlling interests					(2,791)	66,645	2,124	28,822	98,293	70,381
					5,217	69,844	66,407	329,968	393,138	426,569

Summarised financial information in respect of each of the Target Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Wuhan Guangdian Haige

	As at 31 December		
	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Current assets	2,779,345	3,775,021	5,660,862
Non-current assets	2,408	6,470	6,086
Current liabilities	(943,947)	(2,321,008)	(4,522,168)
Non-current liabilities	(1,344,000)	(979,000)	(500,000)
Net assets	493,806	481,483	644,780

	Year ended 31 December 2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Revenue	30,214	3,396	944,348
Expenses	(34,437)	(15,719)	(781,051)
(Loss) profit for the year	(4,223)	(12,323)	163,297
Net cash (outflow) inflow from operating activities	(976,966)	(332,151)	183,871
Net cash outflow from investing activities	(40)	(154)	–
Net cash inflow from financing activities	1,182,965	197,711	14,079
Net cash inflow (outflow)	205,959	(134,594)	197,950

Guangzhou Guangdian Property

	As at 31 December 2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Current assets	110,176	140,775	125,832
Non-current assets	47,953	50,476	158,774
Current liabilities	(68,780)	(102,790)	(141,532)
Non-current liabilities	(6,899)	(7,167)	(16,523)
Net assets	82,450	81,294	126,551

	Year ended 31 December 2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Revenue	190,543	216,474	281,447
Expenses	(167,606)	(198,241)	(230,190)
Profit for the year	22,937	18,233	51,257
Dividend paid to non-controlling interests	7,350	9,500	2,940
Net cash inflow from operating activities	25,321	21,110	36,587
Net cash outflow from investing activities	(43,825)	(3,324)	(29,955)
Net cash (outflow) inflow from financing activities	(6,900)	18,269	(5,852)
Net cash (outflow) inflow	(25,404)	36,055	780

Jinjiangshuili

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	2,354,604	2,608,776	2,297,854
Non-current assets	4,191	12,264	3,649
Current liabilities	(744,602)	(1,635,533)	(980,976)
Non-current liabilities	(863,500)	(248,400)	(648,900)
Net assets	750,693	737,107	671,627

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	1,075,317
Expenses	(13,093)	(13,586)	(1,140,797)
Loss for the year	(13,093)	(13,586)	(65,480)
Net cash (outflow) inflow from operating activities	(367,482)	92,359	210,635
Net cash outflow from investing activities	–	(3,691)	–
Net cash inflow (outflow) from financing activities	392,167	(15,095)	(555,790)
Net cash inflow (outflow)	24,685	73,573	(345,155)

B. EVENTS AFTER THE REPORTING PERIOD

Upon the completion of Jinjiangshuili's Acquisition on 5 February 2016, the Target Group's ownership interest in Jinjiangshuili increased from 85% to 100%. Upon the completion of Yunnan Weijia's Acquisition on 8 March 2016, the Target Group's ownership interest on Yunnan Weijia increased from 70% to 100%.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group, the Target Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Set out below is the management discussion and analysis of the Target Group for the three years ended 31 December 2015. The following financial information are based on the financial information of the Target Group set out in Appendix II to this circular.

BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

For the year ended 31 December 2013, the year ended 31 December 2014 and the year ended 31 December 2015, the Target Group recorded:

	For the year ended 31 December 2013 (audited) *RMB'000*	**For the year ended 31 December 2014 (audited)** *RMB'000*	**For the year ended 31 December 2015 (audited)** *RMB'000*
Revenue	4,081,258	5,472,202	6,968,127
Net profit before tax	262,163	640,106	572,129
Net profit after tax attributable to shareholders	152,079	372,566	268,762

During the three years ended 31 December 2015, the Target Group is principally engaged in property development, operation and management.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Target Group recorded revenue of approximately RMB4,081.3 million for the year ended 31 December 2013 which comprised of sales revenue from properties sales of RMB3,811.9 million, rental income of RMB12.7 million and property management fee of RMB256.7 million.

Other income amounted to approximately RMB28.8 million which was mainly contributed by interest income received from bank deposits and amounts due from an associate and a joint venture.

Selling and distribution expenses amounted to approximately RMB134.8 million which were mainly related to sales & marketing and promotional activities engaged by the Target Group for properties sales launch. Administrative expenses amounted to approximately RMB118.1 million which included staff costs of RMB49.4 million, depreciation expenses of property, plant and equipment amounting to RMB5.9 million and other general and administrative expenses.

Finance cost charged to the consolidated statement of profit or loss amounted to approximately RMB16 million while the finance charge being capitalized during the year ended 31 December 2013 amounted to approximately RMB700.7 million.

Tax charged amounted to approximately RMB104.9 million which comprised of PRC enterprise income tax amounting to RMB75.4 million, land appreciation tax amounting to RMB26.4 million, underprovision of enterprise income tax in prior years amounting to RMB9 million less the deferred tax credit amounting to RMB5.9 million.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The Target Group recorded revenue of approximately RMB5,472.2 million for the year ended 31 December 2014 which comprised of sales revenue from properties sales of RMB5,128.9 million, rental income from investment properties of RMB14.1 million and property management fees of RMB329.2 million. The increase in revenue in 2014 compared to 2013 was mainly resulted from more properties being sold in 2014.

Gross profit increased from RMB464.8 million in 2013 to RMB863.5 million in 2014. It was resulted from higher revenue recognized from property sales and higher margin recorded for residential units transferred to customers in 2014.

Other income increased from RMB28.8 million in fiscal year 2013 to RMB46.4 million in 2014. It was mainly resulted from more interest income charged over amounts due from an associate and a joint venture in 2014.

Other gains and losses changed from a gain of RMB2.2 million to a loss of RMB18.9 million. It was mainly resulted from the provision of debtors allowance in 2014 amounting to RMB19 million while it recorded a reversal of debtors allowance in 2013.

The selling and distribution expenses increased from RMB134.8 million in 2013 to RMB138.5 million in 2014. The increase was resulted from a larger number of property projects launched sales in 2014. Administrative expenses increased from RMB118.1 million in 2013 to RMB141.7 million in 2014. The increase was due to higher business activities engaged by the Target Group in 2014 which was in line with the increase of sales revenue.

Finance costs charged to the consolidated statement of profit or loss increased from RMB16 million in 2013 to RMB55.8 million in 2014. The increase was resulted from higher borrowings made in 2014 and higher interest rate charged over outstanding borrowings in 2014.

Tax charged increased from RMB104.9 million in 2013 to RMB197.7 million in 2014. It was mainly resulted from higher enterprise income tax charged in 2014 resulting from higher operating profits made in 2014.

The consolidated profit attributable to the owners of the Target Company increased from RMB152.1 million to RMB372.6 million. It was mainly resulted from the increase in gross profit recorded in 2014 resulting from higher sales revenue and gross profit recorded in 2014.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Target Group recorded revenue of approximately RMB6,968.1 million for the year ended 31 December 2015 which comprised of sales revenue from properties sales of RMB6,535.6 million, rental income from investment properties of RMB30.9 million and property management fees of RMB401.6 million. The increase in sales revenue in 2015 compared to 2014 was mainly resulted from more properties sale made in 2015.

Gross profit decreased from RMB863.5 million in 2014 to RMB783.3 million in 2015. It was mainly resulted from lower margin recorded for properties sales in 2015.

Other income increased from RMB46.4 million in fiscal year 2014 to RMB65.1 million in 2015. It was mainly resulted from more interest income charged over amounts due from an associate and a joint venture in 2015.

Other gains and losses increased from a loss of RMB18.9 million in 2014 to a loss of RMB24.9 million. It was mainly resulted from the increase in the provision of debtors allowance from RMB19 million in 2014 to RMB25.3 million in 2015.

The selling and distribution expenses increased from RMB138.5 million in 2014 to RMB141.4 million in 2015. The increase was resulted from a larger number of property projects launched sales in 2015. Administrative expenses increased from RMB141.7 million in 2014 to RMB179.3 million in 2015. The increase was due to higher business activities engaged by the Target Group in 2015 which was in line with the increase of sales revenue.

Finance costs increased from RMB55.8 million in 2014 to RMB200.9 million in 2015. The increase was resulted from the higher amount of interest being charged to consolidated statement of profit or loss instead of being capitalized in 2015 as compared to 2014.

Tax charged increased from RMB197.7 million in 2014 to RMB237 million in 2015. The increase was mainly resulted from an increase in land appreciation tax from RMB32.2 million in 2014 to RMB81.4 million in 2015.

The consolidated profit attributable to the owners of the Target Company decreased from RMB372.6 million to RMB268.8 million. The decrease is mainly resulted from higher finance cost charged to the consolidated statement of profit or loss in 2015.

FINANCIAL POSITION OF TARGET GROUP AS AT 31 DECEMBER 2013

As at 31 December 2013, total consolidated assets of the Target Group amounted to RMB18.1 billion which was mainly made up of (i) properties under development for sale amounting to RMB10.7 billion; (ii) properties held for sale amounting to RMB2.4 billion; (iii) prepayments, deposits and other receivables amounting to RMB1.2 billion; (iv) bank balances and cash (including pledged bank deposits and restricted bank deposits) amounting to RMB2.25 billion; and (v) investment properties amounting to RMB0.7 billion.

Total consolidated liabilities of the Target Group amounted to RMB16.8 billion which was mainly made up of (i) trade and bills payables amounting to RMB1.1 billion; (ii) advanced receipts, accruals and other payables amounting to RMB6.6 billion; and (iii) short and long term borrowings totaling RMB8.4 billion.

The consolidated net assets of the Target Group attributable to the owners of the Target Company amounted to approximately RMB971.2 million.

FINANCIAL POSITION OF TARGET GROUP AS AT 31 DECEMBER 2014

As at 31 December 2014, total consolidated assets of the Target Group amounted to RMB20.1 billion which was mainly made up of (i) properties under development for sale amounting to RMB7 billion; (ii) properties held for sale amounting to RMB7.8 billion; (iii) prepayments, deposits and other receivables amounting to RMB1.4 billion; (iv) bank balances and cash (including pledged bank deposits and restricted bank deposits) amounting to RMB1.5 billion; and (v) investment properties amounting to approximately RMB1.0 billion. The increase in total consolidated assets of the Target Group as at 31 December 2014 as compared to 31 December 2013 was mainly resulted from a larger amount of investment properties and properties held for sale in 2014. Such increase reflected expansion of business activities engaged by the Target Group in 2014 in terms of properties developed for sale as well as properties held for investment.

Total consolidated liabilities of the Target Group amounted to RMB18.4 billion which was mainly made up of (i) trade and bills payables amounting to RMB1.5 billion; (ii) advanced receipts, accruals and other payables amounting to RMB7.0 billion; and (iii) short and long term borrowings totaling RMB9.0 billion. The increase in consolidated liabilities of the Target Group as at 31 December 2014 as compared to 31 December 2013 was mainly resulted from larger balances of trade and bills payables, advanced receipts, accruals and other payables as well as the short and long term borrowings in 2014. Such an increase was mainly resulted from the additional financing required for land premium and construction of the properties development projects as more business activities were engaged by the Target Group in 2014.

The consolidated net assets of the Target Group attributable to the owners of the Target Company amounted to approximately RMB1,251.4 million. The increase was mainly resulted from the net profit attributable to the owners of the Target Company for the year ended 31 December 2014 minus dividend declared during the year amounting to RMB90 million.

FINANCIAL POSITION OF TARGET GROUP AS AT 31 DECEMBER 2015

As at 31 December 2015, total consolidated assets of the Target Group amounted to RMB26.4 billion which was mainly made up of (i) properties under development for sale amounting to RMB14.8 billion; (ii) properties held for sale amounting to RMB4.4 billion; (iii) prepayments, deposits and other receivables amounting to RMB2.2 billion; (iv) bank balances and cash (including restricted bank deposits) amounting to RMB2.1 billion; and (v) investment properties amounting to approximately RMB1.3 billion. The increase in total consolidated assets of the Target Group as at 31 December 2015 as compared to 2014 was mainly resulted from a larger amount of investment properties, prepayments, deposits and other receivables and properties under development for sale. Such increase reflected expansion of business activities engaged by the Target Group in 2015 in terms of properties developed for sale as well as properties held for investment.

Total consolidated liabilities of the Target Group amounted to RMB24.6 billion which was mainly made up of (i) trade and bills payables amounting to RMB6.2 billion; (ii) advanced receipts, accruals and other payables amounting to RMB7.0 billion; and (iii) short and long term borrowings totaling RMB9.4 billion. The increase in consolidated liabilities of the Target Group as at 31 December 2015 as compared to 31 December 2014 was mainly resulted from a larger balances of trade and bills payables as well as the short and long term borrowings. Such an increase was mainly resulted from the additional financing required for land premium and construction of the properties development projects as more business activities were engaged by the Target Group in 2015.

The consolidated net assets of the Target Group attributable to the owners of the Target Company amounted to approximately RMB1,417.6 million. The increase was mainly resulted from the net profit attributable to the owners of the Target Company for the year ended 31 December 2015 minus dividend declared during the year amounting to RMB49.4 million.

PROSPECTS

The Target Group is principally engaged in property investment, development and management of residential and commercial property projects in the PRC. As at the Latest Practicable Date, the Target Group had various property development projects under various stages of development.

Riding on the Target Group's solid foundation of existing property development projects, it would continue to expand its business scale for property development and property management businesses. It would continue to closely follow the trend of the external economy and policy decisions to conduct comprehensive research and analysis. It would operate prudently and safeguard its interest against risks. Also, it would actively pursue market opportunities to develop and promote its projects, as well as speed up cash inflows. On these bases, the Target Group would also continue to explore possible investment opportunities. The Target Group would continue to leverage on the market knowledge, experience and resources provided by the Company so as to achieve the synergistic effects in terms of operation effectiveness and branding.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, 31 December 2014 and 31 December 2015, the Target Group had total liabilities of approximately RMB16.8 billion, RMB18.4 billion and RMB24.6 billion respectively. As at 31 December 2013, 31 December 2014 and 31 December 2015, the Target Group had total cash and cash equivalents of approximately RMB1.3 billion, RMB0.9 billion and RMB1.6 billion respectively, and net current assets of approximately RMB6.4 billion, RMB5.2 billion and RMB6 billion, respectively.

For the year ended 31 December 2013, the year ended 31 December 2014 and the year ended 31 December 2015, cash flow from/(used in) operating activities were RMB(0.4 billion), RMB0.2 billion and RMB(25.6 million) respectively, cash flow from/(used in) financing activities were RMB3.3 billion, RMB(0.4 billion) and RMB0.5 billion respectively, and cash flow from (used in) investing activities were RMB(2.3 billion), RMB(0.2 billion) and RMB0.3 billion respectively.

For the year ended 31 December 2013, the year ended 31 December 2014 and the year ended 31 December 2015, all borrowings of the Target Group were denominated in RMB. Most of bank borrowings were based on floating interest rate and most of the other borrowings were based on a fixed interest rate. The management of the Target Group anticipates that any repayments required will be met out of operating cash flows or from alternative forms of capital raising, such as further asset sales, contribution from the shareholders of the Target Company or financing from banks/other borrowings. The management of the Target Group has a reasonable expectation that the Target Group has adequate financial resources to continue in operational existence for the foreseeable future.

The Target Group's gearing ratio (defined as total interest-bearing liabilities divided by the Target Group's total equity) was 642%, 544% and 512% as at 31 December 2013, 31 December 2014 and 31 December 2015 respectively.

TREASURY POLICIES

As at 31 December 2013, 31 December 2014 and 31 December 2015, the Target Group had no specific treasury policies.

CHARGES ON GROUP ASSETS

The following assets of the Target Group were pledged to banks and other parties to secure credit facilities granted to the Target Group as at 31 December 2013, 2014 and 2015:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Deposits paid to lenders of other borrowings	20,050	101,084	136,773
Pledged bank deposits	600,000	250,000	–
Properties under development for sale	5,365,710	6,825,556	10,080,754
Properties held for sale	1,815,073	3,287,893	1,451,835
Investment properties	300,324	362,045	387,012
Property, plant and equipment	–	3,330	3,084
Total	**8,101,157**	**10,829,908**	**12,059,458**

As at 31 December 2015, the Target Group also pledged certain equity interests over certain subsidiaries to banks and other trust companies to secure loan facilities granted to the Target Group.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

During the three years ended 31 December 2015, the material acquisition and disposal made by the Target Group included:

(A) Acquisitions of assets and liabilities through acquisition of subsidiaries

For the year ended 31 December 2013

(i) On 31 March 2013, the Target Group acquired 100% equity interest of Wuhan Guangdian Xincheng Real Estate Development Co., Ltd.* (武漢廣電新城房地產開發有限公司) ("**Wuhan Xincheng**") for a total consideration of RMB1,031,430,000 by cash.

The principal assets of Wuhan Xincheng were certain leasehold lands included in properties under development for sale, while it was acquired by the Target Group for property development and sale. Wuhan Xincheng did not commence business at the date of acquisition. The transaction was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Properties under development for sale	1,021,733
Bank balances and cash	9,515
Other receivables	182
	1,031,430

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	1,031,430
Less: Bank balances and cash acquired	(9,515)
	1,021,915

(ii) On 31 July 2013, the Target Group acquired 85% equity interest of Changsha Jinjiangshuili Investment Property Co., Ltd.* (長沙市靳江水利投資置業有限公司) ("**Jinjiangshuili**") for a total consideration of RMB647,582,000 by cash.

The principal assets of Jinjiangshuili were certain leasehold lands included in properties under development for sale, while it was acquired by the Target Group for property development and sale. Jinjiangshuili did not commence business at the date of acquisition. The transaction was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Property, plant and equipment	4
Properties under development for sale	1,207,640
Prepayments, deposits and other receivables	353,107
Bank balances and cash	627,775
Advanced receipts, accruals and other payables	(356,665)
Borrowings	(1,070,000)
	761,861
Non-controlling interests	(114,279)
	647,582

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	647,582
Less: Bank balances and cash acquired	(627,775)
	19,807

For the year ended 31 December 2014

(i) On 31 January 2014, the Target Group acquired 100% equity interest of Wuhan Donghui Real Estate Development Co., Ltd.* (武漢東輝房地產開發有限公司) ("**Wuhan Donghui**") for a total consideration of RMB34,880,000 by cash.

The principal assets of Wuhan Donghui were certain lands and construction in progress included in properties under development for sale, while it was acquired by the Target Group for property development and sale. Wuhan Donghui did not commence business at the date of acquisition. The acquisition transaction was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Properties under development for sale	62,745
Prepayments, deposits and other receivables	25,561
Bank balances and cash	44
Advanced receipts, accruals and other payables	(53,470)
	34,880

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	34,880
Less: Bank balances and cash acquired	(44)
	34,836

(ii) On 31 January 2014, the Target Group acquired 100% equity interest of Wuhan Xindonghui Real Estate Development Co., Ltd.* (武漢鑫東輝房地產開發有限公司) ("**Wuhan Xindonghui**") for a total consideration of RMB54,200,000 by cash.

The principal assets of Wuhan Xindonghui were certain leasehold lands included in properties under development for sale, while it was acquired by the Target Group for property development and sale. Wuhan Xindonghui did not commence business at the date of acquisition. The acquisition was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Properties under development for sale	80,174
Bank balances and cash	7
Advanced receipts, accruals and other payables	(25,981)
	54,200

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	54,200
Less: Bank balances and cash acquired	(7)
	54,193

For the year ended 31 December 2015

(i) On 15 January 2015, the Target Group acquired 100% equity interest of Hunan Hongyanglianzhong Real Estate Development Co., Ltd.* (湖南宏揚聯眾房地產開發有限公司) ("**Hunan Hongyang**") for a total consideration of RMB20,277,000 by cash.

The principal asset of Hunan Hongyang was certain prepayments, deposits and other receivables, while it was acquired by the Target Group for property development purpose. Hunan Hongyang did not commence business at the date of acquisition. The transaction was accounted for as acquisition of assets.

Net assets acquired:

	RMB'000
Prepayments, deposits and other receivables	20,000
Bank balances and cash	277
	20,277

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	20,277
Less: Bank balances and cash acquired	(277)
	20,000

In the opinion of the directors of the Target Company, the above acquisitions did not constitute business combinations in accordance with HKFRS 3 "Business combinations" as Wuhan Xincheng, Jinjiangshuili, Wuhan Donghui, Wuhan Xindonghui and Hunan Hongyang did not commence business at the respective dates of acquisitions. All acquisitions were accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries.

(B) Acquisition of additional interests in subsidiaries

For the year ended 31 December 2013

On 22 January 2013, Changsha Guanghui Real Estate Development Co., Ltd.* (長沙廣匯房地產開發有限公司) ("**Changsha Guanghui**") and Huiying (Tianjin) Shareholding Investment Fund Partnership* (滙穎(天津)股權投資基金合夥企業) ("**Huiying Tianjin**"), the non-controlling interest of Changsha Shiren Real Estate Development Co., Ltd.* (長沙市石人房地產開發有限公司) ("**Changsha Shiren**"), entered into an equity transfer agreement, pursuant to which Huiying Tianjin agreed to transfer its 49% equity interest in Changsha Shiren to Changsha Guanghui for a consideration of RMB30,000,000. Thereafter, the Target Group's effective interest in Changsha Shiren increased from 51% to 100%. The transaction was accounted for as an equity transaction. The difference between the consideration paid and the carrying amount of the Target Group's additional interest in Changsha Shiren of RMB16,870,000 was debited to equity as other reserve during the year ended 31 December 2013.

For the year ended 31 December 2014

On 20 March 2014, Changsha Guanghui and Changsha Runxi Investment Real Estate Co., Ltd.* (長沙潤璽投資置業有限公司) ("**Changsha Runxi**"), the non-controlling interest of Zhuzhou Yingyuan Real Estate Development Co., Ltd.* (株洲穎沅房地產開發有限公司) ("**Zhuzhou Yingyuan**") entered into an equity transfer agreement, pursuant to which Changsha Runxi agreed to transfer its 20% equity interest in Zhuzhou Yingyuan to Changsha Guanghui for a consideration of RMB4,000,000. Thereafter, the Target Group's effective interest in Zhuzhou Yingyuan increased from 80% to 100%. The transaction was accounted for as an equity transaction. The difference between the consideration paid and the carrying amount of the Target Group's additional interest in Zhuzhou Yingyuan of RMB2,381,000 was debited to equity as other reserve during the year ended 31 December 2014.

For the year ended 31 December 2015

On 29 June 2015, Changsha Guanghui and Beijing Zhianrisheng Information Technology Co., Ltd.* (北京置安日盛信息技術有限公司) ("**Beijing Zhian**"), the non-controlling interest of Changsha Yingyuan Real Estate Development Co., Ltd.* (長沙穎沅房地產開發有限公司) ("**Changsha Yingyuan**") entered into an equity transfer agreement, pursuant to which Beijing Zhian agreed to transfer its 45% equity interest in Changsha Yingyuan to Changsha Guanghui for a consideration of RMB31,500,000. Thereafter, the Target Group's effective interest in Changsha Yingyuan increased from 55% to 100%. The transaction was accounted for as an equity transaction. The difference between the consideration paid and the carrying amount of the Target Group's additional interest in Changsha Yingyuan of RMB53,278,000 was debited to equity as other reserve during the year ended 31 December 2015.

(C) Partial disposal of equity interest in a subsidiary

For the year ended 31 December 2013

Pursuant to an equity transfer agreement dated 14 June 2013, entered into between Kunming Guanghong Investment Co., Ltd.* (昆明廣鴻投資有限公司) ("**Kunming Guanghong**"), a wholly-owned subsidiary of the Target Company, and Yunnan Jilong Real Estate Development Co., Ltd.* (雲南吉龍房地產開發有限公司) ("**Yunnan Jilong**"), Kunming Guanghong agreed to dispose of, and Yunnan Jilong agreed to acquire from Kunming Guanghong, 30% of the equity interests of Yunnan Weijia Real Estate Development Co., Ltd.* (雲南偉佳房地產開發有限公司) ("**Yunnan Weijia**") for a total cash consideration of RMB20,400,000. Upon completion of the transaction, the Target Group's ownership interest in Yunnan Weijia was reduced to 70% and the Target Group continued to have control over Yunnan Weijia. The difference of RMB9,583,000 between the cash consideration received and the carrying amount of the net assets attributable to the 30% equity interest of Yunnan Weijia was recognised directly in equity as other reserve for the year ended 31 December 2013.

Save as disclosed above, the Target Group did not have any significant investments, material acquisition and disposal for the years ended 31 December 2013, 2014 and 2015.

SEGMENT INFORMATION

For the years ended 31 December 2013, 2014 and 2015, the Target Group was principally engaged in property development and other activities (property investment, provision of property management services and investment management).

Segment revenues and results

The following is an analysis of the Target Group's revenue and results by operating and reportable segment:

For the year ended 31 December 2013

	Property development	**Others**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	3,811,939	269,319	4,081,258
Segment profit	392,696	72,064	464,760
Other income			28,768
Other gains			2,194
Selling and distribution expenses			(134,844)
Changes in fair value of investment properties			43,069
Administrative expenses			(118,122)
Finance costs			(16,013)
Share of results of an associate			(7,649)
Profit before taxation			262,163

For the year ended 31 December 2014

	Property development *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Revenue	5,128,883	343,319	5,472,202
Segment profit	760,059	103,428	863,487
Other income			46,353
Other losses			(18,934)
Selling and distribution expenses			(138,505)
Changes in fair value of investment properties			72,827
Administrative expenses			(141,721)
Finance costs			(55,776)
Share of results of an associate			12,888
Share of results of joint ventures			(513)
Profit before taxation			640,106

For year ended 31 December 2015

	Property development *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Revenue	6,535,586	432,541	6,968,127
Segment profit	664,608	118,647	783,255
Other income			65,132
Other losses			(24,853)
Selling and distribution expenses			(141,437)
Changes in fair value of investment properties			199,189
Administrative expenses			(179,254)
Finance costs			(200,944)
Share of results of an associate			71,371
Share of results of joint ventures			(330)
Profit before taxation			572,129

All of the segment revenue reported above is from external customers.

The accounting policies of the operating and reportable segments are the same as the Target Group's accounting policies described in note 3 to the Accountant's report on the Target Group in Appendix II to this Circular. Segment profit represents the gross profit earned by each segment without allocation of other income, other gains and losses, selling and distribution expenses, changes in fair value of investment properties, administrative expenses, finance costs, share of results of an associate and share of results of joint ventures. This is the measure reported to the directors of the Target Company for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Target Group's assets and liabilities by operating and reportable segment:

As at 31 December 2013

	Property development	**Others**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*
Segment assets	14,752,743	838,966	15,591,709
Other unallocated assets			2,548,935
Consolidated assets			18,140,644
Segment liabilities	7,583,101	116,256	7,699,357
Other unallocated liabilities			9,140,070
Consolidated liabilities			16,839,427

As at 31 December 2014

	Property development	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Segment assets	16,768,271	1,249,449	18,017,720
Other unallocated assets			2,037,708
Consolidated assets			20,055,428
Segment liabilities	8,413,871	6,525	8,420,396
Other unallocated liabilities			9,990,460
Consolidated liabilities			18,410,856

As at 31 December 2015

	Property development	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Segment assets	22,138,430	1,605,998	23,744,428
Other unallocated assets			2,655,198
Consolidated assets			26,399,626
Segment liabilities	13,247,195	152,772	13,399,967
Other unallocated liabilities			11,155,528
Consolidated liabilities			24,555,495

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, prepaid lease payments, interest in an associate, interests in joint ventures, available-for-sale financial investments, deferred tax assets, amounts due from non-controlling interests, an associate and a joint venture, pledged bank deposits, bank balances and cash and certain other receivables.

- all liabilities are allocated to operating and reportable segments other than amounts due to non-controlling interests, borrowings and deferred tax liabilities, certain accruals and other payables.

Other segment information

For the year ended 31 December 2013

	Property development	Others	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts charged (credited) included in the measure of segment results or segment assets				
Changes in fair values of investment properties	–	–	(43,069)	(43,069)
Depreciation of property, plant and equipment	–	–	5,900	5,900
Additions to property, plant and equipment	–	–	6,101	6,101
Additions to investment properties	–	–	241,631	241,631
Reversal of allowance for bad and doubtful debts	–	–	(2,194)	(2,194)

For the year ended 31 December 2014

	Property development RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts charged (credited) included in the measure of segment results or segment assets				
Changes in fair values of investment properties	–	–	(72,827)	(72,827)
Depreciation of property, plant and equipment	–	–	6,448	6,448
Additions to property, plant and equipment	–	–	20,449	20,449
Additions to investment properties	–	–	225,745	225,745
Allowance for bad and doubtful debts	–	–	18,981	18,981

For the year ended 31 December 2015

	Property development RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts charged (credited) included in the measure of segment results or segment assets				
Changes in fair values of investment properties	–	–	(199,189)	(199,189)
Depreciation of property, plant and equipment	–	–	7,243	7,243
Additions to property, plant and equipment	–	–	4,114	4,114
Additions to investment properties	–	–	60,948	60,948
Allowance for bad and doubtful debts	–	–	25,295	25,295
Allowance for properties held for sales	93,532	–	–	93,532

The Target Group's operations are located in the PRC and all the Target Group's revenue are generated from PRC. The non-current assets of the Target Group are also located in the PRC.

No single customer contributed over 10% of the total revenue during the three years ended 31 December 2015.

FUTURE PLAN

Upon the completion of Jinjiangshuili's Acquisition on 5 February 2016, the Target Group's ownership interest in Jinjiangshuili increased from 85% to 100%. Upon the completion of Yunnan Weijia's Acquisition on 8 March 2016, the Target Group's ownership interest on Yunnan Weijia increased from 70% to 100%.

Save as disclosed above, as at 31 December 2015, the Target Group did not have any future plan for material investments or capital assets.

FOREIGN EXCHANGE EXPOSURES

For the year ended 31 December 2013, the year ended 31 December 2014 and the year ended 31 December 2015, the normal operations and investments of the Target Group were solely in one area (i.e. the PRC), with revenue and expenditure denominated in RMB. Also, the Target Group did not have foreign currency denominated bank balances, other payables or loans which would expose the Target Group to foreign currency risk. However, this risk exposure will be closely monitored as required.

Therefore, the Target Group does not have a foreign currency hedging policy in place. And the Target Group did not enter into any financial instruments for hedging purposes during the years ended 31 December 2013, 2014 and 2015.

CONTINGENT LIABILITY

The Target Group provided guarantees amounting to approximately RMB2,988,644,000, RMB4,390,260,000 and RMB5,759,556,000 as at 31 December 2013, 2014 and 2015 respectively in respect of mortgage bank loans granted to purchasers of the Target Group's developed properties. Such guarantees will be released upon customers obtaining the property individual ownership certificates.

COMMITMENTS

As at 31 December 2013, 31 December 2014 and 31 December 2015, the Target Group had commitments in the amount of RMB189.8 million, RMBNil and RMB16.2 million respectively, which were related to capital expenditure of investment properties contracted for but not provided for.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2013, 31 December 2014 and 31 December 2015, the Target Group employed a total of about 1,780, 1,875 and 2,156 employees respectively. The Target Group's staff recruitment and promotion are primarily based on individuals' merits, relevant experiences, development potentials for the positions offered and performance. Staff remuneration and benefit policies, which are formulated by reference to the market, are competitive and performance based.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP ASSUMING THE COMPLETION OF THE ACQUISITION OF 50% EQUITY INTEREST OF THE TARGET GROUP

A1. Introduction

The accompanying unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group have been prepared by the directors of the Company in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects of the completion of the proposed acquisition of 50% equity interest of 廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Property Development Group Shares Co., Ltd.) (the "Target Company") and its subsidiaries (collectively, the "Target Group") (the "First Completion") from the Sellers (as defined in the Circular) on the consolidated financial position and the consolidated results and cash flows of the Group (collectively, the "Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion)").

The unaudited pro forma consolidated statement of financial position of the Enlarged Group (assuming First Completion) has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2015, which has been extracted from the Group's published annual report for the year ended 31 December 2015 dated 22 January 2016, and the audited consolidated statement of financial position of the Target Group as at 31 December 2015 which has been extracted from the accountants' report of the Target Group set out in Appendix II to this Circular, after taking into account the pro forma adjustments relating to the First Completion that are (i) clearly shown and explained; (ii) directly attributable to the First Completion and not relating to future events or decisions; and (iii) factually supportable, as explained in the accompanying notes, as if the First Completion had been effected on 31 December 2015.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group (assuming First Completion) have been prepared based on the audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2015, which have been extracted from the Group's published annual report for the year ended 31 December 2015 dated 22 January 2016, and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Target Group for the year ended 31 December 2015, which have been extracted from the accountants' report of the Target Group set out in Appendix II to this Circular, after taking into account the pro forma adjustments relating to the First Completion that are (i) clearly shown and explained; (ii) directly attributable to the First Completion and not relating to future events and decisions; and (iii) factually supportable, as explained in the accompany notes, as if the First Completion had been effected on 1 January 2015.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion) is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Enlarged Group upon the First Completion. As the Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion) is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Enlarged Group following the First Completion and does not purport to describe the actual financial position, results of operations and cash flows of the Enlarged Group that would have been attained had the First Completion been effected on the dates indicated herein. Further, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion) does not purport to predict the future financial position, results of operations or cash flows of the Enlarged Group after the First Completion.

The Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion) has been prepared in accordance with paragraph 29 of Chapter 4 and paragraph 69(4)(a)(ii) of Chapter 14 of the Listing Rules. The Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion) should be read in conjunction with the financial information of the Group as set out in Appendix I to the Circular, the accountants' report of the Target Group as set out in Appendix II to the Circular, the Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion) in section B of this Appendix and other financial information included elsewhere in the Circular.

A2. Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Enlarged Group (assuming First Completion)

For the year ended 31 December 2015

	The Group	Pro Forma adjustments	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First Completion)
	RMB'000	*RMB'000*		*RMB'000*
	(Note 1)			
Revenue	4,240,759			4,240,759
Cost of sales	(2,178,573)			(2,178,573)
Gross profit	2,062,186			2,062,186
Direct operating expenses	(381,342)			(381,342)
Other income and gains	244,811			244,811
Gain on bargain purchase	–	202,276	*(2(v))*	202,276
Changes in fair values of investment properties	244,133			244,133
Administrative expenses	(99,582)	(6,506)	*(4)*	(106,088)
Finance costs	(152,411)			(152,411)
Share of profits and losses of joint ventures	338,097	134,381	*(3)*	472,478
Profit before tax	2,255,892			2,586,043
Tax	(880,741)			(880,741)
Profit for the year	1,375,151			1,705,302
Attributable to:				
Owners of the Company	1,056,202	330,151	*(2(v)), (3), (4)*	1,386,353
Non-controlling interests	318,949			318,949
	1,375,151			1,705,302

A3. Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group (assuming First Completion)

For the year ended 31 December 2015

	The Group *RMB'000* *(Note 1)*	**Pro Forma adjustments** *RMB'000*	*Notes*	**Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First Completion)** *RMB'000*
Profit for the year	1,375,151	330,151	*(2(v)), (3), (4)*	1,705,302
Other comprehensive income/(loss)				
– Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods				
Exchange fluctuation reserves:				
Exchange differences on translation of foreign operations	(371,033)			(371,033)
Share of exchange differences on translation of foreign operations of a joint venture	2,713			2,713
Release upon deregistration of subsidiaries	(17,633)			(17,633)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(385,953)			(385,953)
– Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Exchange fluctuation reserves:				
Exchange differences on translation of foreign operations	306,540			306,540
Other comprehensive loss for the year, net of tax	(79,413)			(79,413)
Total comprehensive income for the year	1,295,738			1,625,889
Attributable to:				
Owners of the Company	955,244	330,151	*(2(v)), (3), (4)*	1,285,395
Non-controlling interests	340,494			340,494
	1,295,738			1,625,889

A4. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group (assuming First Completion)

As at 31 December 2015

	The Group *RMB'000* *(Note 1)*	Pro Forma adjustments *RMB'000*	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First Completion) *RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	35,396			35,396
Investment properties	4,004,049			4,004,049
Prepayment for acquisition of a land use right	100,500			100,500
Prepayments, deposits and other receivables	854,412			854,412
Investments in joint ventures	715,735	1,138,776	*(2(iv))*	1,854,511
Advance to a joint venture	187,622			187,622
Loans to a related company	420,000			420,000
Available-for-sale financial investment	7,583			7,583
Deferred tax assets	136,864			136,864
Total non-current assets	6,462,161			7,600,937
CURRENT ASSETS				
Properties held for sale	1,270,684			1,270,684
Properties under development	10,237,353			10,237,353
Prepayments for acquisitions of land use rights	1,124,276			1,124,276
Available-for-sale financial investments	1,400,000			1,400,000
Trade receivables	9,253			9,253
Prepayments, deposits and other receivables	1,359,280			1,359,280
Advances to joint ventures	655,691			655,691
Due from the ultimate holding company	400			400
Due from fellow subsidiaries	4,355			4,355
Due from joint ventures	699,600			699,600
Due from a non-controlling shareholder	52,938			52,938
Due from a related company	674			674
Prepaid tax	79,516			79,516
Restricted cash	19,827			19,827
Deposits, bank and cash balances	1,724,917	(943,006)	*(2), (4)*	781,911
Total current assets	18,638,764			17,695,758
CURRENT LIABILITIES				
Trade and bills payables	2,050,297			2,050,297
Advanced receipts, accruals and other payables	5,727,605			5,727,605
Loans from the ultimate holding company	2,105,589			2,105,589
Loans from the immediate holding company	2,041,843			2,041,843
Due to the ultimate holding company	1,674,527			1,674,527
Due to the immediate holding company	6,936			6,936
Due to fellow subsidiaries	7,148			7,148
Due to joint ventures	140,320			140,320
Due to non-controlling shareholders	77,993			77,993
Due to a related company	456			456
Tax payable	749,440			749,440
Total current liabilities	14,582,154			14,582,154

A4. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group (assuming First Completion) (continued)

As at 31 December 2015

	The Group *RMB'000* *(Note 1)*	Pro Forma adjustments *RMB'000*	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First Completion) *RMB'000*
NET CURRENT ASSETS	4,056,610			3,113,604
TOTAL ASSETS LESS CURRENT LIABILITIES	10,518,771			10,714,541
NON-CURRENT LIABILITIES				
Deferred tax liabilities	668,745			668,745
NET ASSETS	9,850,026			10,045,796
EQUITY				
Equity attributable to owners of the Company				
Issued capital	1,432,193			1,432,193
Reserves	7,247,404	195,770	*(2(v)), (4)*	7,443,174
	8,679,597			8,875,367
Non-controlling interests	1,170,429			1,170,429
TOTAL EQUITY	9,850,026			10,045,796

A5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group (assuming First Completion)

For the year ended 31 December 2015

	The Group *RMB'000* *(Note 1)*	Pro Forma adjustments *RMB'000*	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First Completion) *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	2,255,892	330,151	*(2(v)), (3), (4)*	2,586,043
Adjustments for:				
Finance costs	152,411			152,411
Bank interest income	(16,981)			(16,981)
Interest income on loans to related companies	(25,360)			(25,360)
Interest income on advances to joint ventures	(65,082)			(65,082)
Interest income from available-for-sale financial investments	(3,408)			(3,408)
Interest income on loans receivable	(27,212)			(27,212)
Net gains on disposal of items of property, plant and equipment	(164)			(164)
Depreciation	9,778			9,778
Changes in fair values of investment properties	(244,133)			(244,133)
Gain on bargain purchase	–	(202,276)	*(2(v))*	(202,276)
Release of exchange fluctuation reserves upon deregistration of subsidiaries	(17,633)			(17,633)
Share-based compensation expenses	56,392			56,392
Impairment of receivables, net	8,879			8,879
Share of profits and losses of joint ventures	(338,097)	(134,381)	*(3)*	(472,478)
Operating profit before working capital changes	1,745,282			1,738,776
Increase in properties held for sale	(408,993)			(408,993)
Increase in properties under development	(2,309,971)			(2,309,971)
Increase in prepayments for acquisitions of land use rights	(1,224,776)			(1,224,776)
Increase in trade receivables, prepayments, deposits and other receivables	(1,669,320)			(1,669,320)
Increase in restricted cash	(8,992)			(8,992)
Increase in trade and bills payables, advanced receipts, accruals and other payables	2,540,002			2,540,002
Cash used in operations	(1,336,768)			(1,343,274)
Overseas taxes paid	(424,102)			(424,102)
Net cash used in operating activities	(1,760,870)			(1,767,376)

A5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group (assuming First Completion) (continued)

For the year ended 31 December 2015

	The Group	Pro Forma adjustments	Note	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First Completion)
	RMB'000	*RMB'000*		*RMB'000*
	(Note 1)			
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	(23,049)			(23,049)
Additions/improvements to investment properties	(302,079)			(302,079)
Purchase of available-for-sale financial investments	(1,400,000)			(1,400,000)
Loans to related companies	(920,000)			(920,000)
Repayment of loans from related companies	700,000			700,000
Advances to joint ventures	(2,894,854)			(2,894,854)
Repayment of advances from joint ventures	2,051,541			2,051,541
Changes in balances with joint ventures	(552,982)			(552,982)
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries	(19,984)			(19,984)
Inflow of cash and cash equivalents in respect of acquisition of a subsidiary	3,849			3,849
Proceeds from disposal of items of property, plant and equipment	203			203
Decrease in time deposits with original maturity of more than three months when acquired	65,640			65,640
Bank interest received	19,104			19,104
Interest received on loans to related companies	25,062			25,062
Interest received on advances to joint ventures	58,784			58,784
Interest received from available-for-sale financial investments	4,513			4,513
Interest received on loans receivable	24,830			24,830
Redemption of available-for-sale financial investments	300,000			300,000
Capital contributions to joint ventures	(294,049)			(294,049)
Acquisition of a joint venture	–	(936,500)	*(2)*	(936,500)
Proceed from disposal of investment in a joint venture	3,430			3,430
Net cash used in investing activities	(3,150,041)			(4,086,541)

A5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group (assuming First Completion) (continued)

For the year ended 31 December 2015

	The Group *RMB'000* *(Note 1)*	**Pro Forma adjustments** *RMB'000*	**Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First Completion)** *RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares on subscription	1,442,544		1,442,544
Issue of shares on placement	1,048,908		1,048,908
Interest and other bank charges paid	(92,795)		(92,795)
Acquisition of non-controlling interests	14,063		14,063
Advance from the ultimate holding company	9,657,999		9,657,999
Repayment to the ultimate holding company	(8,653,961)		(8,653,961)
Advance from the immediate holding company	11,365		11,365
Repayment to the immediate holding company	(11,365)		(11,365)
Amounts received from fellow subsidiaries	11,925		11,925
Amounts paid to fellow subsidiaries	(2,041)		(2,041)
Capital returned to a non-controlling shareholder	(294,979)		(294,979)
Dividends paid to non-controlling shareholders	(124,819)		(124,819)
Advance from a non-controlling shareholder	10,196		10,196
Repayment to a non-controlling shareholder	(1,209)		(1,209)
Repayment of bank borrowings	(1,433,920)		(1,433,920)
Loan proceeds from the ultimate holding company	4,790,704		4,790,704
Repayment of loans from the ultimate holding company	(3,442,186)		(3,442,186)
Loan proceeds from the immediate holding company	3,599,297		3,599,297
Repayment of loans from the immediate holding company	(1,557,454)		(1,557,454)
Net cash from financing activities	4,972,272		4,972,272
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	61,361		(881,645)
Cash and cash equivalents at beginning of year	1,705,943		1,705,943
Effect of foreign exchange rate changes, net	(52,747)		(52,747)
Cash and cash equivalents at end of year	1,714,557		771,551

A5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group (assuming First Completion) (continued)

For the year ended 31 December 2015

	The Group *RMB'000* *(Note 1)*	Pro Forma adjustments *RMB'000*	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First Completion) *RMB'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	1,576,330	(943,006)	*(2), (4)*	633,324
Non-pledged time deposits	148,587			148,587
Deposits, bank and cash balances as stated in the consolidated statement of financial position	1,724,917			781,911
Non-pledged time deposits with original maturity of more than three months when acquired	(10,360)			(10,360)
Cash and cash equivalents at end of year	1,714,557			771,551

Notes:

(1) The financial information of the Group as at and for the year ended 31 December 2015 was extracted from the annual report of the Group dated 22 January 2016.

(2) Under the First Completion, the Group acquired 50% equity interest of the Target Group at a cash consideration of RMB936,500,000. Directors expect they could not obtain control from the acquisition of 50% equity interest of the Target Group but could obtain joint control of the Target Group so that the acquisition is accounted for as an acquisition of a joint venture. The interest in a joint venture consists of the Group's share of net assets of the Target Group. For illustrative purpose, gain on bargain purchase is calculated based on the excess of the Group's share of the fair value of the net identifiable assets and liabilities of the Target Group over the cost of investment, as follows:

	RMB'000	*RMB'000*	
Consideration		936,500	
Net assets of the Target Group at 31 December 2015 attributable to the owners of the Target Company per accountants' report in Appendix II to this Circular	1,417,562		
Add: Fair value adjustments on identifiable assets and liabilities	1,088,684		*(i)*
Less: Deferred taxes on the fair value adjustments	(159,000)		*(ii)*
Less: Non-controlling interests in the Target Group arising from the above adjustments	(69,694)		*(iii)*
Adjusted net identifiable assets and liabilities of the Target Group at 31 December 2015 attributable to the owners of the Target Company	2,277,552		
50% of the adjusted net identifiable assets and liabilities of the Target Group at 31 December 2015 attributable to the owners of the Target Company		1,138,776	*(iv)*
Gain on bargain purchase		202,276	*(v)*

(i) For the purpose of the Unaudited Pro Forma Financial Information, the fair values of the identifiable assets and liabilities of the Target Group were determined mainly based on the valuation of Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang"), the independent valuer, and Directors' valuation with details as follows:

	Carrying value *RMB'000*	**Fair value** *RMB'000*	**Fair value adjustments** *RMB'000*
Independent valuation			
As at 31 December 2015			
Investment properties	1,342,200	1,342,200	–
As at 29 February 2016			
Properties held for sale	4,188,672	4,853,400	664,728
Properties under development	14,827,170	15,048,100	220,930
	20,358,042	21,243,700	885,658
Directors' valuation			
As at 31 December 2015			
Properties held for sale	251,270	251,270	–
Properties under development	5,368	5,368	–
	256,638	256,638	–
Total			
Investment properties	1,342,200	1,342,200	–
Properties held for sale	4,439,942	5,104,670	664,728
Properties under development	14,832,538	15,053,468	220,930
	20,614,680	21,500,338	885,658

For the purpose of the Unaudited Pro Forma Financial Information and in the opinion of the Directors, the fair values of the investments in joint ventures and an associate approximate to the proportional share of the net identifiable assets and liabilities of the joint ventures and the associate, after fair value adjustments on certain property interests determined based on the valuation of Jones Lang as at 29 February 2016, and the corresponding deferred taxes adjustments. Details of the fair value adjustments on the investments in joint ventures and an associate are as follows:

	Carrying value *RMB'000*	**Fair value** *RMB'000*	**Fair value adjustments** *RMB'000*
Investments in joint ventures	39,957	45,308	5,351
Investment in an associate	100,654	298,329	197,675
	140,611	343,637	203,026

The carrying values of investment properties, properties held for sale, properties under development, investments in joint ventures and investment in an associate were extracted from the accountants' report of the Target Group set out in Appendix II to this Circular.

For the purpose of the Unaudited Pro Forma Financial Information, the Directors had also assumed that (i) the fair values of other assets and liabilities of the Target Group either approximate to their respective carrying values or that any fair value adjustments would be immaterial; and (ii) all identifiable assets or liabilities have been properly identified for the purpose of the Group's accounting under business combination.

Development costs incurred from 31 December 2015 to 29 February 2016 by the Target Group had not been taken into account in the calculation of the fair value adjustments and any possible changes to fair values of other assets and liabilities of the Target Group acquired were not reflected in the Unaudited Pro Forma Financial Information. In the opinion of the Directors, the fair values of property interests of the Target Group as at 29 February 2016 approximate to those as at 31 December 2015.

In the opinion of the Directors, the fair values of the identifiable assets and liabilities of the Target Group are subject to change on the date of the First Completion, where the fair values of the assets and liabilities being acquired shall be reassessed.

(ii) The adjustment of deferred taxes includes deferred corporate income tax of RMB89,052,000 calculated at 25% of the fair value adjustments per (i) above after adjustments for related taxes and duties, and land appreciation tax ("LAT") of RMB69,948,000 calculated at the applicable LAT rates of the value appreciation on different property development projects determined based on the fair value adjustments less deductible costs for LAT purposes in accordance with the Provisional Regulations of the PRC on Land Appreciation Tax. For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion), taxes have been calculated based on the prevailing tax laws and regulations as at 31 December 2015.

(iii) The adjustment of RMB69,694,000 represents the share by non-controlling interests of the Target Group on the aggregate fair value adjustments per (i) above, net of the adjustment of deferred taxes per (ii) above.

	RMB'000
Non-controlling interests in relation to fair value adjustments on properties held for sale	46,553
Non-controlling interests in relation to fair value adjustments on properties under development	40,055
Non-controlling interests in relation to the deferred taxes on the fair value adjustments	(16,914)
	69,694

(iv) Upon the First Completion, the Group will hold an interest in 50% equity interest in the Target Group, resulting in 50% of the net identifiable assets and liabilities of the Target Group attributable to the owners of the Target Company.

(v) Upon the date of First Completion, the net identifiable assets and liabilities of the Target Group and their fair values will be reassessed. Accordingly, the goodwill or gain on bargain purchase so calculated, if any, may be different from that in the calculation above.

(3) The adjustment represents pro forma share of profit of the Target Group for the year ended 31 December 2015 as if the First Completion had been effected as at 1 January 2015.

	RMB'000
Profit of the Target Group for the year ended 31 December 2015 attributable to the owners of the Target Company per accountants' report in Appendix II to this Circular	268,762
Proportion of equity interest in the Target Group acquired by the Group	50%
Pro forma share of profit of the Target Group for the year ended 31 December 2015	134,381

(4) The adjustment represents direct expenses of audit, legal, valuation and other professional services related to the First Completion and for the purpose of preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion) which are estimated to be RMB6,506,000.

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP ASSUMING THE COMPLETION OF THE ACQUISITION OF 71% EQUITY INTEREST OF THE TARGET GROUP

B1. Introduction

The accompanying unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group have been prepared by the directors of the Company in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects of the completion of the proposed acquisition of an aggregate of 71% equity interest of 廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Property Development Group Shares Co., Ltd.) (the "Target Company") and its subsidiaries (collectively, the "Target Group") (the "First and Second Completion") from the Sellers (as defined in this Circular) on the consolidated financial position and the consolidated results and cash flows of the Group (collectively, the "Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion)").

The unaudited pro forma consolidated statement of financial position of the Enlarged Group (assuming First and Second Completion) has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2015, which has been extracted from the Group's published annual report for the year ended 31 December 2015 dated 22 January 2016, and the audited consolidated statement of financial position of the Target Group as at 31 December 2015 which has been extracted from the accountants' report of the Target Group set out in Appendix II to this Circular, after taking into account the pro forma adjustments relating to the First and Second Completion that are (i) clearly shown and explained; (ii) directly attributable to the First and Second Completion and not relating to future events or decisions; and (iii) factually supportable, as explained in the accompanying notes, as if the First and Second Completion had been effected on 31 December 2015.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group (assuming First and Second Completion) have been prepared based on the audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2015, which have been extracted from the Group's published annual report for the year ended 31 December 2015 dated 22 January 2016, and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Target Group for the year ended 31 December 2015, which have been extracted from the accountants' report of the Target Group set out in Appendix II to this Circular, after taking into account the pro forma adjustments relating to the First and Second Completion that are (i) clearly shown and explained; (ii) directly attributable to the First and Second Completion and not relating to future events and decisions; and (iii) factually supportable, as explained in the accompany notes, as if the First and Second Completion had been effected on 1 January 2015.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion) is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Enlarged Group upon the First and Second Completion. As the Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion) is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Enlarged Group following the First and Second Completion and does not purport to describe the actual financial position, results of operations and cash flows of the Enlarged Group that would have been attained had the First and Second Completion been effected on the dates indicated herein. Further, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion) does not purport to predict the future financial position, results of operations or cash flows of the Enlarged Group after the First and Second Completion.

The Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion) has been prepared in accordance with paragraph 29 of Chapter 4 and paragraph 69(4)(a)(ii) of Chapter 14 of the Listing Rules. The Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion) should be read in conjunction with the financial information of the Group as set out in Appendix I to the Circular, the accountants' report of the Target Group as set out in Appendix II to the Circular, the Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First Completion) in section A of this Appendix and other financial information included elsewhere in the Circular.

B2. Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Enlarged Group (assuming First and Second Completion)

For the year ended 31 December 2015

	The Group	Target Group	Pro Forma adjustments	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First and Second Completion)
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*
	(Note 1)	*(Note 2)*			
Revenue	4,240,759	6,968,127			11,208,886
Cost of sales	(2,178,573)	(6,184,872)			(8,363,445)
Gross profit	2,062,186	783,255			2,845,441
Direct operating expenses	(381,342)	(141,437)			(522,779)
Other income and gains	244,811	40,279			285,090
Gain on bargain purchase	–	–	287,231	*(3(iv))*	287,231
Changes in fair values of investment properties	244,133	199,189			443,322
Administrative expenses	(99,582)	(179,254)	(6,506)	*(6)*	(285,342)
Finance costs	(152,411)	(200,944)			(353,355)
Share of profits and losses of an associate	–	71,371			71,371
Share of profits and losses of joint ventures	338,097	(330)			337,767
Profit before tax	2,255,892	572,129			3,108,746
Tax	(880,741)	(236,960)			(1,117,701)
Profit for the year	1,375,151	335,169			1,991,045
Attributable to:					
Owners of the Company	1,056,202	268,762	202,784	*(3(iv)), (4), (6)*	1,527,748
Non-controlling interests	318,949	66,407	77,941	*(4)*	463,297
	1,375,151	335,169			1,991,045

B3. Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group (assuming First and Second Completion)

For the year ended 31 December 2015

	The Group	Target Group	Pro Forma adjustments	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First and Second Completion)
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*
	(Note 1)	*(Note 2)*			
Profit for the year	1,375,151	335,169	280,725	*(3(iv)), (6)*	1,991,045
Other comprehensive income/(loss)					
– Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods					
Exchange fluctuation reserves:					
Exchange differences on translation of foreign operations	(371,033)	–			(371,033)
Share of exchange differences on translation of foreign operations of a joint venture	2,713	–			2,713
Release upon deregistration of subsidiaries	(17,633)	–			(17,633)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(385,953)	–			(385,953)
– Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Exchange fluctuation reserves:					
Exchange differences on translation of foreign operations	306,540	–			306,540
Other comprehensive loss for the year, net of tax	(79,413)	–			(79,413)
Total comprehensive income for the year	1,295,738	335,169			1,911,632
Attributable to:					
Owners of the Company	955,244	268,762	202,784	*(3(iv)), (4), (6)*	1,426,790
Non-controlling interests	340,494	66,407	77,941	*(4)*	484,842
	1,295,738	335,169			1,911,632

B4. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group (assuming First and Second Completion)

As at 31 December 2015

	The Group	Target Group	Pro Forma adjustments	Notes	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First and Second Completion)
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*
	(Note 1)	*(Note 2)*			
NON-CURRENT ASSETS					
Property, plant and equipment	35,396	44,655			80,051
Investment properties	4,004,049	1,342,200			5,346,249
Prepaid lease payments	–	622			622
Prepayment for acquisition of a land use right	100,500	–			100,500
Prepayments, deposits and other receivables	854,412	244,773			1,099,185
Investments in joint ventures	715,735	39,957	5,351	*(3(i))*	761,043
Investment in an associate	–	100,654	197,675	*(3(i))*	298,329
Advance to a joint venture	187,622	–			187,622
Loans to a related company	420,000	–			420,000
Available-for-sale financial investment	7,583	–			7,583
Deferred tax assets	136,864	109,292			246,156
Total non-current assets	6,462,161	1,882,153			8,547,340
CURRENT ASSETS					
Properties held for sale	1,270,684	4,439,942	664,728	*(3(i))*	6,375,354
Properties under development	10,237,353	14,832,538	220,930	*(3(i))*	25,290,821
Prepayments for acquisitions of land use rights	1,124,276	–			1,124,276
Available-for-sale financial investments	1,400,000	–			1,400,000
Trade receivables	9,253	97,827			107,080
Prepayments, deposits and other receivables	1,359,280	1,971,827			3,331,107
Advances to joint ventures	655,691	–			655,691
Due from the ultimate holding company	400	–			400
Due from fellow subsidiaries	4,355	–			4,355
Due from an associate	–	1,510			1,510
Due from joint ventures	699,600	572,668			1,272,268
Due from non-controlling shareholders	52,938	146			53,084
Due from a related company	674	–			674
Prepaid tax	79,516	546,228			625,744
Restricted cash	19,827	405,866			425,693
Deposits, bank and cash balances	1,724,917	1,648,921	(1,336,336)	*(3), (6)*	2,037,502
Total current assets	18,638,764	24,517,473			42,705,559

B4. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group (assuming First and Second Completion) (continued)

As at 31 December 2015

	The Group *RMB'000* *(Note 1)*	Target Group *RMB'000* *(Note 2)*	Pro Forma adjustments *RMB'000*	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First and Second Completion) *RMB'000*
CURRENT LIABILITIES					
Trade and bills payables	2,050,297	6,201,275			8,251,572
Advanced receipts, accruals and other payables	5,727,605	7,013,753			12,741,358
Interest-bearing bank and other borrowings	–	4,830,413			4,830,413
Loans from the ultimate holding company	2,105,589	–			2,105,589
Loans from the immediate holding company	2,041,843	–			2,041,843
Due to the ultimate holding company	1,674,527	–			1,674,527
Due to the immediate holding company	6,936	–			6,936
Due to fellow subsidiaries	7,148	–			7,148
Due to joint ventures	140,320	–			140,320
Due to non-controlling shareholders	77,993	72,259			150,252
Due to a related company	456	–			456
Tax payable	749,440	392,228			1,141,668
Total current liabilities	14,582,154	18,509,928			33,092,082
NET CURRENT ASSETS	4,056,610	6,007,545			9,613,477
TOTAL ASSETS LESS CURRENT LIABILITIES	10,518,771	7,889,698			18,160,817
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	–	4,610,012			4,610,012
Due to non-controlling shareholders	–	1,268,513			1,268,513
Deferred tax liabilities	668,745	167,042	159,000	*(3(ii))*	994,787
Total non-current liabilities	668,745	6,045,567			6,873,312
NET ASSETS	9,850,026	1,844,131			11,287,505
EQUITY					
Equity attributable to owners of the Company					
Issued capital	1,432,193	360,000	(360,000)	*(5)*	1,432,193
Reserves	7,247,404	1,057,562	(776,837)	*(3(iv)), (5), (6)*	7,528,129
	8,679,597	1,417,562			8,960,322
Non-controlling interests	1,170,429	426,569	730,185	*(3(iii))*	2,327,183
TOTAL EQUITY	9,850,026	1,844,131			11,287,505

B5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group (assuming First and Second Completion)

For the year ended 31 December 2015

	The Group RMB'000 (Note 1)	Target Group RMB'000 (Note 2)	Pro Forma adjustments RMB'000	Notes	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First and Second Completion) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	2,255,892	572,129	280,725	*(3(iv)), (6)*	3,108,746
Adjustments for:					
Finance costs	152,411	200,944			353,355
Bank interest income	(16,981)	(9,576)			(26,557)
Interest income on loans to related companies	(25,360)	–			(25,360)
Interest income on advances to joint ventures and an associate	(65,082)	(55,486)			(120,568)
Interest income from available-for-sale financial investments	(3,408)	(70)			(3,478)
Interest income on loans receivable	(27,212)	–			(27,212)
Net gains on disposal of items of property, plant and equipment	(164)	(442)			(606)
Depreciation	9,778	7,243			17,021
Amortisation of prepaid land lease payments	–	18			18
Changes in fair values of investment properties	(244,133)	(199,189)			(443,322)
Gain on bargain purchase	–	–	(287,231)	*(3(iv))*	(287,231)
Release of exchange fluctuation reserves upon deregistration of subsidiaries	(17,633)	–			(17,633)
Share-based compensation expenses	56,392	–			56,392
Impairment of receivables, net	8,879	25,295			34,174
Provision for impairment of properties held for sale	–	93,532			93,532
Share of profits and losses of an associate	–	(71,371)			(71,371)
Share of profits and losses of joint ventures	(338,097)	330			(337,767)
Operating profit before working capital changes	1,745,282	563,357			2,302,133
(Increase)/decrease in properties held for sale	(408,993)	5,702,300			5,293,307
Increase in properties under development	(2,309,971)	(9,964,053)			(12,274,024)
Increase in prepayments for acquisitions of land use rights	(1,224,776)	–			(1,224,776)
Increase in trade receivables, prepayments, deposits and other receivables	(1,669,320)	(774,733)			(2,444,053)
Increase in restricted cash	(8,992)	(36,627)			(45,619)
Increase in trade and bills payables, advanced receipts, accruals and other payables	2,540,002	4,615,459			7,155,461
Cash generated (used in)/from operations	(1,336,768)	105,703			(1,237,571)
Overseas taxes paid	(424,102)	(131,261)			(555,363)
Net cash used in operating activities	(1,760,870)	(25,558)			(1,792,934)

B5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group (assuming First and Second Completion) (continued)

For the year ended 31 December 2015

	The Group *RMB'000* *(Note 1)*	Target Group *RMB'000* *(Note 2)*	Pro Forma adjustments *RMB'000*	*Note*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First and Second Completion) *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment	(23,049)	(4,114)			(27,163)
Withdrawal of pledged time deposits	–	250,000			250,000
Placement of deposits to lenders of other borrowings	–	(35,689)			(35,689)
Additions/improvements to investment properties	(302,079)	(20,158)			(322,237)
Purchase of available-for-sale financial investments	(1,400,000)	–			(1,400,000)
Loans to related companies	(920,000)	–			(920,000)
Repayment of loans from related companies	700,000	–			700,000
Advances to joint ventures	(2,894,854)	(572,386)			(3,467,240)
Repayment of advances from joint ventures	2,051,541	582,836			2,634,377
Repayment of advances from an associate	–	10,879			10,879
Changes in balances with joint ventures	(552,982)	–			(552,982)
Repayment from non-controlling shareholders	–	55,900			55,900
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries	(19,984)	–	(1,329,830)	*(3)*	(1,349,814)
Net inflow/(outflow) of cash and cash equivalents in respect of acquisition of subsidiaries	3,849	(20,000)			(16,151)
Proceeds from disposal of items of property, plant and equipment	203	4,398			4,601
Decrease in time deposits with original maturity of more than three months when acquired	65,640	–			65,640
Bank interest received	19,104	9,576			28,680
Interest received on loans to related companies	25,062	–			25,062
Interest received on advances to joint ventures and an associate	58,784	55,486			114,270
Interest received from available-for-sale financial investments	4,513	70			4,583
Interest received on loans receivable	24,830	–			24,830
Redemption of available-for-sale financial investments	300,000	–			300,000
Capital contributions to joint ventures	(294,049)	(9,800)			(303,849)
Proceed from disposal of investment in a joint venture	3,430	–			3,430
Net cash (used in)/from investing activities	(3,150,041)	306,998			(4,172,873)

B5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group (assuming First and Second Completion) (continued)

For the year ended 31 December 2015

	The Group *RMB'000* *(Note 1)*	Target Group *RMB'000* *(Note 2)*	Pro Forma adjustments *RMB'000*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First and Second Completion) *RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares on subscription	1,442,544	–		1,442,544
Issue of shares on placement	1,048,908	–		1,048,908
Dividend paid	–	(70,807)		(70,807)
Interest and other bank charges paid	(92,795)	(519,011)		(611,806)
Acquisition of non-controlling interests	14,063	(31,500)		(17,437)
Deposit paid for acquisition of additional interest of a subsidiary	–	(108,000)		(108,000)
Advance from the ultimate holding company	9,657,999	–		9,657,999
Repayment to the ultimate holding company	(8,653,961)	–		(8,653,961)
Advance from the immediate holding company	11,365	–		11,365
Repayment to the immediate holding company	(11,365)	–		(11,365)
Amounts received from fellow subsidiaries	11,925	–		11,925
Amounts paid to fellow subsidiaries	(2,041)	–		(2,041)
Capital returned to a non-controlling shareholder	(294,979)	–		(294,979)
Dividends paid to non-controlling shareholders	(124,819)	(54,754)		(179,573)
Advance from non-controlling shareholders	10,196	797,462		807,658
Repayment to a non-controlling shareholder	(1,209)	–		(1,209)
New bank borrowings	–	7,175,806		7,175,806
Repayment of bank borrowings	(1,433,920)	(6,687,911)		(8,121,831)
Loan proceeds from the ultimate holding company	4,790,704	–		4,790,704
Repayment of loans from the ultimate holding company	(3,442,186)	–		(3,442,186)
Loan proceeds from the immediate holding company	3,599,297	–		3,599,297
Repayment of loans from the immediate holding company	(1,557,454)	–		(1,557,454)
Net cash from financing activities	4,972,272	501,285		5,473,557
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	61,361	782,725		(492,250)
Cash and cash equivalents at beginning of year	1,705,943	866,196		2,572,139
Effect of foreign exchange rate changes, net	(52,747)	–		(52,747)
Cash and cash equivalents at end of year	1,714,557	1,648,921		2,027,142

B5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group (assuming First and Second Completion) (continued)

For the year ended 31 December 2015

	The Group *RMB'000* *(Note 1)*	Target Group *RMB'000* *(Note 2)*	Pro Forma adjustments *RMB'000*	*Notes*	Unaudited Pro Forma Consolidated for the Enlarged Group (assuming First and Second Completion) *RMB'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	1,576,330	1,648,921	(1,336,336)	*(3), (6)*	1,888,915
Non-pledged time deposits	148,587	–			148,587
Deposits, bank and cash balances as stated in the consolidated statements of financial position	1,724,917	1,648,921			2,037,502
Non-pledged time deposits with original maturity of more than three months when acquired	(10,360)	–			(10,360)
Cash and cash equivalents at end of year	1,714,557	1,648,921			2,027,142

Notes:

(1) The financial information of the Group as at and for the year ended 31 December 2015 was extracted from the annual report of the Group dated 22 January 2016.

(2) The audited consolidated statement of financial position of the Target Group as at 31 December 2015, and the audited consolidated statement of profit or loss, the audited consolidated statement of other comprehensive income, the audited consolidated statement of cash flows of the Target Group for the year ended 31 December 2015 were extracted from the accountants' report of the Target Group as set out in Appendix II to this Circular.

(3) Under the First and Second Completion, the Group acquired an aggregate 71% equity interest of the Target Group at an aggregate cash consideration of RMB1,329,830,000. The acquisition is accounted for as an acquisition of a subsidiary. For illustrative purpose, gain on bargain purchase is calculated based on the excess of the Group's interest in the fair value of the net identifiable assets and liabilities of the Target Group over the cost of investment, as follows:

	RMB'000	*RMB'000*	
Consideration		1,329,830	
Net assets of the Target Group at 31 December 2015 attributable to the owners of the Target Company per accountants' report in Appendix II to this Circular	1,417,562		
Add: Fair value adjustments on identifiable assets and liabilities	1,088,684		*(i)*
Less: Deferred taxes on the fair value adjustments	(159,000)		*(ii)*
Adjusted fair value of identifiable assets and liabilities of the Target Group at 31 December 2015	2,347,246		
Less: Non-controlling interests	(730,185)		*(iii)*
Adjusted net fair value attributable to the owners of the Company		1,617,061	
Gain on bargain purchase		287,231	*(iv)*

(i) For the purpose of the Unaudited Pro Forma Financial Information, the fair values of the identifiable assets and liabilities of the Target Group were determined mainly based on the valuation of Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang"), the independent valuer, and Directors' valuation with details as follows:

	Carrying value *RMB'000*	Fair value *RMB'000*	Fair value adjustments *RMB'000*
Independent valuation			
As at 31 December 2015			
Investment properties	1,342,200	1,342,200	–
As at 29 February 2016			
Properties held for sale	4,188,672	4,853,400	664,728
Properties under development	14,827,170	15,048,100	220,930
	20,358,042	21,243,700	885,658
Directors' valuation			
As at 31 December 2015			
Properties held for sale	251,270	251,270	–
Properties under development	5,368	5,368	–
	256,638	256,638	–
Total			
Investment properties	1,342,200	1,342,200	–
Properties held for sale	4,439,942	5,104,670	664,728
Properties under development	14,832,538	15,053,468	220,930
	20,614,680	21,500,338	885,658

For the purpose of the Unaudited Pro Forma Financial Information and in the opinion of the Directors, the fair values of the investments in joint ventures and an associate approximate to the proportional share of the net identifiable assets and liabilities of the joint ventures and the associate, after fair value adjustments on certain property interests determined based on the valuation of Jones Lang as at 29 February 2016, and the corresponding deferred taxes adjustments. Details of the fair value adjustments on the investments in joint ventures and an associate are as follows:

	Carrying value *RMB'000*	Fair value *RMB'000*	Fair value adjustments *RMB'000*
Investments in joint ventures	39,957	45,308	5,351
Investment in an associate	100,654	298,329	197,675
	140,611	343,637	203,026

The carrying values of investment properties, properties held for sale, properties under development, investments in joint ventures and investment in an associate were extracted from the accountants' report of the Target Group set out in Appendix II to this Circular.

For the purpose of the Unaudited Pro Forma Financial Information, the Directors had also assumed that (i) the fair values of other assets and liabilities of the Target Group either approximate to their respective carrying values or that any fair value adjustments would be immaterial; and (ii) all identifiable assets or liabilities have been properly identified for the purpose of the Group's accounting under business combination.

Development costs incurred from 31 December 2015 to 29 February 2016 by the Target Group had not been taken into account in the calculation of the fair value adjustments and any possible changes to fair values of other assets and liabilities of the Target Group acquired were not reflected in the Unaudited Pro Forma Financial Information. In the opinion of the Directors, the fair values of property interests of the Target Group as at 29 February 2016 approximate to those as at 31 December 2015.

In the opinion of the Directors, the fair values of the identifiable assets and liabilities of the Target Group are subject to change on the dates of the First and Second Completion, where the fair values of the assets and liabilities being acquired shall be reassessed.

(ii) The adjustment of deferred taxes includes deferred corporate income tax of RMB89,052,000 calculated at 25% of the fair value adjustments per (i) above after adjustments for related taxes and duties, and land appreciation tax ("LAT") of RMB69,948,000 calculated at the applicable LAT rates of the value appreciation on different property development projects determined based on the fair value adjustments less deductible costs for LAT purposes in accordance with the Provisional Regulations of the PRC on Land Appreciation Tax. For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion), taxes have been calculated based on the prevailing tax laws and regulations as at 31 December 2015.

(iii) The adjustment represents the share of the net assets of the Target Group by the non-controlling interests of the Target Group and of the Group, after the fair value adjustments per (i) above, net of the adjustment of deferred taxes per (ii) above.

	Share by non-controlling interests of the Target Group	**Share by non-controlling interests of the Group in relation to 29% equity interest not acquired by the Group**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Non-controlling interests in relation to:			
Net assets of the Target Group before fair value and deferred tax adjustments	–	411,093	411,093
Fair value adjustments on investments in joint ventures	–	1,552	1,552
Fair value adjustments on investment in an associate	–	57,326	57,326
Fair value adjustments on properties held for sale	46,553	179,271	225,824
Fair value adjustments on properties under development	40,055	52,454	92,509
Deferred taxes on fair value adjustments	(16,914)	(41,205)	(58,119)
	69,694	660,491	730,185

(iv) At the dates of First and Second Completion, the net identifiable assets and liabilities of the Target Group and their fair values will be reassessed. Accordingly, the goodwill or gain on bargain purchase so calculated, if any, may be different from that in the calculation above.

(4) The adjustment represents the share by non-controlling interests of the Group of the profit and total comprehensive income for the year ended 31 December 2015 attributable to 29% equity interest of the Target Group not acquired by the Group, as if the First and Second Completion had been effected at 1 January 2015.

	RMB'000
Profit and total comprehensive income of the Target Group for the year ended 31 December 2015 attributable to the owners of the Target Company per accountants' report in Appendix II to this Circular	268,762
Proportion of equity interest in the Target Group held by non-controlling interests	29%
Share by non-controlling interests of the Group of the profit and total comprehensive income for the year ended 31 December 2015	77,941

(5) The adjustments represent the elimination of the equity, including the issued capital and the pre-acquisition reserves, of the Target Group.

(6) The adjustment represents direct expenses of audit, legal, valuation and other professional services related to the First and Second Completion and for the purpose of preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group (assuming First and Second Completion) which are estimated to be RMB6,506,000.

(7) Given that the Group has obtained control of the Target Company upon the First and Second Completion, the impact on the Unaudited Pro Forma Consolidated Statement of Profit or Loss, the Unaudited Pro Forma Consolidated Statement of Comprehensive Income and the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group assuming the completion of the further acquisition of the additional 5% equity interest of the Target Group (the "Third Completion") at 1 January 2015, 1 January 2015 and 31 December 2015, respectively, are illustrated as follows:

	RMB'000	
Increase in profit for the year ended 31 December 2015 attributable to owners of the Company	13,438	
Decrease in profit for the year ended 31 December 2015 attributable to non-controlling interests	(13,438)	
Increase in total comprehensive income for the year ended 31 December 2015 attributable to owners of the Company	13,438	
Decrease in total comprehensive income for the year ended 31 December 2015 attributable to non-controlling interests	(13,438)	
Decrease in deposits, bank and cash balances as at 31 December 2015	(93,650)	*(i)*
Decrease in non-controlling interests as at 31 December 2015	(113,877)	
Increase in other reserves as at 31 December 2015	20,227	

(i) For the purpose of the above illustration, Directors estimate the consideration per share for the Third Completion to be the same as that for the First and Second Completion as stated in note (3) above.

(8) Given that the Group has obtained control of the Target Company upon the First and Second Completion, the impact on the Unaudited Pro Forma Consolidated Statement of Profit or Loss, the Unaudited Pro Forma Consolidated Statement of Comprehensive Income and the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group assuming the Third Completion and the completion of the further acquisition of the remaining 24% equity interest of the Target Group by way of a public bid held by a property rights trading institution (i.e., 廣州產權交易所) (Guangzhou Enterprises Mergers and Acquisitions Services) (the "Public Bid") at 1 January 2015, 1 January 2015 and 31 December 2015, respectively, are illustrated as follows:

	RMB'000	
Increase in profit for the year ended 31 December 2015 attributable to owners of the Company	77,941	
Decrease in profit for the year ended 31 December 2015 attributable to non-controlling interests	(77,941)	
Increase in total comprehensive income for the year ended 31 December 2015 attributable to owners of the Company	77,941	
Decrease in total comprehensive income for the year ended 31 December 2015 attributable to non-controlling interests	(77,941)	
Decrease in deposits, bank and cash balances as at 31 December 2015	(543,170)	*(i)*
Decrease in non-controlling interests as at 31 December 2015	(660,491)	
Increase in other reserves as at 31 December 2015	117,321	

(i) For the purpose of the above illustration, Directors estimate the consideration per share for the Third Completion and the Public Bid to be the same as that for the First and Second Completion as stated in note (3) above.

The following is the text of a report received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular in respect of the unaudited pro forma financial information of the Enlarged Group.

C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

EY 安永

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

29 June 2016

Gemdale Properties and Investment Corporation Limited
Suites 3602-3608, 36th Floor
Two International Finance Centre
No. 8 Finance Street, Central
Hong Kong

To the Directors of Gemdale Properties and Investment Corporation Limited

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Gemdale Properties and Investment Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2015, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2015, and related notes as set out on pages IV-3 to IV-12 and pages IV-15 to IV-25 in Appendix IV of the circular dated 29 June 2016 (the "Circular") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in in pages IV-1 to IV-2 and pages IV-13 to IV-14 in Appendix IV of the Circular.

The Unaudited Pro Forma Financial Information as set out in section A of Appendix IV and section B of Appendix IV, respectively, have been compiled by the Directors to illustrate the impact of (i) the completion of the proposed acquisition of 50% equity interest of 廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Property Development Group Shares Co., Ltd.) (the "Target Company") (the "First Completion"), and (ii) the completion of the proposed acquisition of an aggregate of 71% equity interest of the Target Company (the "First and Second Completion"), from the Sellers (as defined in the Circular), respectively, 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 (i) First Completion and (ii) the First and Second Completion had taken place at 31 December 2015, 1 January 2015 and 1 January 2015 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the Directors from the Group's financial statements for the year ended 31 December 2015, on which an independent auditors' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

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

Our independence and quality control

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

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the transactions on unadjusted financial information of the Group as if the transactions had been undertaken at an earlier date selected for purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transactions would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and to obtain sufficient appropriate evidence about whether:

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

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transactions in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 April 2016 of the selected property interests held by the Target Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

29 June 2016

The Board of Directors
Gemdale Properties and Investment Corporation Limited
Suites 3602-3608, 36th Floor, Two International Finance Centre
No. 8 Finance Street, Central
Hong Kong

Dear Sirs,

In accordance with the instructions of Gemdale Properties and Investment Corporation Limited (the "**Company**") to value the selected property interests held by 廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Property Development Group Shares Company Limited*) (the "**Target Company**") and its subsidiaries (hereinafter together referred to as the "**Target Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 30 April 2016 (the "**valuation date**").

For the purpose of this report, we classified these properties as the property interests relating to "property activities" which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments. Furthermore, we have adopted the below guidance on what constitutes a property interest:–

(a) one or more units in the same building or complex;

(b) one or more properties located at the same address or lot number;

(c) one or more properties comprising an integrated facility;

(d) one or more properties, structures or facilities comprising a property development project (even if there are different phases);

(e) one or more properties held for investment within one complex;

(f) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or

(g) a project or phases of development presented to the public as one whole project or forming a single operating entity.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the properties held by the Target Group for sale and for future development by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificate/Tables or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates have been obtained, this also includes those property interests which the State-owned Land Use Rights Grant Contracts or State-owned Land Use Rights Transaction Confirmation Letters have been signed, but the State-owned Land Use Rights Certificates have not been issued.

We have valued the properties held by the Target Group for investment by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In valuing the property interests that are currently under development, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Target Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Target Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

For the property interests in Group V which are to be acquired by the Target Group, the Target Group has entered into agreement with the relevant parties. Since the Target Group has not yet obtained the State-owned Land Use Rights Certificates and/or the payment of the land premium has not yet been fully settled as of the valuation date, we have attributed no commercial value to the property interests.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Target Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – Beijing Anli Partners, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in the period between March 2016 and April 2016 by about 12 professional staff including Mr. Michael Yu, Mr. Jack Ye, Ms. Jessica An, Ms. Lizzy Zheng, Mr. Jimmy Gu and etc. They are Chartered Surveyors/China Certified Real Estate Appraisers and have more than 3 to 9 years' experience in the valuation of properties in the PRC and possess academic background in subjects relating to real estate valuation.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Target Group. We have also sought confirmation from the Target Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 22 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Properties held for sale by the Target Group in the PRC

Group II: Properties held for investment by the Target Group in the PRC

Group III: Properties held under development by the Target Group in the PRC

Group IV: Properties held for future development by the Target Group in the PRC

Group V: Properties to be acquired by the Target Group in the PRC

–: Not Available or Not Applicable

No.	Property	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	The total market value in existing state as at the valuation date *RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	**Total of the property:**
1.	Portions of River City located at Huanghe Village Jinjiang Village Yuelu District Changsha City Hunan Province The PRC (蘭亭灣畔)	326,900,000	–	1,691,400,000	271,400,000	–	**2,289,700,000**

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	Market value in existing state as at the valuation date *RMB* Group V:	The total market value in existing state as at the valuation date *RMB* Total of the property:
2.	Portions of No. 1 Project No. 399-10 of Bayi Road Furong District Changsha City Hunan Province The PRC (壹號座品)	493,600,000	197,600,000	–	–	–	**691,200,000**
3.	Colorful Garden No. 169 of Laodong East Road Yuhua District Changsha City Hunan Province The PRC (疊彩蘭亭)	–	–	685,300,000	37,900,000	–	**723,200,000**
4.	Portions of Camphor Garden No. 228 of Guitang Road Yuhua District Changsha City Hunan Province The PRC (香樟蘭亭)	132,500,000	37,400,000	–	–	–	**169,900,000**

No.	Property	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	The total market value in existing state as at the valuation date *RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	**Total of the property:**
5.	Orchid Pavilion City Garden located at the eastern side of Dingshan Road Shifeng District Zhuzhou City Hunan Province PRC (株洲都市蘭亭)	240,500,000	–	542,000,000	70,900,000	–	**853,400,000**
6.	Various commercial units and car parking spaces of Tianhe City Square located at the western side of Yuancun Erheng Road Tianhe District Guangzhou City Guangdong Province The PRC (天河都市廣場商業、地下車位)	–	306,000,000	–	–	–	**306,000,000**

No.	Property	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	The total market value in existing state as at the valuation date *RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	**Total of the property:**
7.	World Style located at the northern side of Guangzhou Beltway Huangpu Avenue Tianhe District Guangzhou City Guangdong Province The PRC (廣州蘭亭盛薈)	–	–	4,006,900,000	1,556,700,000	–	**5,563,600,000**
8.	4 commercial units and 3 car parking spaces of Qiaoying Garden located at the southern side of Yuancun West Street and the eastern side of Yuancun South Street Tianhe District Guangzhou City Guangdong Province The PRC (僑穎苑商業、地下車位)	–	41,400,000	–	–	–	**41,400,000**

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	Market value in existing state as at the valuation date *RMB* Group V:	The total market value in existing state as at the valuation date *RMB* Total of the property:
9.	Portions of Jiangdi Village Project located at the junction of Maying Road and Jiangdi Zhong Road Hanyang District Wuhan City Hubei Province The PRC (江堤村)	900,100,000	24,200,000	–	–	–	**924,300,000**
10.	Portions of Lanting Shidai located at the junction of Jiangcheng Avenue and 3rd Ring Road Hanyang District Wuhan City Hubei Province The PRC (蘭亭時代)	985,300,000	–	1,952,100,000	–	–	**2,937,400,000**

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	Market value in existing state as at the valuation date *RMB* Group V:	The total market value in existing state as at the valuation date *RMB* Total of the property:
11.	Portions of Lanting Ronghui located at the Gutian Si Road Jian Rong Village Qiaokou District Wuhan City Hubei Province The PRC (蘭亭榮薈)	441,100,000	–	2,259,900,000	–	No commercial value	**2,701,000,000**
12.	Portions of World Style located at Jiangdi Middle Road Hanyang District Wuhan City Hubei Province The PRC (武漢蘭亭盛薈)	1,122,600,000	–	956,900,000	1,817,800,000	–	**3,897,300,000**

No.	Property	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	The total market value in existing state as at the valuation date *RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	**Total of the property:**
13.	Laoguan Village Project located at the eastern side of Changjiang Road and the northern side of Laoguan Middle Road Hanyang District Wuhan City Hubei Province The PRC (老關村)	–	–	–	–	No commercial value	**Nil**
14.	2 parcels of land located at the junction of Liji North Road and Shundao Street Qiaokou District Wuhan City Hubei Province The PRC (利濟北路)	–	–	–	126,400,000	No commercial value	**126,400,000**

No.	Property	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	The total market value in existing state as at the valuation date *RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	**Total of the property:**
15.	Portions of Royall Lake Town No. 161 of Jinci Road Jinyuan District Taiyuan City Shanxi Province The PRC (蘭亭御湖城)	845,500,000	–	1,008,900,000	37,900,000	–	**1,892,300,000**
16.	Beiyan Village Project located at the eastern side of West Middle Ring Road and the western side of Heping South Road Jinyuan District Taiyuan City Shanxi Province The PRC (太原北堰村)	–	–	–	915,100,000	–	**915,100,000**

No.	Property	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	The total market value in existing state as at the valuation date *RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	**Total of the property:**
17.	Portions of Lanting Shangjin located at the junction of Chunyu Road and West 3rd Ring Road Xishan District Kunming City Yunnan Province The PRC (蘭亭上錦)	336,100,000	–	–	–	–	**336,100,000**
18.	Landuhui Commercial Center located at the junction of Chunyu Road and Renmin West Road Xishan District Kunming City Yunnan Province The PRC (蘭都薈商業中心)	–	–	668,100,000	–	–	**668,100,000**

No.	Property	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	The total market value in existing state as at the valuation date *RMB*
		Group I:	**Group II:**	**Group III:**	**Group IV:**	**Group V:**	**Total of the property:**
19.	Portions of Keyi Lanting located at the eastern side of Jishan Road and the northern side of Huaji Road Huaqiao Economic Development Zone Kunshan County Suzhou City Jiangsu Province The PRC (可逸蘭亭)	198,100,000	–	1,589,600,000	–	–	**1,787,700,000**
20.	Xinghui Lanting No. 999 of Shang Yin East Road Huaqiao Town Kunshan City Jiangsu Province The PRC (星匯蘭亭)	–	–	897,700,000	–	–	**897,700,000**

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	Market value in existing state as at the valuation date *RMB* Group V:	The total market value in existing state as at the valuation date *RMB* Total of the property:
21.	Duke Road Project located at the junction of Lin Yin Road and Du Ke Road Gaoxin District Kunshan City Jiangsu Province The PRC (杜克大道)	–	–	–	–	No commercial value	**Nil**
22.	Portions of Guangyuehui No. 8 of Shangcheng Road Datang Town Zhuji County Shaoxing City Zhejiang Province The PRC (廣粵薈)	52,200,000	560,700,000	–	–	–	**612,900,000**
	Total:						**28,334,700,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
1.	Portions of River City located at Huanghe Village Jinjiang Village Yuelu District Changsha City Hunan Province The PRC (蘭亭灣畔)	River City is located at the junction of Jin River and Xiang River in Yuelu District. The subject area of the property is well-served by public transportation with 30 minutes' driving distance to the city centre. The surrounding environment comprises several mega residential developments and a park. River City occupies 4 parcels of land with a total site area of approximately 167,403.84 sq.m., which will be developed into a composite development. Phase I has a gross floor area of approximately 267,850.38 sq.m. and was completed in 2015. Portions of Phase II are currently under construction and are scheduled to be completed in June 2017. The construction of the remaining portion of Phase II has not commenced. As advised by the Target Group, upon completion, Phase I and portions of Phase II of River City will have a total planned gross floor area of approximately 606,503.15 sq.m., the remaining portion of Phase II of River City will have a planned plot ratio accountable gross floor area (計容積率建筑面積) of approximately 120,000 sq.m. The property comprises the unsold portions of Phase I, portions of Phase II (under construction) and the remaining portion of Phase II (bare land). The usage and planned gross floor area details of the property are set out in note 8. As advised by the Target Group, the total construction cost of portions of Phase II (under construction) is estimated to be approximately RMB1,086,410,000, of which approximately RMB692,990,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 28 August 2079 for residential use, 50 years expiring on 28 August 2059 for educational use and 40 years expiring on 28 August 2049 for commercial use.	The unsold portions of Phase I are currently vacant for sale, portions of Phase II are currently under construction and the remaining portion of Phase II is bare land for future development.	2,289,700,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Grant Contracts – Nos. 20060299 and 20070190 and Xian Dao No. 2009-008 dated 11 March 2006, 8 August 2007 and 28 August 2009 respectively, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 167,403.85 sq.m. were contracted to be granted to Changsha Jinjiangshuili Investment Property Co., Ltd. (長沙市靳江水利投資置業有限公司, "Jinjiangshuili", a 85%-owned subsidiary of the Target Company) for terms of 70 years for residential use, 50 years for educational use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB244,160,255. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to a Construction Land Planning Permit – Chang Xian Dao Chu (2009) No. 0006, permission towards the planning of the aforesaid land parcel (including the property) with a site area of approximately 167,403.85 sq.m. has been granted to Jinjiangshuili.

3. Pursuant to 4 State-owned Land Use Rights Certificates – Chang Guo Yong (2009) Di Nos. 042087 to 042090, the land use rights of 4 parcels of land (including the land use rights of the property) with a total site area of approximately 167,403.84 sq.m. have been granted to Jinjiangshuili for terms 70 years expiring on 28 August 2079 for residential use, 50 years expiring on 28 August 2059 for educational use and 40 years expiring on 28 August 2049 for commercial use.

4. Pursuant to 21 Construction Work Planning Permits – Jian Gui (Jian) Zi Di Chang Xin Jian Nos. 1 (2013) 0040 and 0041 and 1 (2014) 0012 to 0014, Jian Gui (Jian) Zi Di Xiang Xin Jian Nos. 1 (2015) 0005, 0011 to 0013, 0015, 0064 to 0069, 0090 to 0093 and 0116 in favour of Jinjiangshuili, Phase I and portions of Phase II of River City (including the property) with a total gross floor area of approximately 637,060.35 sq.m. have been approved for construction.

5. Pursuant to 7 Construction Work Commencement Permits – Nos. 430112201306040101, 430112201306040201, 430112201403180101, 430112201403180201, 430112201502120201, 430112201502120301 and 430112201505120201 in favour of Jinjiangshuili, permissions by the relevant local authority were given to commence the construction of Phase I and portions of Phase II of River City (including portions of the property) with a total gross floor area of approximately 606,503.15 sq.m.

6. Pursuant to 16 Pre-sale Permits – Chang Xian Dao Zhu Jian Wei Shou Xu Zi (XD13) Di Nos. 0225, 0247, 0248 and 0265 to 0267, Xiang Xin Zhu Jian Wei Shou Xu Zi (XX14) Di Nos. 0301 to 0303, 0119, 0175, 0275, 0313 and 0397 and Xiang Xin Zhu Jian Wei Shou Xu Zi (XX16) Di Nos. 0026 and 0050 in favour of Jinjiangshuili, the Target Group is entitled to sell building Nos. 1 to 11, A1, A2 and A4 to A6 of River City (representing a total gross floor area of approximately 312,105.14 sq.m.) to purchasers.

7. Pursuant to 13 Construction Work Completion and Inspection Certificates in favour of Jinjiangshuili, the construction of building Nos. 1 to 11 and basement of building Nos. 1 and 2 of River City (including portions of the property) with a total gross floor area of approximately 267,850.38 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area *(sq.m.)*	Nos. of car parking space
Group I – held for sale	Residential	24,122.41	
	Commercial	3,970.11	
	Basement	57,693.42	1,572
	Sub-total:	85,785.94	1,572
Group III – held under development (Planned)	Residential	148,180.11	
	Apartments	23,613.48	
	Commercial	49,954.94	
	Kindergarten	26,420.29	
	Basement	90,483.95	2,412
	Sub-total:	338,652.77	2,412
Group IV – held for future development (Planned)	Residential, basement and ancillary	Not Available	
	Total:	424,438.71	3,984

As advised by the Target Group, the remaining portion of Phase II which is classified into "Group IV – held for future development by the Target Group" will have a planned plot ratio accountable gross floor area of approximately 120,000 sq.m.

9. As advised by the Target Group, 703 residential units and 247 car parking spaces with a total gross floor area of approximately 92,441.22 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB502,808,621. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of portions of Phase II (under construction) as if completed as at the valuation date is estimated to be RMB2,054,540,000.

11. Our valuation has been made on the following basis and analysis:

    a. For portions of the property (Group I and Group III), we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB5,700 to RMB7,000 per sq.m. for residential units, RMB10,000 to RMB25,000 per sq.m. for commercial units and RMB60,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

    b. For the remaining portion of Phase II (Group IV), we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB2,000 to RMB2,600 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

12. Pursuant to a series of mortgage contracts and relevant agreements, portions of the land use rights and portions of the construction works of the property are subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Jinjiangshuili.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

a. Jinjiangshuili is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Jinjiangshuili has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property in accordance with relevant land use rights grant contracts and the aforesaid State-owned Land Use Rights Certificates and in compliance with the provisions of the relevant mortgage contracts. The land premium has been fully paid;

b. Jinjiangshuili has obtained necessary approvals, permits and certificates for the current stage of the construction works of the property. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Jinjiangshuili is in possession of the legal and integrated development rights of the property;

c. Jinjiangshuili has obtained necessary Pre-sale Permits, Jinjiangshuili is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

d. The construction of Phase I of the property has passed final inspection acceptance. Jinjiangshuili can apply for the Building Ownership Certificate of such property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Jinjiangshuili to obtain the Building Ownership Certificate of such property;

e. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Jinjiangshuili, and Jinjiangshuili is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

f. According to the Jinjiangshuili's written confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Portion
f.	Construction Work Commencement Permit	Portion
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table	Portion

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	326,900,000
Group III – held under development by the Target Group	1,691,400,000
Group IV – held for future development by the Target Group	271,400,000
Total:	2,289,700,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
2.	Portions of No. 1 Project No. 399-10 of Bayi Road Furong District Changsha City Hunan Province The PRC (壹號座品)	No. 1 Project is located at Bayi Road in Furong District. The subject area of the property is well-served by public transportation with 15 minutes' driving distance to the city centre. The surrounding environment comprises several residential and office developments and shopping malls. No. 1 Project occupies a parcel of land with a site area of approximately 9,253.17 sq.m., which has been developed into a commercial and office development. No. 1 Project has a gross floor area of approximately 87,791.97 sq.m. and was completed in 2015. The property comprises 102 commercial units, 224 office units and 357 car parking spaces with a total gross floor area of approximately 55,845.46 sq.m. The usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for a term of 40 years expiring on 8 October 2052 for commercial use.	Portions of the property are currently vacant for sale and the remaining portion of the property is currently rented to various third parties for commercial and office purposes.	691,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 2013000089 dated 23 August 2013, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 9,253.17 sq.m. were contracted to be granted to Xinchangcheng (Hunan) Property Co., Ltd. (鑫長城(湖南) 置業有限公司, "Xinchangcheng", a wholly-owned subsidiary of the Target Company) for a term of 40 years for commercial use commencing from the land delivery date. The land premium was RMB200,000,000. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di Chu No. (2013) 0076, permission towards the planning of the aforesaid land parcel (including the property) with a site area of approximately 9,267 sq.m. has been granted to Xinchangcheng.

3. Pursuant to a State-owned Land Use Rights Certificate – Xiang Guo Yong 2013 Di No. 121, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 9,253.17 sq.m. have been granted to Xinchangcheng for a term of 40 years expiring on 8 October 2052 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Gui (Jian) Zi Di Jian Nos. 2 (2013) 0173 and 0175 in favour of Xinchangcheng, No. 1 Project (including the property) with a gross floor area of approximately 87,791.97 sq.m. has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits – Nos. 430000201312040101, 430000201312040201 and 430000201407230101 in favour of Xinchangcheng, permissions by the relevant local authority were given to commence the construction of No. 1 Project (including the property) with a gross floor area of approximately 87,791.97 sq.m.

6. Pursuant to a Pre-sale Permit – Chang Zhu Jian Wei Shou Xu Zi (2013) Di No. 0713 Bian Geng in favour of Xinchangcheng, the Target Group is entitled to sell portions of No. 1 Project (representing a gross floor area of approximately 70,762 sq.m.) to purchasers.

7. Pursuant to 2 Construction Work Completion and Inspection Tables in favour of Xinchangcheng, the construction of No. 1 Project (including the property) with a gross floor area of approximately 87,791.97 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of car parking space**
Group I – held for sale	Commercial	5,126.20	
	Office	23,802.88	
	Basement	14,622.33	357
	Sub-total:	43,551.41	357
Group II – held for investment	Commercial	4,299.40	
	Office	7,994.65	
	Sub-total:	12,294.05	
	Total:	55,845.46	357

9. As advised by the Target Group, 3 commercial units and 25 office units with a total gross floor area of approximately 3,861.89 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB55,080,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Pursuant to various Tenancy Agreements, portions of the property with a total gross floor area of approximately 13,043.58 sq.m. were leased to various tenants with expiry dates between 2 February 2017 and 19 March 2021. The total monthly rental as at the valuation date was RMB908,000 exclusive of management fees, water and electricity charges.

11. Our valuation has been made on the following basis and analysis:

    a. For portions of the property (Group I), we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB18,000 to RMB40,000 per sq.m. for commercial units, RMB10,000 to RMB17,000 per sq.m. for office units and RMB150,000 to RMB180,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;

    b. For the remaining portion of the property (Group II), we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial and office units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

    c. The unit rent of these comparable commercial units on first floor ranges from RMB5.5 to RMB8 per sq.m. per day and the unit rent of these comparable office units ranges from RMB2 to RMB4 per sq.m. per day; and

d. Based on our research on market in the surrounding area of the property, for commercial and office portions, the stabilized market yield ranged from 4% to 6% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5% for the commercial and office units of the property as the capitalization rate in the valuation.

12. Pursuant to a series of mortgage contracts and relevant agreements, portions of the property are subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Xinchangcheng.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

a. Xinchangcheng is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Xinchangcheng has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property in accordance with relevant land use rights grant contract and the aforesaid State-owned Land Use Rights Certificate. The land premium has been fully paid;

b. Xinchangcheng has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Xinchangcheng is in possession of the legal and integrated development rights of the property and the construction works of the property has passed final inspection acceptance;

c. Xinchangcheng has obtained necessary Pre-sale Permit, Xinchangcheng is entitled to pre-sale the pre-sale scope according to the Pre-sale Permit;

d. As advised by the Xinchangcheng, Xinchangcheng is in process of applying for the Building Ownership Certificate of the property. There is no material legal impediment for Xinchangcheng to obtain the Building Ownership Certificate of the property;

e. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Xinchangcheng, and Xinchangcheng is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws;

f. The Company's PRC legal advisers have reviewed the samples of tenancy agreements mentioned in note 10 and have a legal opinion that such samples of tenancy agreements are legally binding on the contractual parties upon signing and their contents do not contravene the relevant PRC laws and regulations; and

g. According to the Xinchangcheng's written confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table	Yes

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	493,600,000
Group II – held for investment by the Target Group	197,600,000
Total:	691,200,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
3.	Colorful Garden No. 169 of Laodong East Road Yuhua District Changsha City Hunan Province The PRC (疊彩蘭亭)	Colorful Garden is located at Laodong East Road in Yuhua District. The subject area of the property is well-served by public transportation. The surrounding environment comprises several residential developments, schools and parks. Colorful Garden occupies 2 parcels of land with a total site area of approximately 25,342.74 sq.m., which will be developed into a residential, office and commercial development. Portions of the property ("CIP") are currently under construction and are scheduled to be completed in December 2016. The construction of the remaining portion of the property has not commenced. As advised by the Target Group, upon completion, Colorful Garden will have a total planned gross floor area of approximately 144,850.01 sq.m. The property comprises CIP and the remaining portion of the property. The usage and planned gross floor area details of the property are set out in note 7. As advised by the Target Group, the total construction cost of CIP is estimated to be approximately RMB443,000,000, of which approximately RMB255,770,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms expiring on 24 January 2084 for residential use and 24 January 2054 for commercial use.	CIP is currently under construction. The remaining portion of the property is bare land for future development.	723,200,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – No. 2014000012 dated 7 February 2014, the land use rights of 2 parcels of land with a total site area of approximately 25,342.74 sq.m. were contracted to be granted to Changsha Yinghui Real Estate Development Co., Ltd. (長沙穎匯房地產開發有限公司, "Changsha Yinghui", a 55%-owned subsidiary of the Target Company), for terms expiring on 24 January 2084 for residential use and expiring on 24 January 2054 for commercial use. The land premium was RMB186,770,000. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to a Construction Land Planning Permit – Jian Gui Di Zi Di Chu No. (2010) 0072, permission towards the planning of a parcel of land (including the property) with a site area of approximately 35,456.39 sq.m. has been granted to Changsha Yinghui.

3. Pursuant to 2 State-owned Land Use Rights Certificates – Xiang Gong Guo Yong (2014) Di Nos. 230 and 231, the land use rights of 2 parcels of land with a total site area of approximately 25,342.74 sq.m. have been granted to Changsha Yinghui for terms expiring on 24 January 2084 for residential use and 24 January 2054 for commercial use.

4. Pursuant to 7 Construction Work Planning Permits – Jian 1 (2014) No. 0190, Jian 1 (2015) Nos. 0031, 0033 and 0034 and Jian 2 (2015) Nos. 0033, 0035 and 0037 in favour of Changsha Yinghui, portions of Colorful Garden with a total gross floor area of approximately 126,934.63 sq.m. have been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 430101201411030101 and 430101201505200101 in favour of Changsha Yinghui, permissions by the relevant local authority were given to commence the construction of portions of Colorful Garden with a total gross floor area of approximately 126,934.63 sq.m.

6. Pursuant to 3 Pre-sale Permits – Chang Zhu Jian Wei Shou Xu Zi (2014) Di No. 0688 and (2015) Di Nos. 0690 and 0691 in favour of Changsha Yinghui, the Target Group is entitled to sell building Nos. A1, A2, B5 and B6 of Colorful Garden (representing a total gross floor area of approximately 66,013.75 sq.m.) to purchasers.

7. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area *(sq.m.)*	Nos. of car parking space
Group III – held under development (Planned)	Residential	78,137.68	
	Office	16,086.29	
	Commercial	4,619.11	
	Basement	27,003.65	685
	Ancillary	1,087.90	
	Sub-total:	126,934.63	685
Group IV – held for future development (Planned)	Residential	16,382.57	
	Commercial	471.40	
	Ancillary	1,061.41	
	Sub-total:	17,915.38	
	Total:	144,850.01	685

8. The market value of CIP of the property as if completed as at the valuation date is estimated to be RMB866,200,000.

9. Our valuation has been made on the following basis and analysis:

   a. For CIP of the property (Group III), we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,200 to RMB7,000 per sq.m. for residential units, RMB32,000 to RMB35,000 per sq.m. for commercial units, RMB10,000 to RMB11,000 per sq.m. for office units and RMB130,000 to RMB140,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

   b. For the remaining portion of the property (Group IV), we have also made reference to sales prices of land within the locality which has the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB2,100 to RMB2,400 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

10. Pursuant to a mortgage contract and relevant agreements, portions of the land use rights of the property are subject to mortgages in favor of a third party. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Changsha Yinghui.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Changsha Yinghui is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Changsha Yinghui has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property in accordance with relevant land use rights grant contract and the aforesaid State-owned Land Use Rights Certificates. The land premium has been fully paid;

    b. Changsha Yinghui has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Changsha Yinghui is in possession of the legal and integrated development rights of the property;

    c. Changsha Yinghui has obtained necessary Pre-sale Permits, Changsha Yinghui is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

    d. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Changsha Yinghui, and Changsha Yinghui is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

    e. As advised by Changsha Yinghui, the mortgages of the construction works of the property were released. Except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights. The property is not subject to any compulsory expropriation, litigation, dispute or other situation that may have material adverse effect on the property.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Portion
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table	Not Applicable

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group III – held under development by the Target Group	685,300,000
Group IV – held for future development by the Target Group	37,900,000
Total:	723,200,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
4.	Portions of Camphor Garden No. 228 of Guitang Road Yuhua District Changsha City Hunan Province The PRC (香樟蘭亭)	Camphor Garden is located at Guitang Road in Yuhua District. The subject area of the property is well-served by public transportation. The surrounding environment comprises several residential developments, a shopping center, street front shops, schools and parks. Camphor Garden occupies 2 parcels of land with a total site area of approximately 39,850.96 sq.m. which have been developed into a residential and commercial development. Camphor Garden has a gross floor area of approximately 225,917.33 sq.m. and was completed during 2013 and 2015. The property comprises various residential and commercial units and 718 car parking spaces with a total gross floor area of approximately 33,144.06 sq.m. The usage and gross floor area details of the property are set out in note 9. The land use rights of the property have been granted for terms expiring on 5 March 2077 for residential use, 5 March 2057 for educational use and 5 March 2047 for commercial use.	Portions of the property are currently vacant for sale. The remaining portion of the property is currently rented to various third parties for commercial and office purposes.	169,900,000

Notes:

1. Pursuant to 73 Building Ownership Certificates – Chang Fang Quan Zheng Yu Hua Zi Di Nos. 715262478, 715262481, 715262867, 715262878, 715262887, 715262888, 715262847 to 715262854, 715262856 to 715262860 and 715262863 to 715262866 and Chang Fang Chan Zheng Yu Hua Zi Di Nos. 715340739, 715340740, 715340742, 715340744 to 715340747, 715340800 to 715340808, 715340810 to 715340819, 715340821 to 715340830, 715340832 to 715340841 and 715340843 to 715340846, 23 commercial units and 50 car parking spaces of the property with a total gross floor area of approximately 6,621.89 sq.m. are owned by Changsha Yingyuan Real Estate Development Co., Ltd. (長沙穎沅房地產開發有限公司, "Changsha Yingyuan", a wholly-owned subsidiary of the Target Company).

2. Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts – Nos. 2011000102 and 2011000054 dated 19 October 2011 and 11 May 2011 respectively, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 39,850.96 sq.m. were contracted to be granted to Changsha Yingyuan for terms expiring on 5 March 2077 for residential use, 5 March 2057 for educational use and 5 March 2047 for commercial use commencing from the land delivery date. As advised by the Target Group, the land premium has been fully paid.

3. Pursuant to a Construction Land Planning Permit – Jian Gui Di Zi Di Chu No. (2010) 0149, permission towards the planning of the aforesaid land parcels (including the property) with a total site area of approximately 65,833.33 sq.m. has been granted to Changsha Yingyuan.

4. Pursuant to a State-owned Land Use Rights Certificate – Chang Guo Yong (2012) Di No. 030893, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 39,850.96 sq.m. have been granted to Changsha Yingyuan for terms expiring on 5 March 2077 for residential use, 5 March 2057 for educational use and 5 March 2047 for commercial use.

5. Pursuant to 5 Construction Work Planning Permits – Jian Gui (Jian) Zi Di Jian 1 (2011) Nos. 0024 and 0026, Jian 1 (2013) Nos. 0054 and 0055 and Jian 2 (2013) No. 0035 in favour of Changsha Yingyuan, Camphor Garden (including the property) with a gross floor area of approximately 225,917.33 sq.m. has been approved for construction.

6. Pursuant to 2 Construction Work Commencement Permits – Nos. 430101201103220101 and 430101201104280301 in favour of Changsha Yingyuan, permissions by the relevant local authority were given to commence the construction of Camphor Garden (including the property) with a gross floor area of approximately 226,341 sq.m.

7. Pursuant to 10 Pre-sale Permits – Chang Zhu Jian Wei Shou Xu Zi (2011) Di Nos. 0789, 0790 and 0883, (2012) Di Nos. 0032, 0228, 0332, 0333, 0632 and 0633 and (2013) Di No. 0521 in favour of Changsha Yingyuan, the Target Group is entitled to sell building Nos. 1 to 8 and basement of Camphor Garden (representing a total gross floor area of approximately 197,360.62 sq.m.) to purchasers.

8. Pursuant to 11 Construction Work Completion and Inspection Certificates in favour of Changsha Yingyuan, the construction of building Nos. 1 to 8 and basement of Camphor Garden (including the property) with a total gross floor area of approximately 225,917.33 sq.m. has been completed and passed the inspection acceptance.

9. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of car parking space**
Group I – held for sale	Residential	2,006.85	
	Commercial	903.86	
	Basement	25,620.00	718
	Sub-total:	28,530.71	718
Group II – held for investment	Office	4,431.46	
	Commercial	181.89	
	Sub-total:	4,613.35	
	Total:	33,144.06	718

10. As advised by the Target Group, 17 residential units, 2 commercial units with a total gross floor area of approximately 1,537.56 sq.m. and 111 car parking spaces of Camphor Garden have been pre-sold to various third parties at a total consideration of RMB29,920,508. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

11. Pursuant to 3 Tenancy Agreements, portions of the property with a total gross floor area of approximately 4,613.35 sq.m. were leased to various tenants with expiry dates between 30 June 2019 and 30 September 2034. The total monthly rental as at the valuation date was RMB90,000 exclusive of management fees, water and electricity charges.

12. Our valuation has been made on the following basis and analysis:

    a. For portions of the property (Group I), we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,200 to RMB7,000 per sq.m. for residential units, RMB28,000 to RMB30,000 per sq.m. for commercial units, RMB130,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;

b. For the remaining portion of the property (Group II), we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial and office units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

c. The unit rent of these comparable commercial units ranges from RMB3 to RMB4 per sq.m. per day and the unit rent of these comparable office units ranges from RMB1.3 to RMB1.5 per sq.m. per day; and

d. Based on our research on market in the surrounding area of the property, for commercial and office portions, the stabilized market yield ranged from 4% to 6% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5% for the commercial and office units of the property as the capitalization rate in the valuation.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

a. Changsha Yingyuan is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Changsha Yingyuan has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property in accordance with relevant land use rights grant contracts and the aforesaid State-owned Land Use Rights Certificate. The land premium has been fully paid;

b. Changsha Yingyuan has obtained necessary Pre-sale Permits, Changsha Yingyuan is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

c. Changsha Yingyuan has obtained the aforesaid Building Ownership Certificates and is the sole user of the buildings of such property and legally holds the ownership rights of the buildings of such property. Changsha Yingyuan has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the building ownership rights of such property in accordance with relevant PRC laws and regulations and the usage disclosed in the Building Ownership Certificates;

d. The construction of the property has passed final inspection acceptance. Changsha Yingyuan can apply for the Building Ownership Certificate of the property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Changsha Yingyuan to obtain the Building Ownership Certificate of the property;

e. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Changsha Yingyuan, and Changsha Yingyuan is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws;

f. The Company's PRC legal advisers have reviewed the samples of tenancy agreements mentioned in note 11 and have a legal opinion that such samples of tenancy agreements are legally binding on the contractual parties upon signing and their contents do not contravene the relevant PRC laws and regulations; and

g. The property is neither subject to any restrictions arising from any sequestration, mortgage or any other rights nor subject to any compulsory expropriation, litigation, dispute or other situation that may have material adverse effect on the property.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	Portion
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Yes
h.	Construction Work Completion and Inspection Certificate/Table	Yes

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	132,500,000
Group II – held for investment by the Target Group	37,400,000
Total:	169,900,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
5.	Orchid Pavilion City Garden located at the eastern side of Dingshan Road Shifeng District Zhuzhou City Hunan Province PRC (株洲都市蘭亭)	Orchid Pavilion City Garden is located at the eastern side of Dingshan Road in Shifeng District. The subject area of the property is well-served by public transportation with 10 minutes' driving distance to the city centre. The surrounding environment comprises several residential developments with street front shops and parks. Orchid Pavilion City Garden occupies 10 parcels of land with a total site area of approximately 89,305.77 sq.m., which will be developed into a residential and commercial development. Portions of Phase I have a total gross floor area of approximately 63,169.00 sq.m. and were completed in 2016. The remaining portion of Phase I and the whole of Phase II ("CIP") are currently under construction and are scheduled to be completed in April 2018. The construction of Phase III has not commenced. As advised by the Target Group, upon completion, Orchid Pavilion City Garden will have a total planned gross floor area of approximately 428,741.85 sq.m. The property comprises portions of Phase I, CIP and Phase III. The usage and planned gross floor area details of the property are set out in note 8. As advised by the Target Group, the total construction cost of CIP is estimated to be approximately RMB591,300,000, of which approximately RMB293,910,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 25 August 2083 for residential use and 40 years expiring on 25 August 2053 for commercial use.	Portions of Phase I are currently vacant for sale, the remaining portion of Phase I and the whole of Phase II are currently under construction and Phase III is bare land for future development.	853,400,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – No. xc (1) 4494 dated 26 August 2013 and relevant Supplemental Agreement dated 3 November 2015, the land use rights of 2 parcels of land with a total site area of approximately 89,305.59 sq.m. were contracted to be granted to Zhuzhou Yingyuan Real Estate Development Co., Ltd. (株洲穎沅房地產開發有限公司, "Zhuzhou Yingyuan", a wholly-owned subsidiary of the Target Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB231,930,000. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to 2 Construction Land Planning Permits – Jian Gui (Di) Zi Di Zhu Gui Yong (2013) No. 0090 and (2015) No. 0069, permissions towards the planning of the aforesaid land parcels with a total site area of approximately 89,305.59 sq.m. have been granted to Zhuzhou Yingyuan.

3. Pursuant to 10 State-owned Land Use Rights Certificates – Zhu Guo Yong (2013) Di No. A1145, (2014) Di Nos. A4033 to A4040 and (2015) Di No. A1451, the land use rights of 10 parcels of land with a total site area of approximately 89,305.77 sq.m. have been granted to Zhuzhou Yingyuan for terms of 70 years expiring on 25 August 2083 for residential use and 40 years expiring on 25 August 2053 for commercial use.

4. Pursuant to 4 Construction Work Planning Permits – Jian Gui (Jian) Zi Di Zhu Gui Jian (2015) Nos. 0008, 0037, 0091 and 0119 in favour of Zhuzhou Yingyuan, Phases I to III of Orchid Pavilion City Garden with a total gross floor area of approximately 428,741.85 sq.m. have been approved for construction.

5. Pursuant to 4 Construction Work Commencement Permits – Nos. 430211201404290201, 430200201509290101, 430200201511100101 and 430200201603220101 in favour of Zhuzhou Yingyuan, permissions by the relevant local authority were given to commence the construction of Phases I and II of Orchid Pavilion City Garden with a total gross floor area of approximately 293,454.52 sq.m.

6. Pursuant to 12 Pre-sale Permits – Zhu Yu Xu Zi (2014) Di Nos. 99, 100, 244 and 245, (2015) Di Nos. 102, 103, 249, 304 and 305 and (2016) Di Nos. 34, 107 and 108 in favour of Zhuzhou Yingyuan, the Target Group is entitled to sell portions of Phases I and II of Orchid Pavilion City Garden (representing a total gross floor area of approximately 146,983.04 sq.m.) to purchasers.

7. Pursuant to a Construction Work Completion and Inspection Table in favour of Zhuzhou Yingyuan, the construction of 4 buildings of Phase I of Orchid Pavilion City Garden with a total gross floor area of approximately 63,169 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of car parking space**
Group I – held for sale	Residential	61,600.26	
	Commercial	1,390.90	
	Others (Ancillary facilities etc.)	177.84	
	Sub-total:	63,169.00	
Group III – held under development (Planned)	Residential	159,673.73	
	Commercial	5,640.25	
	Kindergarten	2,673.35	
	Basement	57,002.75	1,651
	Others (Ancillary facilities etc.)	4,590.38	
	Sub-total:	229,580.46	1,651

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group IV – held for future development (Planned)	Residential	101,727.29	
	Commercial	4,998.18	
	Basement	26,409.47	860
	Others (Ancillary facilities etc.)	2,857.45	
	Sub-total:	135,992.39	860
	Total:	428,741.85	2,511

9. As advised by the Target Group, 1,148 residential units with a total gross floor area of approximately 111,983.17 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB414,980,847. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of CIP as if completed as at the valuation date is estimated to be RMB803,200,000.

11. Our valuation has been made on the following basis and analysis:

    a. For portions of the property (Group I and Group III), we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB3,400 to RMB4,100 per sq.m. for residential units, RMB10,000 to RMB13,000 per sq.m. for commercial units and RMB70,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

    b. For the remaining portion of Phase II and the whole of Phase III (Group IV), we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB580 to RMB790 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

12. Pursuant to a series of mortgage contracts and relevant agreements, portions of the land use rights of the property are subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Zhuzhou Yingyuan.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Zhuzhou Yingyuan is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Zhuzhou Yingyuan has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property in accordance with relevant land use rights grant contract and the aforesaid State-owned Land Use Rights Certificates. The land premium has been fully paid;

    b. Zhuzhou Yingyuan has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Zhuzhou Yingyuan is in possession of the legal and integrated development rights of the property;

    c. Zhuzhou Yingyuan has obtained necessary Pre-sale Permits, Zhuzhou Yingyuan is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

d. The construction of buildings Nos. A1 to A4 of Phase I of the property has passed final inspection acceptance. Zhuzhou Yingyuan can apply for the Building Ownership Certificate of such property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Zhuzhou Yingyuan to obtain the Building Ownership Certificate of such property;

e. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Zhuzhou Yingyuan, and Zhuzhou Yingyuan is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

f. Except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights. The property is not subject to any compulsory expropriation, litigation, dispute or other situation that may have material adverse effect on the property.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Portion
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table	Portion

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	240,500,000
Group III – held under development by the Target Group	542,000,000
Group IV – held for future development by the Target Group	70,900,000
Total:	853,400,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
6.	Various commercial units and car parking spaces of Tianhe City Square located at the western side of Yuancun Erheng Road Tianhe District Guangzhou City Guangdong Province The PRC (天河都市廣場商業、地下車位)	Tianhe City Square is located at the western side of Yuancun Erheng Road in Tianhe District. The subject area of the property is well-served by public transportation and adequate facilities. The surrounding environment comprises several residential developments and street front shops. Tianhe City Square occupies a parcel of land with a site area of approximately 3,613.01 sq.m., which has been developed into a commercial development. Tianhe City Square has a gross floor area of approximately 25,288 sq.m. and was completed in 2005. The property comprises various commercial units and 97 car parking spaces with a total gross floor area of approximately 14,140.26 sq.m. The details are set out as below:	Portions of the property are currently rented to various third parties for commercial and car parking purposes and the remaining portion of the property is vacant.	306,000,000

Usage	Gross Floor Area *(sq.m.)*
Commercial	13,037.07
97 car parking spaces	1,103.19
Total:	14,140.26

The land use rights of the property have been granted for terms of 40 years expiring on 13 September 2042 for commercial use and 50 years expiring on 13 September 2052 for car parking use.

Notes:

1. Pursuant to 111 Real Estate Title Certificates – Yue Fang Di Quan Zheng Sui Zi Di Nos. C4669078, 950106805, 950106965, 950106966, 950106975, 950106978 to 950106982, 950106985 to 950106991, 950106994, 950106995, 950106998, 950107001 to 950107004, 950107006, 950107008, 9501070102, 950107011, 950107013, 950107014, 950107016, 950107020 to 950107022, 950107024, 950107025, 950107027 to 950107029, 950107031, 950107036 to 950107038, 950107040 to 950107044, 950107046 to 950107059, 950107061 to 950107065, 950107067 to 950107071, 950107073 to 950107080, 950107083 to 950107087, 950107090, 950107091, 950107094, 950107097, 950107098, 950107106 to 950107111, 950107113, 950107114, 950107119 to 950107123, 950107129, 950107132, 950107134, 950107135,

950107137, 950107139, 950107141, 950107142 and 950107191, 111 commercial units of the property with a total gross floor area of approximately 13,037.07 sq.m. are owned by Guangzhou Guangdian Property Development Group Shares Co., Ltd. (廣州廣電房地產開發集團股份有限公司, "Guangzhou Guangdian", the Target Company). The relevant land use rights of the property have been granted to Guangzhou Guangdian for terms of 40 years expiring on 13 September 2042 for commercial use.

2. Pursuant to 97 Real Estate Title Certificates – Yue Fang Di Quan Zheng Sui Zi Di Nos. 950103338, 950103372, 950103376 to 950103383, 950103385, 950103386, 950103390, 950103395 to 950103397, 950103399 to 950103402, 950103404, 950103408 to 950103410, 950103415, 950103417, 950103429, 950103431, 950103432, 950103435, 950103437, 950103440, 950103441, 950103508, 950103513, 950103516, 950103518, 950103522, 950103524, 950103526, 950103529, 950103533, 950103541, 950103545, 950103550, 950103557, 950103559, 950103642, 950103645, 950103648, 950103654, 950103658, 950103660, 950103686, 950103688, 950103690, 950103691, 950103728, 950103732, 950103735, 950103739 to 950103742, 950103745, 950103746, 950103748, 950103767, 950103773, 950103779, 950103793, 950103852, 950103856, 950103858 to 950103860, 950103862, 950103866, 950103875, 950103878, 950103879, 950103882, 950104004, 950104005, 950104057, 950104061, 950104065, 950104086, 950104088 to 950104090, 950104093 and 950104116 to 950104120, 97 car parking spaces of the property with a total gross floor area of approximately 1,103.19 sq.m. are owned by Guangzhou Guangdian. The relevant land use rights of the property have been granted to Guangzhou Guangdian for terms of 50 years expiring on 13 September 2052 for car parking use.

3. Pursuant to 21 Tenancy Agreements, portions of the property with a total gross area of approximately 11,220.9 sq.m. were leased to various tenants with expiry dates between 31 August 2016 and 5 December 2024. The total monthly rental as at the valuation date was RMB990,000 exclusive of management fees, water and electricity charges.

4. Our valuation has been made on the following basis and analysis:

   a. We have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable commercial units on first floor ranges from RMB10 to RMB14 per sq.m. per day;

   c. Based on our research on market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 4% to 6%, and for car parking portions, the stabilized market yield ranged from 2.5% to 3.5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5% for the commercial portions of the property and 3% for car parking spaces as the capitalization rate in the valuation; and

   d. As advised by the Target Group, as at the latest valuation date, 97 car parking spaces of the property are pertained to the shopping center with a charge of RMB12 per hour in the day and RMB4 per hour at night.

5. Pursuant to a series of mortgage contracts and relevant agreements, the property is subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Guangzhou Guangdian.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Guangzhou Guangdian has obtained the aforesaid Real Estate Title Certificates and is the sole user of the buildings of the property and legally holds the ownership rights of the buildings of the property. Guangzhou Guangdian has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the building ownership rights of the property in accordance with relevant PRC laws and regulations and the usage disclosed in the Real Estate Title Certificates;

   b. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Guangzhou Guangdian, and Guangzhou Guangdian is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws;

c. As advised by Guangzhou Guangdian, a Property Operation and Management Contract dated 1 January 2009 was entered into between Guangzhou Guangdian and Guangzhou Guangdian Property Operation and Management Co., Ltd. (廣州廣電房產經營管理有限公司, "Operation Company"). Pursuant to the aforesaid contract, the property was leased to and operated by the Operation Company. If there is no tax risks in the aforesaid contract, the relevant Tenancy Agreements mentioned in note 3 entered into between the Operating Company and third parties will be legal and valid; and

d. According to the Guangzhou Guangdian's written confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

7. A summary of major certificates/approvals is shown as follows:

Real Estate Title Certificate	Yes

8. For the purpose of this report, the property is classified into the group as "Group II – held for investment by the Target Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
7.	World Style located at the northern side of Guangzhou Beltway Huangpu Avenue Tianhe District Guangzhou City Guangdong Province The PRC (廣州蘭亭盛薈)	World Style is located at the northern side of Guangzhou Beltway in Tianhe District. The subject area of the property is well-served by convenient public transportation. The surrounding environment is the third Central Business District of Guangzhou City. World Style occupies a parcel of land with a site area of approximately 91,284.38 sq.m., which will be developed into a residential and commercial development. Portions of World Style ("CIP") are currently under construction and are scheduled to be completed in December 2019. The construction of the remaining portion of World Style has not commenced. As advised by the Target Group, upon completion, World Style will have a total planned gross floor area of approximately 541,238 sq.m. The property comprises CIP and the remaining portion of World Style. The usage and planned gross floor area details of the property are set out in note 7. As advised by the Target Group, the total construction cost of CIP is estimated to be approximately RMB2,426,500,000, of which approximately RMB182,680,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term of 70 years expiring on 24 March 2085 for residential use.	Portions of World Style are currently under construction. The remaining portion of World Style is bare land for future development.	5,563,600,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – No. 440106-2014-000003 dated 10 November 2014, the land use rights of a parcel of land with a site area of approximately 91,284.38 sq.m. were contracted to be granted to Guangzhou Jiajun Property Co., Ltd. (廣州佳郡置業有限公司, "Guangzhou Jiajun", 29% interest held by the Target Company) for a term of 70 years for residential use commencing from 24 March 2015. The land premium was RMB4,456,750,000. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to a Construction Land Planning Permit – Sui Gui Di Zheng (2014) No. 389, permission towards the planning of the aforesaid land parcel (including the property) with a site area of approximately 123,304.00 sq.m. has been granted to Guangzhou Jiajun.

3. Pursuant to a State-owned Land Use Rights Certificate – Sui Fu Guo Yong (2015) Di No. 14110041, the land use rights of a parcel of land with a site area of approximately 91,284.38 sq.m. have been granted to Guangzhou Jiajun for a term of 70 years expiring on 24 March 2085 for residential use.

4. Pursuant to 20 Construction Work Planning Permits – Sui Gui Jian Zheng (2015) Nos. 2008 to 2010, 2015, 2115, 2117, 2054, 2056, 2079 and 2080 and (2016) Nos. 1, 26, 34, 105, 106, 109, 116, 250, 256 and 266 in favour of Guangzhou Jiajun, World Style with a gross floor area of approximately 541,238 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 440106201603030201 and 440106201604280101 in favour of Guangzhou Jiajun, permissions by the relevant local authority were given to commence the construction of portions of World Style with a total gross floor area of approximately 378,301 sq.m.

6. Pursuant to a Pre-sale Permit – Sui Fang Yu (Wang) Zi Di No. 20160257 in favour of Guangzhou Jiajun, the Target Group is entitled to sell portions of World Style (representing a gross floor area of approximately 12,729.56 sq.m.) to purchasers.

7. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of car parking space**
Group III – held under development (Planned)	Residential	223,120	
	Commercial	18,044	
	Basement	92,378	3,143
	Ancillary	44,759	
	Sub-total:	378,301	3,143
Group IV – held for future development (Planned)	Residential	101,244	
	Commercial	816	
	Basement	34,634	1,509
	Ancillary	26,243	
	Sub-total:	162,937	1,509
	Total:	541,238	4,652

8. The market value of CIP as if completed as at the valuation date is estimated to be RMB12,302,000,000.

9. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB25,000 to RMB32,000 per sq.m. for residential units, RMB40,000 to RMB60,000 per sq.m. for commercial units and RMB300,000 to RMB400,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

   b. We have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB11,600 to RMB12,600 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Guangzhou Jiajun is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Guangzhou Jiajun has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of property in accordance with relevant land use rights grant contract and the aforesaid State-owned Land Use Rights Certificate;

    b. Guangzhou Jiajun has obtained necessary permits and approvals for the construction works of the property. There is no evidence that the obtained permits and approvals of the construction works are abolished, modified or revoked. Guangzhou Jiajun has the rights to construct the property in accordance with relevant permits and approvals; and

    c. According to the Guangzhou Jiajun's confirmation, the property is neither subject to any restrictions arising from any sequestration, mortgage or any other rights nor subject to any compulsory expropriation, litigation, dispute or other situation that may have material adverse effect on the property.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate	Not Applicable

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group III – held under development by the Target Group	4,006,900,000
Group IV – held for future development by the Target Group	1,556,700,000
Total:	5,563,600,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
8.	4 commercial units and 3 car parking spaces of Qiaoying Garden located at the southern side of Yuancun West Street and the eastern side of Yuancun South Street Tianhe District Guangzhou City Guangdong Province The PRC (僑穎苑商業、地下車位)	Qiaoying Garden is located at the southern side of Yuancun West Street and the eastern side of Yuancun South Street in Tianhe District. The subject area of the property is well-served by public transportation and adequate facilities. The surrounding environment comprises several residential developments. Qiaoying Garden occupies a parcel of land with a site area of approximately 10,865 sq.m., which has been developed into a residential and commercial development. Qiaoying Garden has a gross floor area of approximately 41,231 sq.m. and was completed in 2000. The property comprises 4 commercial units and 3 car parking spaces with a total gross floor area of approximately 1,625.44 sq.m. The details are set out as below:	The property is currently rented to various third parties for commercial and car parking purposes.	41,400,000

Usage	Gross Floor Area *(sq.m.)*
Commercial	1,588.94
3 car parking spaces	36.50
Total:	1,625.44

The land use rights of the property have been granted for terms of 40 years expiring on 21 June 2038 for commercial use and 50 years expiring on 21 June 2048 for other use.

Notes:

1. Pursuant to 6 Real Estate Title Certificates – Yue Fang Di Quan Zheng Sui Zi Di Nos. 0150204443, 0150204458, 0950117435, 0950117876, 0950117986 and 0950118008, 3 commercial units and 3 car parking spaces of the property with a total gross floor area of 1,476.3 sq.m. are owned by Guangzhou Guangdian Property Development Group Shares Co., Ltd. (廣州廣電房地產開發集團股份有限公司, "Guangzhou Guangdian", the Target Company). The land use rights of the property have been granted to Guangzhou Guangdian for terms of 40 years expiring on 21 June 2038 for commercial use and 50 years expiring on 21 June 2048 for other use.

2. Pursuant to a Construction Land Planning Permit – Sui Cheng Gui Dong Pian Di Zi (94) No. 218, permission towards the planning of the aforesaid land parcel (including the property) with a site area of approximately 10,865 sq.m. has been granted to Guangzhou Guangdian.

3. Pursuant to 2 Construction Work Planning Permits – Sui Gui Jian Zi (1998) Nos. 243 and 283 in favour of Guangzhou Guangdian, Qiaoying Garden (including the property) with a gross floor area of approximately 41,231 sq.m. has been approved for construction.

4. Pursuant to a Construction Work Commencement Permit – Sui Jian (Zhu) Zheng Zi Di No. 284 in favour of Guangzhou Guangdian, permission by the relevant local authority was given to commence the construction of Qiaoying Garden (including the property) with a gross floor area of approximately 41,231 sq.m.

5. Pursuant to a Pre-sale Permit – Sui Fang Yu Zi Di No. 19980214 in favour of Guangzhou Guangdian, the Target Group is entitled to sell portions of Qiaoying Garden (representing a gross floor area of approximately 34,852 sq.m.) to purchasers.

6. Pursuant to a Construction Work Completion and Inspection Certificate in favour of Guangzhou Guangdian, the construction of Qiaoying Garden (including the property) with a gross floor area of approximately 41,231 sq.m. has been completed and passed the inspection acceptance.

7. Pursuant to 4 Tenancy Agreements, portions of the property with a total gross floor area of approximately 1,588.94 sq.m. were leased to various tenants with expiry dates between 30 September 2016 and 31 December 2019. The total monthly rental as at the valuation date was RMB102,600 exclusive of management fees, water and electricity charges.

8. Our valuation has been made on the following basis and analysis:

   a. We have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable commercial units on first floor ranges from RMB10 to RMB14 per sq.m. per day; and

   c. Based on our research on market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 4% to 6%, and for car parking portions, the stabilized market yield ranged from 2.5% to 3.5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5% for the commercial portions of the property and 3% for car parking spaces as the capitalization rate in the valuation.

9. Pursuant to a mortgage contract and relevant agreements, portions of the property are subject to mortgages in favor of a third party. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Guangzhou Guangdian.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Guangzhou Guangdian has obtained the Real Estate Title Certificates of Units Nos. 102, 103 and 104 of the property and legally holds the ownership rights of such property. Guangzhou Guangdian has the rights to legally occupy, use and transfer such property in accordance with relevant PRC laws;

    b. According to relevant Guangzhou Real Estate Ownership Certification Letter, Unit No. 111 is owned by Guangzhou Guangdian. The Company's PRC legal advisers have a legal opinion that there is no material legal impediment for Guangzhou Guangdian to obtain the Real Estate Title Certificate of such property;

    c. Guangzhou Guangdian legally holds the ownership rights of the property of which Guangzhou Guangdian has obtained the Real Estate Title Certificates. Guangzhou Guangdian has the rights to legally occupy, use, transfer, lease, mortgage or otherwise dispose of the building ownership rights of such property;

d. As advised by Guangzhou Guangdian, a Property Operation and Management Contract dated 1 January 2009 was entered into between Guangzhou Guangdian and Guangzhou Guangdian Property Operation and Management Co., Ltd. (廣州廣電房產經營管理有限公司, "Operation Company"). Pursuant to the aforesaid contract, the property was leased to the Operation Company at lower market rates and then subleased by the Operation Company to third parties. According to relevant regulations, property tax should be paid by the owner of the property. Guangzhou Guandian avoided paying property tax by the aforesaid means and the aforesaid contract could be regarded as void. There are legal defects that Guangzhou Guandian will be imposed to pay for the overdue property tax;

e. The Company's PRC legal advisers have reviewed the samples of tenancy agreements mentioned in note 7 and have a legal opinion that such samples of tenancy agreements are legally binding on the contractual parties upon signing and their contents do not contravene the relevant PRC laws and regulations; and

f. According to the Guangzhou Guangdian's confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights. The property is not subject to any compulsory expropriation, litigation, dispute or other situation that may have material adverse effect on the property.

11. A summary of major certificates/approvals is shown as follows:

a.	Real Estate Title Certificate	Portion
b.	Construction Land Planning Permit	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate	Yes

12. For the purpose of this report, the property is classified into the group as "Group II – held for investment by the Target Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
9.	Portions of Jiangdi Village Project located at the junction of Maying Road and Jiangdi Zhong Road Hanyang District Wuhan City Hubei Province The PRC (江堤村)	Jiangdi Village Project is located at the junction of Maying Road and Jiangdi Zhong Road in Hanyang District. It is well-served by public transportation. The surrounding environment comprises a mega residential development. Jiangdi Village Project occupies 3 parcels of land with a total site area of approximately 199,563.72 sq.m., which have been developed into a residential and commercial development. Jiangdi Village Project has a gross floor area of approximately 704,154 sq.m. and was completed during 2012 and 2014. The property comprises various residential and commercial units and 1,778 car parking spaces with a total gross floor area of approximately 52,555.17 sq.m. The usage and gross floor area details of the property are set out in note 8. The land use rights of the property have been granted for terms expiring on 25 March 2080 for residential use and 25 March 2050 for commercial use.	Portions of the property are currently vacant for sale. Portions of the property are currently rented to a third party for commercial purpose and the remaining portion of the property is vacant.	924,300,000

Notes:

1. Pursuant to a Wuhan Commodity Housing Ownership Certificate – Wu Fang Shang Zheng Yang Zi Di No. 2014015114, 3 commercial units with a total gross floor area of approximately 1,500.70 sq.m. are owned by Wuhan Guangdian Real Estate Development Co., Ltd. (武漢廣電房地產開發有限公司, "Wuhan Guangdian", a wholly-owned subsidiary of the Target Company).

2. Pursuant to a Construction Land Planning Permit – Wu Gui Di (2010) No. 040, permission towards the planning of a parcel of land (including the property) with a site area of approximately 199,563.71 sq.m. has been granted to Wuhan Guangdian.

3. Pursuant to 3 State-owned Land Use Rights Certificates – Wu Guo Yong (2010) Di Nos. 166 to 168, the land use rights of 3 parcels of land (including the land use rights of the property) with a total site area of approximately 199,563.72 sq.m. have been granted to Wuhan Guangdian for terms expiring on 25 March 2080 for residential use and 25 March 2050 for commercial use.

4. Pursuant to 3 Construction Work Planning Permits – Jian Zi Di Wu Gui (Yang) Jian (2010) Nos. 73 and 82 and (2011) No. 8 in favour of Wuhan Guangdian, Jiangdi Village Project (including the property) with a gross floor area of approximately 709,410.49 sq.m. has been approved for construction.

5. Pursuant to 5 Construction Work Commencement Permits – Jian Zi Di Nos. 4201052010031800214BJ4001 to 4201052010031800214BJ4004 and 42010520100318002SG014001 in favour of Wuhan Guangdian, permissions by the relevant local authority were given to commence the construction of Jiangdi Village Project (including the property) with a gross floor area of approximately 709,410.52 sq.m.

6. Pursuant to 13 Pre-sale Permits – Wu Fang Kai Yu Shou (2011) Nos. 158, 288, 396 and 558, (2012) Nos. 18, 74, 227, 303, 459 and 513, (2013) Nos. 052 and 227 and (2014) No. 432 in favour of Wuhan Guangdian, the Target Group is entitled to sell Jiangdi Village Project (representing a total gross floor area of approximately 585,462.75 sq.m.) to purchasers.

7. Pursuant to 44 Construction Work Completion and Inspection Certificates in favour of Wuhan Guangdian, the construction of Project Jiangdi Village (including the property) with a gross floor area of approximately 704,154 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of car parking space**
Group I – held for sale	Residential	43,476.34	
	Commercial	7,578.76	
	Basement	Not Available	1,778
	Sub-total:	51,055.10	1,778
Group II – held for investment	Commercial	1,500.07	
	Sub-total:	1,500.07	
	Total:	52,555.17	1,778

9. As advised by the Target Group, various residential units and various commercial units with a total gross floor area of approximately 23,390.9 sq.m. and 185 car parking spaces of the property have been pre-sold to various third parties at a total consideration of RMB277,426,502. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Pursuant to a Tenancy Agreement, a portion of the property with a gross floor area of approximately 591.35 sq.m. was leased to a tenant with expiry date on 31 May 2020. The monthly rental as at the valuation date was RMB10,900 exclusive of management fees, water and electricity charges.

11. Our valuation has been made on the following basis and analysis:

    a. For portions of the property (Group I), we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 to RMB27,000 per sq.m. for residential units, RMB20,000 to RMB25,000 per sq.m. for commercial units and RMB90,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;

    b. For the remaining portion of the property (Group II), we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

    c. The unit rent of these comparable commercial units on first floor ranges from RMB3.6 to RMB4 per sq.m. per day; and

    d. Based on our research on market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 4% to 5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 4.5% for the commercial units of the property as the capitalization rate in the valuation.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Wuhan Guangdian is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Wuhan Guangdian has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of property in accordance with relevant land use rights grant contract and the aforesaid State-owned Land Use Rights Certificates;

    b. Wuhan Guangdian has obtained the aforesaid State-owned Land Use Rights Certificates and legally holds the land use rights of the land parcels of the property. According to the materials provided by Wuhan Guangdian, the land premium and deed tax have been fully paid;

    c. Wuhan Guangdian has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Wuhan Guangdian is in possession of the legal and integrated development rights of the property;

    d. Wuhan Guangdian has obtained necessary Pre-sale Permits, Wuhan Guangdian is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

    e. The construction of the property has passed final inspection acceptance. Wuhan Guangdian can apply for the Building Ownership Certificate of the property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Wuhan Guangdian to obtain the Building Ownership Certificate of such property;

    f. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Wuhan Guangdian and Wuhan Guangdian is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws;

    g. The Company's PRC legal advisers have reviewed the sample of tenancy agreement mentioned in note 10 and have a legal opinion that such sample of tenancy agreement is legally binding on the contractual parties upon signing and their contents do not contravene the relevant PRC laws and regulations; and

    h. As advised by Wuhan Guangdian, the mortgages of the property were released, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights. The Company's PRC legal advisors have a legal opinion that portions of the property are still subject to mortgages in favor of a third party due to lack of the relevant mortgage cancellation documents.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date *(RMB)*
Group I – held for sale by the Target Group	900,100,000
Group II – held for investment by the Target Group	24,200,000
Total:	924,300,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
10.	Portions of Lanting Shidai located at the junction of Jiangcheng Avenue and 3rd Ring Road Hanyang District Wuhan City Hubei Province The PRC (蘭亭時代)	Lanting Shidai is located at the junction of Jiangcheng Avenue and 3rd Ring Road in Hanyang District. The locality is an area with limited public transportation. The surrounding environment comprises several residential and commercial projects under construction. Lanting Shidai occupies 2 parcels of land with a total site area of approximately 214,033.72 sq.m., which will be developed into a residential and commercial development. Phase I has a gross floor area of approximately 366,991.94 sq.m. and was completed in 2015. Phase II is currently under construction and scheduled to be completed in June 2018. As advised by the Target Group, upon completion, Lanting Shidai will have a total planned gross floor area of approximately 783,864.56 sq.m. The property comprises the unsold portions of Phase I and the whole of Phase II. The usage and planned gross floor area details of the property are set out in note 8. As advised by the Target Group, the total construction cost of Phase II is estimated to be approximately RMB1,231,230,000, of which approximately RMB469,770,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 26 October 2082 for residential use.	The unsold portions of Phase I are currently vacant for sale. Phase II is currently under construction.	2,937,400,000

Notes:

1. Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts – Nos. WH-2012-B118 and WH-2012-B119 both dated 27 October 2012, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 214,033.72 sq.m. were contracted to be granted to Wuhan Guanghong Real Estate Development Co., Ltd. (武漢廣泓房地產開發有限公司, "Wuhan Guanghong", a wholly-owned subsidiary of the Target Company) for a term of 70 years for residential use commencing from 21 November 2012. The total land premium was RMB1,210,000,000. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to 2 Construction Land Planning Permits – Di Zi Di Wu Gui Di (2012) Nos. 124 and 125, permissions towards the planning of the aforesaid land parcels (including the property) with a total site area of approximately 214,033.72 sq.m. have been granted to Wuhan Guanghong.

3. Pursuant to 2 State-owned Land Use Rights Certificates – Wu Guo Yong (2012) Di Nos. 318 and 319, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 214,033.72 sq.m. have been granted to Wuhan Guanghong for a term of 70 years expiring on 26 October 2082 for residential use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Wu Gui (Yang) Jian (2012) Nos. 36 and 37 in favour of Wuhan Guanghong, Lanting Shidai (including the property) with a gross floor area of approximately 781,145.84 sq.m. has been approved for construction.

5. Pursuant to 9 Construction Work Commencement Permits – Nos. 4201052012052100214BJ4001 to 4201052012052100214BJ4004, 4201052012052100114BJ4001 to 4201052012052100114BJ4004 and 4201042013032000114BJ4008 in favour of Wuhan Guanghong, permissions by the relevant local authority were given to commence the construction of Lanting Shidai (including the property) with a gross floor area of approximately 781,145.84 sq.m.

6. Pursuant to 12 Pre-sale Permits – Wu Fang Kai Yu Shou (2013) Nos. 140, 240, 401 and 569, (2014) Nos. 096, 368 and 555 and (2015) Nos. 131, 200, 351, 504 and 676 in favour of Wuhan Guanghong, the Target Group is entitled to sell Phase I and portions of Phase II of Lanting Shidai (representing a total gross floor area of approximately 523,896.36 sq.m.) to purchasers.

7. Pursuant to 23 Construction Work Completion and Inspection Certificates in favour of Wuhan Guanghong, the construction of portions of Phase I of Lanting Shidai (including portions of the property) with a total gross floor area of approximately 366,991.94 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of car parking space**
Group I – held for sale	Residential	114,712.18	
	Commercial	6,216.01	
	Basement	34,278.36	1,018
	Sub-total:	155,206.55	1,018
Group III – held under development (Planned)	Residential	337,398.19	
	Commercial	2,126.59	
	Basement	66,252.69	2,008
	Ancillary	11,095.15	
	Sub-total:	416,872.62	2,008
	Total:	572,079.17	3,026

9. As advised by the Target Group, various residential units with a total gross floor area of approximately 339,156.18 sq.m. and 17 car parking spaces of the property have been pre-sold to various third parties at a total consideration of RMB2,459,420,945. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of Phase II as if completed as at the valuation date is estimated to be RMB2,763,040,000.

11. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,200 to RMB7,900 per sq.m. for residential units, RMB15,000 to RMB25,000 per sq.m. for commercial units and RMB90,000 to RMB150,000 per space for car parking space. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Wuhan Guanghong is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Wuhan Guanghong has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property in accordance with relevant land use rights grant contracts and the aforesaid State-owned Land Use Rights Certificates;

    b. Wuhan Guanghong has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Wuhan Guanghong is in possession of the legal and integrated development rights of the property;

    c. Wuhan Guanghong has obtained necessary Pre-sale Permits, Wuhan Guanghong is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

    d. The construction of Phase I of the property has passed final inspection acceptance. Wuhan Guanghong can apply for the Building Ownership Certificate of such property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Wuhan Guanghong to obtain the Building Ownership Certificate of such property;

    e. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Wuhan Guanghong, and Wuhan Guanghong is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

    f. According to the Wuhan Guanghong's written confirmation, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	985,300,000
Group III – held under development by the Target Group	1,952,100,000
Total:	2,937,400,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
11.	Portions of Lanting Ronghui located at the Gutian Si Road Jian Rong Village Qiaokou District Wuhan City Hubei Province The PRC (蘭亭榮薈)	Lanting Ronghui is located at the Gutian Si Road in Qiaokou District. The subject area of the property is about 1.5 kilometers away from the 2nd Ring Road. The surrounding environment is a traditional residential area. Lanting Ronghui occupies 4 parcels of land with a total site area of approximately 109,207.01 sq.m., which will be developed into a residential and commercial development. Phase I has a gross floor area of approximately 119,653.42 sq.m. and was completed in 2015. Phases II to IV ("CIP") are currently under construction and are scheduled to be completed in September 2018. As advised by the Target Group, upon completion, Lanting Ronghui will have a total planned gross floor area of approximately 598,874.25 sq.m. The property comprises the unsold portions of Phase I and CIP. The usage and planned gross floor area details of the property are set out in note 9. As advised by the Target Group, the total construction cost of CIP is estimated to be approximately RMB1,556,380,000, of which approximately RMB268,430,000 had been paid up to the valuation date. The land use rights of 3 parcels of land of the property have been granted for terms expiring on 13 April 2084, 26 March 2085 and 1 September 2085 for residential use and 1 September 2055 for commercial use. The remaining parcel of land of the property would be contracted to be granted.	The unsold portions of Phase I are currently vacant for sale. Phases II to IV are currently under construction.	2,701,000,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Transaction Confirmation Letter – Wu Tu Jiao Que Zi (2012) Di No. 81 dated 24 August 2012, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 109,207.01 sq.m. would be contracted to be granted to Wuhan Guangdian Haige Real Estate Development Co., Ltd. (武漢廣電海格房地產開發有限公司, "Wuhan Haige", a 70%-owned subsidiary of the Target Company) for residential use and commercial service use respectively. The land premium was RMB979,000,000. As advised by the Target Group, the land premium has been paid partially as at the valuation date.

2. Pursuant to 3 State-owned Construction Land Use Rights Grant Contracts – WH-2014-B059, WH-2015-B091 and WH-2015-B035 dated 17 April 2014, 27 March 2015 and 2 September 2015 respectively, the land use rights of 3 parcels of land (including portions of the land use rights of the property) with a total site area of approximately 84,789.47 sq.m. were contracted to be granted to Wuhan Haige for terms of 70 years for residential use and 40 years for commercial and office uses commencing from the land delivery date. The total land premium was RMB796,665,000. As advised by the Target Group, the land premium has been fully paid.

3. Pursuant to a Construction Land Planning Permit – Di Zi Di Wu Gui Di (2013) No. 102, permission towards the planning of a parcel of land (including the property) with a site area of approximately 109,207.01 sq.m. has been granted to Wuhan Haige.

4. Pursuant to 3 State-owned Land Use Rights Certificates – Wu Guo Yong (2014) No. 110 and (2015) Nos. 190 and 69, the land use rights of 3 parcels of land (including portions of the land use rights of the property) with a total site area of approximately 84,789.47 sq.m. have been granted to Wuhan Haige for terms expiring on 13 April 2084, 26 March 2085 and 1 September 2085 for residential use and 1 September 2055 for commercial use.

5. Pursuant to 4 Construction Work Planning Permits – Wu Gui (Qiao) Jian (2013) No. 15 and (2014) Nos. 013, 009 and 029 in favour of Wuhan Haige, portions of Lanting Ronghui (including portions of the property) with a total gross floor area of approximately 594,791.38 sq.m. have been approved for construction.

6. Pursuant to 5 Construction Work Commencement Permits – 420104201303200011 4BJ4001, 420104201303200011 4BJ4005, 420104201303200011 4BJ4006, 420104201303200011 4BJ4004 and 420104201303200011 4BJ4007 in favour of Wuhan Haige, permissions by the relevant local authority have been given to commence the construction of Phases I to IV of Lanting Ronghui (including portions of the property) with a total gross floor area of approximately 594,791.37 sq.m.

7. Pursuant to 6 Pre-sale Permits – Wu Fang Kai Yu Shou (2014) Nos. 246 and 554 and (2015) Nos. 235, 507, 677 and 678 in favour of Wuhan Haige, the Target Group is entitled to sell portions of Phases I to III of Lanting Ronghui (representing a total gross floor area of approximately 329,315.33 sq.m.) to purchasers.

8. Pursuant to 6 Construction Work Completion and Inspection Tables in favour of Wuhan Haige, the construction of Phase I of Lanting Ronghui with a total gross floor area of approximately 119,653.42 sq.m. has been completed and passed the inspection acceptance.

9. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I – held for sale	Residential	54,071.03	
	Commercial	12,317.50	
	Office	34,959.71	
	Basement	17,093.83	531
	Ancillary	1,211.35	
	Sub-total:	119,653.42	531
Group III – held under development (Planned)	Residential	297,402.97	
	Ancillary	9,321.91	
	Basement	60,938.14	1,752
	Sub-total:	367,663.02	1,752
Group V – to be acquired (Planned)	Residential	96,198.20	
	Ancillary	2,663.63	
	Basement	12,695.98	416
	Sub-total:	111,557.81	416
	Total:	598,874.25	2,699

10. As advised by the Target Group, 1,794 residential units with a total gross floor area of approximately 160,253.48 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,662,247,552. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

11. The market value of CIP as if completed as at the valuation date is estimated to be RMB4,388,600,000.

12. As at the valuation date, a parcel of land of the property with a site area of approximately 24,417.54 sq.m. has not been assigned to Wuhan Haige and thus the title of the aforesaid land parcel of the property has not been vested in Wuhan Haige. Therefore, we have attributed no commercial value to Phase IV (site area of approximately 24,417.54 sq.m. with a planned gross floor area of approximately 111,557.81 sq.m.) of the property. However, for reference purpose, we are of the opinion that the market value of Phase IV of the property as at the valuation date would be RMB467,000,000 on condition that the relevant title certificates have been obtained by Wuhan Haige and Wuhan Haige is entitled to freely transfer, lease, mortgage or otherwise dispose of Phase IV of the property. As advised by the Target Group, the relevant State-owned Land Use Rights Certificates are expected to be obtained by the end of August 2016.

13. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,000 to RMB11,000 per sq.m. for residential units, and RMB130,000 and RMB140,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

14. Pursuant to a series of mortgage contracts and relevant agreements, portions of the construction works of the property are subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Wuhan Haige.

15. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

 a. Wuhan Haige is legally in possession of the land use rights of Phases I to III of the property by the means of grant and is the sole legal user of the land use rights of Phases I to III of the property. Within the land use rights term, Wuhan Haige has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of Phases I to III of the property in accordance with relevant land use rights grant contracts and the aforesaid State-owned Land Use Rights Certificates;

 b. The State-owned Construction Land Use Rights Transaction Confirmation Letter has entered into between the Stated-owned Land Resources and Planning Bureau of Wuhan City (武漢市國土資源和規劃局) and Wuhan Haige. The relevant State-owned Construction Land Use Rights Grant Contract has not been contracted and Wuhan Haige has not obtained the relevant State-owned Land Use Rights Certificate. The aforesaid State-owned Construction Land Use Rights Transaction Confirmation Letter is legal and valid and Wuhan Haige has the rights to apply to sign the relevant State-owned Construction Land Use Rights Grant Contract with Stated-owned Land Resources and Planning Bureau of Wuhan City in accordance with relevant confirmation letter;

 c. Wuhan Haige has obtained necessary approvals, permits and certificates for the current stage of the construction works of Phases II and III. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Wuhan Haige is in possession of the legal and integrated development rights of the property;

 d. Wuhan Haige has not obtained the State-owned Land Use Rights Certificate of Phase IV of the property. As advised by the Company's PRC legal advisors, Wuhan Haige has not yet possessed the integrated development rights of Phase IV of the property;

 e. Wuhan Haige has obtained necessary Pre-sale Permits, Wuhan Haige is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

 f. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Wuhan Haige, and Wuhan Haige is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

 g. According to the Wuhan Haige's written confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

16. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Transaction Confirmation Letter	Yes
b.	State-owned Construction Land Use Rights Grant Contract	Portion
c.	State-owned Land Use Rights Certificate	Portion
d.	Building Ownership Certificate	No
e.	Construction Land Planning Permit	Yes
f.	Construction Work Planning Permit	Yes
g.	Construction Work Commencement Permit	Yes
h.	Pre-sale Permit	Portion
i.	Construction Work Completion and Inspection Certificate/Table	Portion

16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	441,100,000
Group III – held under development by the Target Group	2,259,900,000
Group V – to be acquired by the Target Group	No commercial value
Total:	2,701,000,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
12.	Portions of World Style located at Jiangdi Middle Road Hanyang District Wuhan City Hubei Province The PRC (武漢蘭亭盛薈)	World Style is located at Jiangdi Middle Road in Hanyang District. The subject area of the property is about 1 kilometer away from the 3rd Ring Road. The surrounding environment is a newly-developed residential area. World Style occupies 6 parcels of land with a total site area of approximately 281,683.61 sq.m., which will be developed into a residential and commercial development. Phase B6 has a total gross floor area of approximately 141,512.95 sq.m. and was completed in 2015. Phase B5 is currently under construction and is scheduled to be completed in June 2017. The construction of Phases B4, B7, B8 and B9 has not commenced. As advised by the Target Group, upon completion, World Style will have a total planned gross floor area of approximately 920,163.62 sq.m. The property comprises the unsold portions of Phase B6, Phase B5 (under construction) and Phases B4, B7, B8 and B9 (bare land). The usage and planned gross floor area details of the property are set out in note 9. As advised by the Target Group, the total construction cost of Phase B5 (under construction) is estimated to be approximately RMB743,510,000, of which approximately RMB247,850,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 23 November 2080, 19 December 2080 and 23 April 2082 for residential use and 23 November 2050 for commercial use.	The unsold portions of Phase B6 are currently vacant for sale. Phase B5 is currently under construction. Phases B4, B7, B8 and B9 are bare land for future development.	3,897,300,000

Notes:

1. Pursuant to 3 Construction Land Planning Permits – Wu Gui (Yang) Di Nos. (2012) 21, (2012) 22 and (2013) 7, permissions towards the planning of the 3 parcels of land (including portions of the property) with a total site area of approximately 96,074.65 sq.m. have been granted to Wuhan Guangdian Guobo Real Estate Development Co., Ltd. (武漢廣電國博房地產開發有限公司, "Wuhan Guobo", a wholly-owned subsidiary of the Target Company).

2. Pursuant to 2 Construction Land Planning Permits – Wu Gui (Yang) Di Nos. (2013) 25 and (2013) 26, permissions towards the planning of the 2 parcels of land (including portions of the property) with a total site area of approximately 110,511.09 sq.m. have been granted to Wuhan Guangdian Xincheng Real Estate Development Co., Ltd. (武漢廣電新城房地產開發有限公司, "Wuhan Xincheng", a wholly-owned subsidiary of the Target Company).

3. Pursuant to 4 State-owned Land Use Rights Certificates – Wu Guo Yong (2011) Di Nos. 436 to 439, the land use rights of 4 parcels of land (including portions of the land use rights of the property) with a total site area of approximately 171,172.52 sq.m. have been granted to Wuhan Guobo for terms expiring on 23 November 2080 and 19 December 2080 for residential use and 23 November 2050 for commercial use.

4. Pursuant to 2 State-owned Land Use Rights Certificates – Wu Guo Yong (2011) Di Nos. 48 and 49, the land use rights of 2 parcels of land (including portions of the land use rights of the property) with a total site area of approximately 110,511.09 sq.m. have been granted to Wuhan Xincheng for terms expiring on 23 April 2082 for residential use and 23 November 2050 for commercial use.

5. Pursuant to 2 Construction Work Planning Permits – Wu Gui (Yang) Jian (2013) No. 047 in favour of Wuhan Guobo and Wu Gui (Yang) Jian (2014) No. 039 in favour of Wuhan Xincheng, Phases B5 and B6 of World Style with a total gross floor area of approximately 319,790.09 sq.m. have been approved for construction.

6. Pursuant to 3 Construction Work Commencement Permits – Nos. 4201052013032000114BJ4001 and 4201052013032000114BJ4002 in favour of Wuhan Guobo and No. 4201052013071800214BJ4001 in favour of Wuhan Xincheng, permissions by the relevant local authority have been given to commence the construction of Phases B5 and B6 of World Style with a total gross floor area of approximately 319,790.09 sq.m.

7. Pursuant to 7 Pre-sale Permits – Wu Fang Kai Yu Shou (2014) Nos. 235, 528 and 529 in favour of Wuhan Guobo and Wu Fang Kai Yu Shou (2015) Nos. 350, 438 and 675 and (2016) No. 127 in favour of Wuhan Xincheng, the Target Group is entitled to sell portions of Phases B5 and B6 of World Style (representing a total gross floor area of approximately 250,377.59 sq.m.) to purchasers.

8. Pursuant to 3 Construction Work Completion and Inspection Tables in favour of Wuhan Guobo, the construction of portions of Phase B6 of World Style with a total gross floor area of approximately 45,926 sq.m. has been completed and passed the inspection acceptance.

9. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area *(sq.m.)*	Nos. of car parking space
Group I – held for sale	Residential	111,080.26	
	Ancillary	6,195.46	
	Basement	24,237.23	767
	Sub-total:	141,512.95	767
Group III – held under development (Planned)	Residential	137,685.48	
	Ancillary	7,455.70	
	Basement	32,807.47	1,043
	Sub-total:	177,948.65	1,043

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group IV – held for future development (Planned)	Residential	341,783.87	
	Commercial	50,704.80	
	Office	57,455.90	
	Ancillary	13,600.64	
	Basement	137,156.81	4,347
	Sub-total:	600,702.02	4,347
	Total:	920,163.62	6,157

10. As advised by the Target Group, various residential units with a total gross floor area of approximately 199,440.98 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,857,702,099. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

11. The market value of Phase B5 (under construction) as if completed as at the valuation date is estimated to be RMB1,492,900,000.

12. Our valuation has been made on the following basis and analysis:

    a. For Phases B6 and B5 (Group I and Group III), we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,000 to RMB10,000 per sq.m. for residential units and RMB120,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

    b. For Phases B4, B7, B8 and B9 (Group IV), we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB3,900 to RMB4,500 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

13. Pursuant to a series of mortgage contracts and relevant agreements, portions of the land use rights and portions of Phase B6 of the property are subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Wuhan Xincheng and Wuhan Guobo.

14. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Wuhan Xincheng is legally in possession of the land use rights of Phases B5 and B8 of the property by the means of intangible assets injection and is the sole legal user of the land use rights of Phases B5 and B8 of the property. Within the land use rights term, Wuhan Xincheng has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of Phases B5 and B8 of the property in accordance with relevant land use rights grant contract and the aforesaid State-owned Land Use Rights Certificates and in compliance with the provisions of the relevant mortgage contracts;

    b. Wuhan Guobo is legally in possession of the land use rights of Phases B4, B6, B7 and B9 of the property by the means of intangible assets injection and is the sole legal user of the land use rights of Phases B4, B6, B7 and B9 of the property. Within the land use rights term, Wuhan Guobo has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of Phases B4, B6, B7 and B9 of the property in accordance with relevant land use rights grant contract and the aforesaid State-owned Land Use Rights Certificates and in compliance with the provisions of the relevant mortgage contracts;

c. Wuhan Xincheng has obtained necessary approvals, permits and certificates for the current stage of the construction works of Phase B5. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Wuhan Xincheng is in possession of the legal and integrated development rights of Phase B5 of the property;

d. Wuhan Guobo has obtained necessary approvals, permits and certificates for the current stage of the construction works of Phase B6. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Wuhan Guobo is in possession of the legal and integrated development rights of Phase B6 of the property;

e. Wuhan Guobo and Wuhan Xincheng have obtained necessary Pre-sale Permits, Wuhan Guobo and Wuhan Xincheng are entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

f. The construction of portions of Phase B6 of the property has passed final inspection acceptance. Wuhan Guobo can apply for the Building Ownership Certificate of such property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Wuhan Guobo to obtain the Building Ownership Certificate of such property;

g. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Wuhan Guobo and Wuhan Xincheng, and Wuhan Guobo and Wuhan Xincheng are entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

h. According to the Wuhan Guobo and Wuhan Xincheng's written confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

15. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No
c.	Construction Land Planning Permit	Portion
d.	Construction Work Planning Permit	Portion
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table	Portion

16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	1,122,600,000
Group III – held under development by the Target Group	956,900,000
Group IV – held for future development by the Target Group	1,817,800,000
Total:	3,897,300,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
13.	Laoguan Village Project located at the eastern side of Changjiang Road and the northern side of Laoguan Middle Road Hanyang District Wuhan City Hubei Province The PRC (老關村)	Laoguan Village Project is located at the eastern side of Changjiang Road and the northern side of Laoguan Middle Road in Hanyang District. The subject area of the property is served by limited public transportation. The surrounding environment is a newly-developed area. Laoguan Village Project comprises a parcel of land with a site area of approximately 145,356.04 sq.m., which will be developed into a composite development. The construction of Laoguan Village Project has not commenced. As advised by the Target Group, upon completion, Laoguan Village Project will have a total planned gross floor area of approximately 1,033,577.32 sq.m. The details are set out as below:	The property is currently under demolition.	No commercial value

Usage	Planned Gross Floor Area *(sq.m.)*
Residential	610,400.00
Commercial	112,516.50
Basement	264,690.00
Ancillary	45,970.82
Total:	1,033,577.32

The land use rights of the property would be contracted to be granted.

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Transaction Confirmation Letter – Wu Tu Jiao Que Zi (2014) Di No. 074-1, the land use rights of a parcel of land with a site area of approximately 145,356.04 sq.m. would be contracted to be granted to Wuhan Guangshen Real Estate Development Co., Ltd. (武漢廣申房地產開發有限公司, "Wuhan Guangshen", a wholly-owned subsidiary of the Target Company). The land premium (including compensation fees) was RMB1,487,900,000. As advised by the Target Group, the land premium has been paid partially as at the valuation date.

2. As at the valuation date, the property has not been assigned to Wuhan Guangshen and thus the title of the property has not been vested in Wuhan Guangshen. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB2,230,500,000 on condition that the relevant title certificates have been obtained by Wuhan Guangshen and Wuhan Guangshen is entitled to freely transfer, lease, mortgage or otherwise dispose of the property as clear and vacant site. As advised by the Target Group, the relevant State-owned Land Use Rights Certificates are expected to be obtained by the end of September 2016.

3. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation for reference purpose, we have made reference to sales prices of land within the similar areas which have the same characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB2,700 to RMB2,900 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   The State-owned Construction Land Use Rights Transaction Confirmation Letter is legal, valid and binding. Wuhan Guangshen has the rights to apply to sign the relevant State-owned Construction Land Use Rights Grant Contract with Stated-owned Land Resources and Planning Bureau of Wuhan City in accordance with relevant confirmation letter.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Transaction Confirmation Letter	Yes
b.	State-owned Land Use Rights Grant Contract	No
c.	State-owned Land Use Rights Certificate	No
d.	Construction Land Planning Permit	No
e.	Construction Work Planning Permit	Not Applicable
f.	Construction Work Commencement Permit	Not Applicable
g.	Pre-sale Permit	Not Applicable
h.	Construction Work Completion and Inspection Certificate/Table	Not Applicable

6. For the purpose of this report, the property is classified into the group as "Group V – to be acquired by the Target Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
14.	2 parcels of land located at the junction of Liji North Road and Shundao Street Qiaokou District Wuhan City Hubei Province The PRC (利濟北路)	Liji North Road Project is located at the junction of Liji North Road and Shundao Street in Qiaokou District. The subject area of the property is well-served by public transportation. The surrounding environment comprises several residential developments. Liji North Road Project comprises 2 parcels of land with a total site area of approximately 6,059.80 sq.m., which will be developed into a residential and commercial development. The construction of Liji North Road Project has not commenced. As advised by the Target Group, upon completion, Liji North Road Project will have a planned plot ratio accountable gross floor area (計容積率建築面積) of approximately 37,570.76 sq.m. The land use rights of a parcel of land of the property have been granted for a term of 70 years expiring on 8 June 2079 for residential use. The remaining parcel of land of the property would be contracted to be granted.	A parcel of land of the property is currently under demolition. The other parcel of land of the property is bare land for future development.	126,400,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – WH-2009-040 dated 9 June 2009, the land use rights of a parcel of land with a site area of approximately 2,427.95 sq.m. were contracted to be granted to Wuhan Donghui Real Estate Development Co., Ltd. (武漢東輝房地產開發有限公司, "Wuhan Donghui", a wholly-owned subsidiary of the Target Company) for a term of 70 years for residential use commencing from the land delivery date.The land premium was RMB25,500,000. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to a Transfer Agreement dated in September 2014, the land use rights of a parcel of land with a site area of approximately 2,427.95 sq.m. were contracted to be transferred from Wuhan Donghui to Wuhan Xindonghui Real Estate Development Co., Ltd. (武漢鑫東輝房地產開發有限公司, "Wuhan Xindonghui", a wholly-owned subsidiary of the Target Company).

3. Pursuant to a State-owned Land Use Rights Certificate – Wu Guo Yong (2015) Di No. 15, the land use rights of a parcel of land with a site area of approximately 2,378.15 sq.m. have been granted to Wuhan Xindonghui for a term expiring on 8 June 2079 for residential use.

4. Pursuant to a State-owned Construction Land Use Rights Transaction Confirmation Letter – Wu Tu Jiao Que Zi (2010) Di No. 170-1 dated 26 June 2012, the land use rights of a parcel of land with a site area of approximately 3,681.65 sq.m. would be contracted to be granted to Wuhan Xindonghui. The land premium (including compensation fees) was RMB135,000,000. As advised by the Target Group, the land premium has been paid partially as at the valuation date.

5. As at the valuation date, the land parcel mentioned in note 4 has not been assigned to Wuhan Xindonghui and thus the title of the aforesaid land parcel of the property has not been vested in Wuhan Xindonghui. Therefore, we have attributed no commercial value to the aforesaid land parcel of the property. However, for reference purpose, we are of the opinion that the market value of the aforesaid land parcel of the property as at the valuation date would be RMB195,600,000 on condition that the relevant title certificates have been obtained by Wuhan Xindonghui and Wuhan Xindonghui is entitled to freely transfer, lease, mortgage or otherwise dispose of the aforesaid land parcel of the property as clear and vacant site. As advised by the Target Group, the relevant State-owned Land Use Rights Certificate is expected to be obtained by the end of July 2016.

6. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB7,700 to RMB8,400 per sq.m. for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The State-owned Construction Land Use Rights Transaction Confirmation Letter which was entered into between the Stated-owned Land Resources and Planning Bureau of Wuhan City (武漢市國土資源和規劃局) and Wuhan Xindonghui is legal, valid and binding. Wuhan Xindonghui has the rights to apply to sign the relevant State-owned Construction Land Use Rights Grant Contract with Stated-owned Land Resources and Planning Bureau of Wuhan City in accordance with relevant confirmation letter;

   b. The State-owned Construction Land Use Rights Grant Contract which was entered into between the Stated-owned Land Resources and Housing Management Bureau of Wuhan City (武漢市國土資源和房產管理局) and Wuhan Donghui is legal, valid and binding. Wuhan Xindonghui obtains the State-owned Land Use Rights Certificate by means of the State-owned assets transfer procedures and is the sole legal user of the land use rights of the land parcel of the property mentioned in note 3. Within the land use rights term, Wuhan Xindonghui has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of property in accordance with relevant land use rights grant contract and aforesaid State-owned Land Use Rights Certificate; and

   c. According to the Wuhan Xindonghui's confirmation, the land use rights of the land parcel of the property mentioned in note 3 are not subject to any restrictions arising from any sequestration, mortgage or any other rights.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Transaction Confirmation Letter	Yes
b.	State-owned Construction Land Use Rights Grant Contract	Portion
c.	State-owned Land Use Rights Certificate	Portion
d.	Construction Land Planning Permit	No
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	Not Applicable
g.	Pre-sale Permit	Not Applicable
h.	Construction Work Completion and Inspection Certificate/Table	Not Applicable

9. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group IV – held for future development by the Target Group	126,400,000
Group V – to be acquired by the Target Group	No commercial value
Total:	126,400,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
15.	Portions of Royall Lake Town No. 161 of Jinci Road Jinyuan District Taiyuan City Shanxi Province The PRC (蘭亭御湖城)	Royall Lake Town is located at Jinci Road in Jinyuan District. The subject area of the property is about 1.1 kilometres away from the South Middle Ring Street. The surrounding environment is a traditional residential area. Royall Lake Town occupies 10 parcels of land with a total site area of approximately 204,369.04 sq.m., which will be developed into a residential and commercial development. Phases I and II have a total gross floor area of approximately 465,648.33 sq.m. and were completed during 2012 and 2014. Phase III is currently under construction and is scheduled to be completed in June 2017. The construction of Phase IV has not commenced. As advised by the Target Group, upon completion, Royall Lake Town will have a total planned gross floor area of approximately 728.267.62 sq.m. The property comprises the unsold portions of Phases I and II, Phase III (under construction) and Phase IV (bare land). The usage and planned gross floor area details of the property are set out in note 7. As advised by the Target Group, the total construction cost of Phase III (under construction) is estimated to be approximately RMB1,047,830,000, of which approximately RMB412,620,000 had been paid up to the valuation date. The land use rights of 2 parcels of land of the property have been granted for terms expiring on 18 June 2058 for residential use and 18 June 2048 for commercial use. The land use rights of 8 parcels of land of the property have been granted for terms expiring in June 2058 for residential use and in June 2048 for commercial use.	The unsold portions of Phases I and II are currently vacant for sale, Phase III is currently under construction and Phase IV is bare land for future development.	1,892,300,000

Notes:

1. Pursuant to a Construction Land Planning Permit – Bing Gui Xu Zi (2008) Di No. 0140, permission towards the planning of the a parcel of land (including the property) with a site area of approximately 241,166 sq.m. has been granted to Shanxi Hezhongruitong Investment Co., Ltd. (山西合眾瑞通投資有限公司, "Hezhongruitong", a wholly-owned subsidiary of the Target Company).

2. Pursuant to 10 State-owned Land Use Rights Certificates – Bing Zheng Di Guo Yong (2009) Di Nos. 00289 to 00296 and (2013) Di Nos. 00184 and 00185, the land use rights of 10 parcels of land (including the land use rights of the property) with a total site area of approximately 204,369.04 sq.m. have been granted to Hezhongruitong. The land use rights of 2 parcels of land have been granted for terms expiring on 18 June 2058 for residential use and 18 June 2048 for commercial use. The land use rights of 8 parcels of land have been granted for terms expiring in June 2058 for residential use and in June 2048 for commercial use.

3. Pursuant to 39 Construction Work Planning Permits – Bing Gui Jian Zheng Xin Zi (2010) Di Nos. 0466 to 0480 and 0643, Bing Gui Jian Zheng Xin Zi (2011) Di Nos. 0501 to 0514 and Bing Gui Jian Zheng Xin Zi (2013) 0762 to 0770 in favour of Hezhongruitong, Phases I to III of Royall Lake Town (including portions of the property) with a total gross floor area of approximately 745,715.75 sq.m. has been approved for construction.

4. Pursuant to 19 Construction Work Commencement Permits – Nos. 140103201011300201, 140103201011300101, 140103201101210101, 140103201112090101, 140103201203300301, 140103201303130201, 140103201303130301, 140103201303130401, 140103201303130501, 140103201412310201, 140103201412310301, 140103201405120601, 140103201405120701, 140103201403190401, 140103201405120801, 140103201412310501, 140103201303130601, 140103201405120901 and 140103201412310401 in favour of Hezhongruitong, permissions by relevant local authority were given to commence the construction of Phases I to III of Royall Lake Town (including portions of the property) with a total gross floor area of approximately 744,903.07 sq.m.

5. Pursuant to 13 Pre-sale Permits – (2011) Bing Shang Fang Yu Shou Zi Di Nos. 0023, 0037 and 0045, (2012) Bing Shang Fang Yu Shou Zi Di Nos. 0006, 0025, 0080 and 0095, (2013) Bing Shang Fang Yu Shou Zi Di No. 0033, (2014) Bing Shang Fang Yu Shou Zi Di Nos. 0031, 0045 and 0065 and (2015) Bing Shang Fang Yu Shou Zi Di Nos. 0079 and 0127 in favour of Hezhongruitong, the Target Group is entitled to sell portions of Royall Lake Town (representing a total gross floor area of approximately 597,362.22 sq.m.) to purchasers.

6. Pursuant to 24 Construction Work Completion and Inspection Tables – Nos. 0012249 to 0012254, 0012261 to 0012268, 0012459 to 0012461, 0012560 to 0012562, 0012673, 0012677, 0012679 and 0012680 in favour of Hezhongruitong, the construction of portions of Phases I and II of Royall Lake Town (including portions of the property) with a total gross floor area of approximately 464,659.05 sq.m. has been completed and passed the inspection acceptance.

7. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I – held for sale	Residential	27,707.59	
	Commercial	24,166.19	
	Office	6,754.56	
	Basement	27,694.38	992
	Sub-total:	86,322.72	992
Group III – held under development (Planned)	Residential	146,861.73	
	Commercial	20,632.38	
	Office	39,383.99	
	Ancillary	6,077.19	
	Basement	26,364.00	1,234
	Sub-total:	239,319.29	1,234
Group IV – held for future development (Planned)	Residential	15,900.00	
	Commercial	3,400.00	
	Basement	4,000.00	170
	Sub-total:	23,300.00	170
	Total:	348,942.01	2,396

8. As advised by the Target Group, various residential units, commercial units and 367 car parking spaces of the property with a total gross floor area of approximately 147,713.47 sq.m. have been pre-sold to various third parties at a total consideration of RMB1,160,561,608. Such portions of the property have not been legally and virtually transferred and therefore we have included the units and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of Phase III (under construction) as if completed as at the valuation date is estimated to be RMB1,661,530,000.

10. Our valuation has been made on the following basis and analysis:

    a. For portions of the property (Group I and Group III), we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB6,900 to RMB11,000 per sq.m. for residential units, RMB12,000 to RMB18,000 and RMB14,000 to RMB28,000 per sq.m. for commercial units, RMB6,600 to RMB7,400 for office/apartment units and RMB132,000 and RMB225,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

    b. For Phase IV of the property (Group IV), we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB1,900 to RMB2,200 per sq.m. for residential use and RMB2,400 to RMB2,500 per sq.m. for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

11. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights and portions of the construction works of the property are subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Hezhongruitong.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Hezhongruitong is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Hezhongruitong has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of property in accordance with relevant land use rights grant contract and in compliance with the provisions of the relevant mortgage contracts. The land premium has been fully paid;

    b. Hezhongruitong has obtained necessary approvals, permits and certificates for the current stage of the construction works of Phases I to III of the property. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Hezhongruitong is in possession of the legal and integrated development rights of the property;

    c. Hezhongruitong has obtained necessary Pre-sale Permits, Hezhongruitong is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

    d. The construction of Phases I and II of the property has passed final inspection acceptance. Hezhongruitong can apply for the Building Ownership Certificate of such property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Hezhongruitong to obtain the Building Ownership Certificate of such property;

    e. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Hezhongruitong, and Hezhongruitong is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

    f. According to Hezhongruitong's written confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Portion
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	845,500,000
Group III – held under development by the Target Group	1,008,900,000
Group IV – held for future development by the Target Group	37,900,000
Total:	1,892,300,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
16.	Beiyan Village Project located at the eastern side of West Middle Ring Road and the western side of Heping South Road Jinyuan District Taiyuan City Shanxi Province The PRC (太原北堰村)	Beiyan Village Project is located at the eastern side of West Middle Ring Road and the western side of Heping South Road in Jinyuan District. The subject area of the property is about 1.4 kilometres away from the South Middle Ring Street. The surrounding environment is a traditional residential area. Beiyan Village Project occupies 5 parcels of land with a total site area of approximately 99,437.35 sq.m., which will be developed into a residential and commercial development. The construction of Beiyan Village Project has not commenced. As advised by the Target Group, upon completion, Beiyan Village Project will have a planned plot ratio accountable gross floor area (計容積率建築面積) of approximately 443,634.07 sq.m. The land use rights of the property have been granted for terms expiring on 22 January 2056 for business financial and science educational uses and 22 January 2086 for residential use.	The property is bare land for future development.	915,100,000

Notes:

1. Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts – Nos. 1401102015091 and 1401102015086 both dated 22 January 2016, the land use rights of 2 parcels of land with a total site area of approximately 99,437.35 sq.m. were contracted to be granted to Taiyuan Yingyuan Real Estate Development Co., Ltd. (太原穎沅房地產開發有限公司, "Taiyuan Yingyuan", a wholly-owned subsidiary of the Target Company) for terms of 70 years for residential use, 40 years for commercial use and 40 years for nursery and kindergarten educational use. The total land premium was RMB836,100,000. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to 5 State-owned Land Use Rights Certificates – Bing Zheng Di Guo Yong (2016) Di Nos. 00042 to 00046, the land use rights of 2 parcels of land with a total site area of approximately 99,437.35 sq.m. have been granted to Taiyuan Yingyuan for terms expiring on 22 January 2056 for business financial and science educational uses and 22 January 2086 for residential use.

3. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB1,400 to RMB2,000 per sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Taiyuan Yingyuan is legally in possession of the land use rights of the property by the means of grant and is the sole legal user of the land use rights of the property. Within the land use rights term, Taiyuan Yingyuan has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property in accordance with relevant land use rights grant contracts and the aforesaid State-owned Land Use Rights Certificates. The land premium has been fully paid; and

   b. According to Taiyuan Yingyuan's written confirmation, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	No
d.	Construction Work Planning Permit	Not Applicable
e.	Construction Work Commencement Permit	Not Applicable
f.	Pre-sale Permit	Not Applicable
g.	Construction Work Completion and Inspection Certificate/Table	Not Applicable

6. For the purpose of this report, the property is classified into the group as "Group IV – held for future development by the Target Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
17.	Portions of Lanting Shangjin located at the junction of Chunyu Road and West 3rd Ring Road Xishan District Kunming City Yunnan Province The PRC (蘭亭上錦)	Lanting Shangjin is located at the junction of Chunyu Road and West 3rd Ring Road in Xishan District. It is well-served by public transportation. The surrounding environment comprises several composite developments and a forest park. Lanting Shangjin occupies 2 parcels of land with a total site area of approximately 66,886.57 sq.m., which have been developed into a residential and commercial development. Lanting Shangjin has a gross floor area of approximately 373,471.41 sq.m. and was completed during 2014 and 2015. The property comprises various residential units and 2,480 car parking spaces with a total gross floor area of approximately 86,373.51 sq.m. The details are set out as below:	The property is currently vacant for sale.	336,100,000

Usage	Gross Floor Area *(sq.m.)*
Residential	9,264.99
2,480 car parking spaces	77,108.52
Total:	86,373.51

The land use rights of the property have been granted for a term expiring on 31 October 2081 for residential use.

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts – CR53 Kun Ming Shi Nos. 2011551 and 2011552 both dated 31 October 2011, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 66,886.57 sq.m. were contracted to be granted to Yunnan Weijia Real Estate Development Co., Ltd. (云南偉佳房地產開發有限公司, "Yunnan Weijia", a 70%-owned subsidiary of the Target Company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB475,100,000. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to 2 Construction Land Planning Permits – Di Zi Di Nos. 530101201100449 and 530101201100450, permissions towards the planning of the aforesaid land parcels (including the property) with a total site area of approximately 100.33 mu have been granted to Yunnan Weijia.

3. Pursuant to 2 State-owned Land Use Rights Certificates – Kun Guo Yong (2011) Di Nos. 00770 and 00771, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 66,886.57 sq.m. have been granted to Yunnan Weijia for a term expiring on 31 October 2081 for residential use.

4. Pursuant to 2 Construction Work Planning Permits – (Jian Zhu Gong Cheng) Jian Zi Di Nos. 530101201200353 and 530101201200121 in favour of Yunnan Weijia, Lanting Shangjin (including the property) with a gross floor area of approximately 375,266.60 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Jian Zi Nos. 530100201211220101 and 530100201207090101 in favour of Yunnan Weijia, permissions by the relevant local authority were given to commence the construction of Lanting Shangjin (including the property) with a gross floor area of approximately 375,266.60 sq.m.

6. Pursuant to 4 Pre-sale Permits – Yu Xu Kun Zi Nos. (2013-034), (2013-083), (2012-088) and (2012-105) in favour of Yunnan Weijia, the Target Group is entitled to sell 2,522 units of Lanting Shangjin (representing a total gross floor area of approximately 311,498.94 sq.m.) to purchasers.

7. Pursuant to 2 Construction Work Completion and Inspection Certificates in favour of Yunnan Weijia, the construction of Lanting Shangjin (including the property) with a gross floor area of approximately 373,471.41 sq.m. has been completed and passed the inspection acceptance.

8. As advised by the Target Group, 45 residential units with a total gross floor area of approximately 5,958.55 sq.m. and 1,191 car parking spaces of the property have been pre-sold to various third parties at a total consideration of RMB160,736,811. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,500 to RMB8,000 per sq.m. for residential units and RMB110,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Yunnan Weijia is the legal user of the land use rights of the property. The aforesaid State-owned Land Use Rights Grant Contracts are legal and valid and the land premium has been fully paid. Yunnan Weijia has the rights to occupy, use, lease and transfer the land use rights of the property in accordance with relevant PRC laws;

    b. Yunnan Weijia has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Yunnan Weijia is in possession of the legal and integrated development rights of the property;

    c. Yunnan Weijia has obtained necessary Pre-sale Permits, Yunnan Weijia is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

    d. The construction of the property has passed final inspection acceptance. Yunnan Weijia can apply for the Building Ownership Certificate of such property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Yunnan Weijia to obtain the Building Ownership Certificate of such property;

e. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Yunnan Weijia, and Yunnan Weijia is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

f. According to the materials provided by Yunnan Weijia, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Yes
h.	Construction Work Completion and Inspection Certificate/Table	Yes

12. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Target Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
18.	Landuhui Commercial Center located at the junction of Chunyu Road and Renmin West Road Xishan District Kunming City Yunnan Province The PRC (蘭都薈商業中心)	Landuhui Commercial Center is located at the junction of Chunyu Road and Renmin West Road in Xishan District. It is well-served by public transportation. The surrounding environment comprises several composite developments and a forest park. Landuhui Commercial Center occupies a parcel of land with a site area of approximately 27,012.11 sq.m., which will be developed into a commercial and office development. Landuhui Commercial Center is currently under construction and is scheduled to be completed in December 2017. As advised by the Target Group, upon completion, Landuhui Commercial Center will have a total planned gross floor area of approximately 161,361.89 sq.m. The details are set out as below:	The property is currently under construction.	668,100,000

Usage	Planned Gross Floor Area *(sq.m.)*
Office	107,373.94
Commercial	14,877.34
Basement	31,863.52
Ancillary	7,247.09
Total:	161,361.89

As advised by the Target Group, the total construction cost of Landuhui Commercial Center is estimated to be approximately RMB739,190,000, of which approximately RMB204,740,000 had been paid up to the valuation date.

The land use rights of the property have been granted for a term expiring on 31 October 2051 for commercial use.

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – CR53 Kun Ming Shi No. 2011553 dated 31 October 2011, the land use rights of a parcel of land with a site area of approximately 27,012.11 sq.m. were contracted to be granted to Yunnan Weijia Real Estate Development Co., Ltd. (云南偉佳房地產開發有限公司, "Yunnan Weijia", a 70%-owned subsidiary of the Target Company) for a term of 40 years for commercial use commencing from the land delivery date. The land premium was RMB216,109,400. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 530101201200341, permission towards the planning of the aforesaid land parcel with a site area of approximately 40.52 mu has been granted to Yunnan Weijia.

3. Pursuant to a State-owned Land Use Rights Certificate – Kun Guo Yong (2011) Di No. 00769, the land use rights of a parcel of land with a site area of approximately 27,012.11 sq.m. have been granted to Yunnan Weijia for a term expiring on 31 October 2051 for commercial use.

4. Pursuant to a Construction Work Planning Permit – (Jian Zhu Gong Cheng) Jian Zi Di No. 530101201400254 in favour of Yunnan Weijia, Landuhui Commercial Center with a gross floor area of approximately 161,361.89 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Jian Zi Nos. 530100201506100101 and 530100201510230201 in favour of Yunnan Weijia, permissions by the relevant local authority were given to commence the construction of Landuhui Commercial Center with a gross floor area of approximately 161,361.89 sq.m.

6. The market value of Landuhui Commercial Center as if completed as at the valuation date is estimated to be RMB1,350,700,000.

7. Pursuant to 3 Tenancy Agreements, portions of the property with a total gross floor area of approximately 7,547.09 sq.m. were leased to various tenants for a term of 15 years commencing from 1 January 2017 and expiring on 31 December 2031. The total monthly rental for the first year of the tenancy is RMB106,000 exclusive of management fees, water and electricity charges.

8. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,700 to RMB8,800 per sq.m. for office units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;

    b. We have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

    c. The unit rent of these comparable commercial units on first floor ranges from RMB6 to RMB11 per sq.m. per day; and

    d. Based on our research on market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 4% to 6% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 4.5% for the commercial units of the property as the capitalization rate in the valuation.

9. Pursuant to a mortgage contract and relevant agreements, the land use rights and the construction works of the property are subject to mortgages in favor of a third party. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Yunnan Weijia.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Yunnan Weijia is the legal user of the land use rights of the property. The aforesaid State-owned Land Use Rights Grant Contract is legal and valid and the land premium has been fully paid. Yunnan Weijia has the rights to occupy, use, lease and transfer the land use rights of the property in accordance with relevant PRC laws;

    b. Yunnan Weijia has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Yunnan Weijia is in possession of the legal and integrated development rights of the property;

    c. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Yunnan Weijia, and Yunnan Weijia is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws;

    d. The Company's PRC legal advisers have reviewed the samples of tenancy agreements mentioned in note 7 and have a legal opinion that such samples of tenancy agreements are legal and valid if Yunnan Weijia obtained relevant Construction Work Completion and Inspection Certificate/Table for the leased portions of the property before 1 January 2017. Otherwise, there will be material legal defects on validity of the aforesaid tenancy agreements. The Directors believe that the impact of the potential "material legal defects" on the Target Group is minor because the probability that Yunnan Weijia could not obtain relevant Construction Work Completion and Inspection Certificate/Table before 1 January 2017 is low; and

    e. According to the materials provided by Yunnan Weijia, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table	No

12. For the purpose of this report, the property is classified into the group as "Group III – held under development by the Target Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
19.	Portions of Keyi Lanting located at the eastern side of Jishan Road and the northern side of Huaji Road Huaqiao Economic Development Zone Kunshan County Suzhou City Jiangsu Province The PRC (可逸蘭亭)	Keyi Lanting is located at the eastern side of Jishan Road and the northern side of Huaji Road. It is well-served by public transportation. The surrounding environment comprises street front shops, schools and a park. Keyi Lanting occupies a parcel of land with a site area of approximately 165,198.10 sq.m., which will be developed into a residential development. Phase I and portions of Phase II have a total gross floor area of approximately 247,445.86 sq.m. and were completed during 2014 and 2015. The remaining portion of Phase II and the whole of Phase III ("CIP") are currently under construction and are scheduled to be completed in December 2016. As advised by the Target Group, upon completion, Keyi Lanting will have a total planned gross floor area of approximately 527,636.42 sq.m. The property comprises the unsold portions of Phase I and portions of Phase II ("the unsold units") and CIP. The usage and planned gross floor area details of the property are set out in note 8. As advised by the Target Group, the total construction cost of CIP is estimated to be approximately RMB1,243,260,000, of which approximately RMB769,830,000 had been paid up to the valuation date. The land use rights of the property have been granted for terms expiring on 16 March 2083 for residential use and 16 March 2053 for commercial use.	Portions of the unsold units are currently rented to various third parties for commercial purpose. The remaining portion of the unsold units is currently vacant for sale. The remaining portion of Phase II and the whole of Phase III are currently under construction.	1,787,700,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3205832012CR0233 dated 27 December 2012, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 165,198.10 sq.m. were contracted to be granted to Kunshan Yuexiu Guangdian Investment and Development Co., Ltd. (昆山市越秀廣電投資發展有限公司, "Kunshan Yuexiu", 49% interest held by the Target Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB495,594,300. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. GJY2013-018, permission towards the planning of the aforesaid land parcel (including the property) with a site area of approximately 165,198.10 sq.m has been granted to Kunshan Yuexiu.

3. Pursuant to a State-owned Land Use Rights Certificate – Kun Guo Yong (2013) Di No. DW464, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 165,198.10 sq.m. have been granted to Kunshan Yuexiu for terms expiring on 16 March 2083 for residential use and 16 March 2053 for commercial use.

4. Pursuant to 45 Construction Work Planning Permits – Jian Zi Di Nos. GJg2013-106 to GJg2013-118, GJg2013-448 to GJg2013-457, GJg2013-136(b-1) to GJg2013-142(b-1), GJg2013-143 to GJg2013-145, GJg2014-090, GJg2014-091(b-1), GJg2014-092 to GJg2014-094, GJg2014-095(b-1) to GJg2014-097(b-1) and GJg2014-098 to GJg2014-101 in favour of Kunshan Yuexiu, Keyi Lanting (including the property) with a gross floor area of approximately 527,636.42 sq.m. has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits – Nos. 3205832013081901, 3205832014030503 and 3205832014052803 in favour of Kunshan Yuexiu, permissions by the relevant local authority were given to commence the construction of Keyi Lanting (including the property) with a gross floor area of approximately 527,636.42 sq.m.

6. Pursuant to 10 Pre-sale Permits – (2013) Yu Shou Zhun Zi Di Nos. 275, 325 and 337, (2014) Yu Shou Zhun Zi Di Nos. 141, 215, 243 and 305 and (2015) Yu Shou Zhun Zi Di Nos. 037, 116 and 268 in favour of Kunshan Yuexiu, the Target Group is entitled to sell portions of Keyi Lanting (representing a total gross floor area of approximately 409,300.76 sq.m.) to purchasers.

7. Pursuant to 5 Construction Work Completion and Inspection Certificates in favour of Kunshan Yuexiu, the construction of Phase I and portions of Phase II of Keyi Lanting (including portions of the property) with a total gross floor area of approximately 247,445.86 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of car parking space**
Group I – held for sale	Residential	1,277.44	
	Commercial	6,136.74	
	Basement	64,353.71	1,957
	Sub-total:	71,767.89	1,957
Group III – held under development (Planned)	Residential	235,159.99	
	Commercial	8,801.13	
	Basement	34,505.61	1,049
	Others (Ancillary facilities etc.)	934.49	
	Sub-total:	279,401.22	1,049
	Total:	351,169.11	3,006

9. As advised by the Target Group, 2,384 residential units with a total gross floor area of approximately 232,988.02 sq.m. and 207 car parking spaces of the property have been pre-sold to various third parties at a total consideration of RMB1,907,859,419. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of CIP as if completed as at the valuation date is estimated to be RMB2,058,000,000.

11. Pursuant to 20 Tenancy Agreements, portions of the property with a total gross floor area of approximately 5,416.23 sq.m. were leased to various tenants with expiry dates between 31 May 2018 and 27 December 2023. The total monthly rental as at the valuation date was RMB240,000 exclusive of management fees, water and electricity charges.

12. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 to RMB9,700 per sq.m. for residential units and RMB58,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;

    b. We have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

    c. The unit rent of these comparable commercial units on first floor ranges from RMB2 to RMB3 per sq.m. per day; and

    d. Based on our research on market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 4% to 5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 4.5% for the commercial units of the property as the capitalization rate in the valuation.

13. Pursuant to a mortgage contract and relevant agreements, portions of the land use rights of the property are subject to mortgages in favor of a third party. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Kunshan Yuexiu.

14. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Kunshan Yuexiu is the legal user of the land use rights of the property. The aforesaid State-owned Land Use Rights Grant Contract is legal and valid and the land premium has been fully paid. Kunshan Yuexiu has the rights to occupy, use, lease and transfer the land use rights of the property in accordance with relevant PRC laws;

    b. Kunshan Yuexiu has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Kunshan Yuexiu is in possession of the legal and integrated development rights of the property;

    c. Kunshan Yuexiu has obtained necessary Pre-sale Permits, Kunshan Yuexiu is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

    d. The construction of portions of the property has passed final inspection acceptance. Kunshan Yuexiu can apply for the Building Ownership Certificate of such property with relevant State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and Construction Work Completion and Inspection Certificate/Table from relevant real estate management department. There is no material legal impediment for Kunshan Yuexiu to obtain the Building Ownership Certificate of such property;

e. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Kunshan Yuexiu, and Kunshan Yuexiu is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws;

f. The Company's PRC legal advisers have reviewed the samples of tenancy agreements mentioned in note 11 and have a legal opinion that such samples of tenancy agreements are legally binding on the contractual parties upon signing and their contents do not contravene the relevant PRC laws and regulations; and

g. According to Kunshan Yuexiu's written confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

15. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table	Portion

16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	198,100,000
Group III – held under development by the Target Group	1,589,600,000
Total:	**1,787,700,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
20.	Xinghui Lanting No. 999 of Shang Yin East Road Huaqiao Town Kunshan City Jiangsu Province The PRC (星匯蘭亭)	Xinghui Lanting is located at Shang Yin East Road in Huaqiao Town. The subject area of the property is well-served by public transportation with 35 minutes' driving distance to the city centre. The surrounding environment comprises several residential developments, schools and parks. Xinghui Lanting occupies a parcel of land with a site area of approximately 58,802.6 sq.m., which will be developed into a residential development. Xinghui Lanting is currently under construction and is scheduled to be completed in August 2017. As advised by the Target Group, upon completion, Xinghui Lanting will have a total planned gross floor area of approximately 180,920.89 sq.m. The details are set out as below:	The property is currently under construction.	897,700,000

Usage	Planned Gross Floor Area *(sq.m.)*
Residential	145,354.08
Ancillary	1,636.35
Basement (inclusive of 1,008 car parking spaces)	33,930.46
Total:	180,920.89

As advised by the by Target Group, the construction cost of Xinghui Lanting is estimated to be approximately RMB735,630,000, of which approximately RMB193,180,000 had been paid up to the valuation date.

The land use rights of the property have been granted for a term of 70 years expiring on 10 April 2085 for residential use.

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – 3205832015CR13 dated 04 February 2015, the land use rights of a parcel of land with a site area of approximately 58,802.6 sq.m. were contracted to be granted to Kunshan Yuexiu Guangdian Investment Development Co., Ltd. (昆山市越秀廣電投資發展有限公司, "Kunshan Yuexiu", 49% interest held by the Target Company) for a term of 70 years for residential use. The land premium was RMB442,783,578. As advised by the Target Group, the land premium has been fully paid.

2. Pursuant to a Construction Land Planning Permit – 2015-(Rang)-0140, permission towards the planning of the aforesaid land parcel with a site area of approximately 58,802.6 sq.m. has been granted to Kunshan Yuexiu.

3. Pursuant to a State-owned Land Use Rights Certificate – Kun Guo Yong (2015) Di No. DW74, the land use rights of a parcel of land with a site area of approximately 58,802.6 sq.m. have been granted to Kunshan Yuexiu for a term expiring on 10 April 2085 for residential use.

4. Pursuant to 18 Construction Work Planning Permits – Jian Zi Di Nos. 2015-132 to 2015-149 in favour of Kunshan Yuexiu, Xinghui Lanting with a gross floor area of approximately 180,920.89 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 320583201508060601 in favour of Kunshan Yuexiu, permissions by the relevant local authority were given to commence the construction of Xinghui Lanting with a gross floor area of approximately 180,920.89 sq.m.

6. Pursuant to 4 Pre-sale Permits – (2015) Yu Shou Zhun Zi Di Nos. 198 and 234 and (2016) Yu Shou Zhun Zi Di Nos. 004 and 110 in favour of Kunshan Yuexiu, the Target Group is entitled to sell portions of Xinghui Lanting (representing a total gross floor area of approximately 140,446.54 sq.m.) to purchasers.

7. As advised by the Target Group, various residential units with a total gross floor area of approximately 129,899.5 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,647,436,250. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

8. The market value of the property as if completed as at the valuation date is estimated to be RMB1,921,000,000.

9. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB12,000 to RMB14,000 per sq.m. for residential units and RMB55,000 to RMB65,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of the property are subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Kunshan Yuexiu.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Kunshan Yuexiu is the legal user of the land use rights of the property. The aforesaid State-owned Land Use Rights Grant Contract is legal and valid and the land premium has been fully paid. Kunshan Yuexiu has the rights to occupy, use, lease and transfer the land use rights of the property in accordance with relevant PRC laws;

    b. Kunshan Yuexiu has obtained necessary approvals, permits and certificates for the current stage of the construction works. As advised by the Company's PRC legal advisors, there is no evidence that the obtained approvals, permits and certificates of the construction works are abolished, modified, repealed or revoked. Kunshan Yuexiu is in possession of the legal and integrated development rights of the property;

c. Kunshan Yuexiu has obtained necessary Pre-sale Permits, Kunshan Yuexiu is entitled to pre-sale the pre-sale scope according to the Pre-sale Permits;

d. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Kunshan Yuexiu, and Kunshan Yuexiu is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws; and

e. According to Kunshan Yuexiu's written confirmation, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table	Not Applicable

13. For the purpose of this report, the property is classified into the group as "Group III – held under development by the Target Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
21.	Duke Road Project located at the junction of Lin Yin Road and Du Ke Road Gaoxin District Kunshan City Jiangsu Province The PRC (杜克大道)	Duke Road Project is located at the junction of Lin Yin Road and Du Ke Road in Gaoxin District. It is well-served by public transportation with 25 minutes' driving distance to the city centre. The surrounding environment comprises several residential developments, schools and parks. Duke Road Project occupies a parcel of land with a site area of approximately 148,668.2 sq.m., which will be developed into a residential development. The construction of Duke Road Project has not commenced. As advised by the Target Group, upon completion, Duke Road Project will have a planned plot ratio accountable gross floor area (計容積率建築面積) of approximately 297,336.40 sq.m. The land use rights of the property have been granted for a term of 70 years expiring for residential use.	The property is currently vacant.	No commercial value

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – 3205832015CR0065 dated 25 December 2015 and a Supplementary Contract, the land use rights of a parcel of land with a site area of approximately 148,668.2 sq.m. were contracted to be granted to Kunshan Guangdian Honghui Real Estate Development Co., Ltd. (昆山廣電鴻輝房地產開發有限公司, "Kunshan Honghui", a wholly-owned subsidiary of the Target Company) for a term of 70 years for residential use. The land premium was RMB2,271,650,096. As advised by the Target Group, the land premium has been paid partially as at the valuation date.

2. As at the valuation date, the property has not been assigned to Kunshan Honghui and thus the title of the property has not been vested in Kunshan Honghui. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB2,273,000,000 on condition that the relevant title certificates have been obtained by Kunshan Honghui and Kunshan Honghui is entitled to freely transfer, lease, mortgage or otherwise dispose of the property as clear and vacant site. As advised by the Target Group, the relevant State-owned Land Use Rights Certificates are expected to be obtained by the beginning of July 2016.

3. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation for reference purpose, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB5,000 to RMB6,600 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   The State-owned Construction Land Use Rights Grant Contract is legal and valid and the first stage land premium has been fully paid. There will be no material legal impediment for Kunshan Honghui to obtain the State-owned Land Use Rights Certificate of the property once the second stage land premium and deed tax are fully paid in accordance with relevant land use rights grant contract.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Construction Land Planning Permit	No
d.	Construction Work Planning Permit	Not Applicable
e.	Construction Work Commencement Permit	Not Applicable
f.	Pre-sale Permit	Not Applicable
g.	Construction Work Completion and Inspection Certificate/Table	Not Applicable

6. For the purpose of this report, the property is classified into the group as "Group V – to be acquired by the Target Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
22.	Portions of Guangyuehui No. 8 of Shangcheng Road Datang Town Zhuji County Shaoxing City Zhejiang Province The PRC (廣粵薈)	Guangyuehui is located at Shangcheng Road in Zhuji County. The subject area of the property is located at the center of Datang Town. The surrounding environment comprises several residential and commercial developments, schools and parks. Guangyuehui occupies a parcel of land with a site area of approximately 16,837 sq.m., which has been developed into a 5-storey shopping mall. Guangyuehui has a gross floor area of approximately 68,631.26 sq.m. (including the underground and ancillary portions with a total gross floor area of approximately 14,408.37 sq.m.) and was completed in 2014. The property comprises various commercial units, ancillary and 304 car parking spaces with a total gross floor area of approximately 66,504.96 sq.m. The usage and gross floor area details of the property are set out in note 4. The land use rights of the property have been granted for a term expiring on 29 May 2053 for commercial use.	Portions of the property are currently vacant for sale. Portions of the property are currently rented to various third parties for commercial purpose and the remaining portion of the property is vacant.	612,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Zhu Ji Guo Yong (2014) Di No. 90400708, the land use rights of a parcel of land with a site area of approximately 16,837 sq.m. have been granted to Zhuji Guanghui Property Co., Ltd. (諸暨廣匯置業有限公司, "Zhuji Guanghui", a wholly-owned subsidiary of the Target Company) for a term expiring on 29 May 2053 for commercial use.

2. Pursuant to a Building Ownership Certificate – Fang Quan Zheng Zhu Zi Di No. F0000135940, a shopping mall with a gross floor area of approximately 54,222.89 sq.m. is owned by Zhuji Guanghui.

3. Pursuant to a Pre-sale Permit – Shou Xu Zi (13) Di No. 001 in favour of Zhuji Guanghui, the Target Group is entitled to sell Guangyuehui (representing a gross floor area of approximately 54,346.37 sq.m.) to purchasers.

4. According to the information provided by the Target Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I – held for sale	Commercial	1,775.96	
	Sub-total:	1,775.96	
Group II – held for investment	Commercial	49,609.04	
	Basement	13,089.17	304
	Ancillary	2,030.79	
	Sub-total:	64,729.00	304
	Total:	66,504.96	304

5. As advised by the Target Group, 35 commercial units of the property with a total gross floor area of approximately 1,775.96 sq.m. have been pre-sold to various third parties at a total consideration of RMB52,194,080. Such units of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such units of the property.

6. Pursuant to various Tenancy Agreements, various units of the property with a total gross floor area of approximately 42,789.85 sq.m. are leased to various tenants with expiry dates between 10 July 2016 and 30 September 2034. The total monthly rental as at the valuation date was RMB833,400 exclusive of management fee, water and electricity charges.

7. Our valuation has been made on the following basis and analysis:

   a. For portions of the property (Group II), we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial units of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable commercial units on first floor ranges from RMB4.2 to RMB4.8 per sq.m. per day;

   c. Based on our research on market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 4% to 5%, and for car parking portions, the stabilized market yield ranged from 3% to 4% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 4% for the anchor commercial units of the property, 4.5% for the nonanchor commercial units of the property and 3.5% for car parking spaces as the capitalization rate in the valuation; and

   d. As advised by the Target Group, as at the valuation date, 304 car parking spaces of the property are pertained to the shopping center with a charge of RMB5 every 12 hours.

8. Pursuant to a series of mortgage contracts and relevant agreements, portions of the land use rights of the property are subject to mortgages in favor of various third parties. As advised by the Target Group, the mortgaged portions of the property were pledged to secure the banking facilities granted to Zhuji Guanghui.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Zhuji Guanghui is legally in possession of the land use rights of the property and is the sole legal user of the land use rights of the property. Within the land use rights term, Zhuji Guanghui has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of property in accordance with relevant land use rights grant contract and the aforesaid State-owned Land Use Rights Certificate and in compliance with the provisions of the relevant mortgage contracts. The land premium has been fully paid;

b. Zhuji Guanghui has obtained the aforesaid Building Ownership Certificate and is the sole user of the buildings of the property and legally holds the ownership rights of the buildings of the property. Zhuji Guanghui has the rights to legally occupy, use, lease, transfer, mortgage or otherwise dispose of the building ownership rights of the property in accordance with relevant PRC laws and regulations and the usage disclosed in the Building Ownership Certificate and in compliance with the provisions of the relevant mortgage contracts;

c. The car parking spaces of the property have been constructed in accordance with the local planning provisions by Zhuji Guanghui, and Zhuji Guanghui is entitled to occupy and use such car parking spaces in accordance with the approved planning requirements and laws;

d. The Company's PRC legal advisers have reviewed the samples of tenancy agreements mentioned in note 6 and have a legal opinion that such samples of tenancy agreements are legally binding on the contractual parties upon signing and their contents do not contravene the relevant PRC laws and regulations; and

e. As advised by Zhuji Guanghui, except for the real estate mortgage situation mentioned above, the property is not subject to any restrictions arising from any sequestration, mortgage or any other rights.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	Yes
c.	Pre-sale Permit	Yes

11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Target Group	52,200,000
Group II – held for investment by the Target Group	560,700,000
Total:	612,900,000

1. 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 Company. 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 aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

Interest of Directors and Chief Executive in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were 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 which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in the shares and share options of the Company

Name of Director	Nature of interest	Number of Shares	Number of share options outstanding	*Notes*	Total number of underlying shares	Approximate percentage of total shareholding *(Note 5)*
Mr. Ling Ke	Beneficial Owner	–	27,950,000 49,500,000 90,000,000	*1* *2* *3*	167,450,000	1.06%
Mr. Huang Juncan	Beneficial Owner	–	20,960,000 43,500,000 80,000,000	*1* *2* *3*	144,460,000	0.91%
Mr. Xu Jiajun	Beneficial Owner	–	15,130,000 39,100,000 72,000,000	*1* *2* *3*	126,230,000	0.80%

Name of Director	Nature of interest	Number of Shares	Number of share options outstanding	*Notes*	Total number of underlying shares	Approximate percentage of total shareholding *(Note 5)*
Mr. Wei Chuanjun	Beneficial Owner	–	11,650,000 32,500,000 60,000,000	*1* *2* *3*	104,150,000	0.66%
Mr. Loh Lian Huat	Through a controlled corporation	1,000,000	–	*4*	1,000,000	0.01%
Mr. Hui Chiu Chung	Beneficial Owner	–	2,000,000 3,000,000 3,000,000	*1* *2* *3*	8,000,000	0.05%
Mr. Chiang Sheung Yee, Anthony	Beneficial Owner	–	2,000,000 3,000,000 3,000,000	*1* *2* *3*	8,000,000	0.05%
Mr. Hu Chunyuan	Beneficial Owner	–	2,000,000 3,000,000 3,000,000	*1* *2* *3*	8,000,000	0.05%

Notes:

1. The share options were granted on 7 January 2013, each with an exercise price of HK$0.55 per Share and a validity period from 7 January 2013 to 6 January 2023 under the share option scheme adopted by the Company on 20 May 2003.

2. The share options were granted on 20 May 2013, each with an exercise price of HK$0.792 per Share and a validity period from 20 May 2013 to 19 May 2023 under the share option scheme adopted by the Company on 15 May 2013.

3. The share options were granted on 29 December 2014, each with an exercise price of HK$0.44 per Share and a validity period from 29 December 2014 to 28 December 2024 under the share option scheme adopted by the Company on 15 May 2013.

4. Mr. Loh Lian Huat's interest in 1,000,000 Shares is held through Silkrouteasia Capital Partners Pte Ltd which is 50% owned by Mr. Loh Lian Huat.

5. The percentage shareholding in the Company is calculated on the basis of 15,793,467,827 Shares in issue as at the Latest Practicable Date.

6. The share options granted are subject to certain vesting period as set out in the relevant offer letter.

(b) Long position in the shares and underlying shares of the associated corporation of the Company – (金地(集團)股份有限公司) (Gemdale Corporation)*

Name of Director	Nature of interest	Number of shares	Number of share options outstanding *(Note)*	Total number of underlying shares	Approximate percentage of total shareholding
Mr. Ling Ke	Beneficial Owner	130,000	3,578,400	3,708,400	0.08%
Mr. Huang Juncan	Beneficial Owner	100,000	1,965,600	2,065,600	0.05%
Mr. Xu Jiajun	Beneficial Owner	50,000	1,000,800	1,050,800	0.02%
Mr. Wei Chuanjun	Beneficial Owner	22,500	957,600	980,100	0.02%

Note:

The share options were granted on 19 March 2010, each with an exercise price of RMB7.29 per share and a validity period from 19 March 2011 to 18 March 2017.

(c) Other Directors' interest

As at the Latest Practicable Date, the following Directors were also a director or an employee of the following companies, each of which had or was deemed to have an interest or short position in the shares or underlying shares in respect of equity derivatives of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of substantial shareholder of the Company	Position in substantial shareholder of the Company
Mr. Ling Ke	Gemdale Corporation*	Director
	Glassy An Limited	Director
Mr. Huang Juncan	Gemdale Corporation*	Director
Mr. Xu Jiajun	Gemdale Corporation*	Director
Mr. Wei Chuanjun	Gemdale Corporation*	Chief Financial Officer
Ms. Zhang Feiyun	OUE Lippo Limited	Director

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were 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 which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Ling Ke, Mr. Huang Juncan, Mr. Xu Jiajun and Mr. Wei Chuanjun, all being executive Directors, held shareholding or other interests and/or directorships in companies/entities within the group of Gemdale Corporation* (as disclosed in paragraphs 2(b) and 2(c) in this Appendix). Gemdale Corporation* mainly focuses on residential property development and participates in large-scale urban complex/commercial projects in the top 50 cities (by population/economic scale) in the PRC including, among others, Beijing, Shanghai, Shenzhen, Guangzhou, Shenyang, Dailian, Nanjing, Suzhou, Hangzhou, Ningbo, Shaoxing, Dongguan, Foshan, Zhuhai, Kunming, Tianjin, Qingdao, Xi'an, Wuhan, Changsha and Zhengzhou.

The Company is engaged in property development, investment and management of residential, commercial and business park projects in the top 20 cities (by population/economic scale) in the PRC including Beijing, Shanghai, Shenzhen, Nanjing, Shenyang, Dailian, Xi'an, Ningbo, Tianjin, Hangzhou and Suzhou.

The Board also includes two non-executive Directors and three independent non-executive Directors whose views carry significant weight in the Board's decisions. Therefore the Board is independent from the board of directors/governing committees of Gemdale Corporation* and none of the abovementioned Directors can personally manage the Board. The audit committee of the Company, which consists of three independent non-executive Directors, meets regularly to assist the Board in reviewing the financial performance, risk management and internal control, and compliance systems of the Group.

Further, each of the above-mentioned Directors is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its Shareholders as a whole. Therefore, the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of such companies/entities in which Directors have declared interests.

As at the Latest Practicable Date, save as disclosed above, so far as the Directors are aware, none of the Directors nor their respective close associates had any interest in any business, which competes or may compete, either directly or indirectly, with the business of the Enlarged Group.

5. DIRECTORS' INTERESTS IN ASSETS

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

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, save for the following transactions which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Enlarged Group.

(a) the property development and technical services agreement dated 15 March 2016 entered into between Gemdale Corporation* and the Company in relation to the provision of development and technical services for the property projects of the Company or its subsidiary(ies) as set out therein, details of which are set out in the announcement of the Company dated 15 March 2016;

(b) the entrusted operation agreement dated 8 April 2013 entered into between 北京金地鴻運房地產開發有限公司 (Beijing Gemdale Hongyun Real Estate Development Co., Ltd.*) ("**Beijing Gemdale**"), a company established in the PRC and a subsidiary of Gemdale Corporation*, and the Company in relation to the operation of the Beijing property as set out therein, particulars of which are set out in the circular of the Company dated 26 April 2013. This agreement was renewed on 13 December 2013, 18 March 2015 and 15 March 2016, details of which are set out in the announcement of the Company dated 15 March 2016;

(c) the property management service agreement dated 8 April 2013 entered into between 深圳威新軟件科技有限公司 (Vision (Shenzhen) Software Technology Co., Ltd.*) ("**Shenzhen Vision**"), a company established in the PRC and a wholly-owned subsidiary of the Company, and 深圳市金地物業管理有限公司 (Shenzhen Gemdale Property Project Management Co., Ltd.*) ("**Shenzhen Gemdale**"), a company established in the PRC and a subsidiary of Gemdale Corporation*, in relation to the provision of property management services for the property as set out therein, particulars of which are set out in the circular of the Company dated 26 April 2013. This agreement was renewed on 13 December 2013, 18 March 2015 and 15 March 2016, details of which are set out in the announcement of the Company dated 15 March 2016;

(d) the framework agreement dated 13 December 2013 entered into between Shenzhen Gemdale and the Company in relation to the provision of property management services for the development stage of the property projects of the Group as set out therein, particulars of which are set out in the circular of the Company dated 7 January 2014. This agreement was renewed on 18 March 2015 and 15 March 2016, details of which are set out in the announcement of the Company dated 15 March 2016;

(e) the framework system installation agreement dated 18 March 2015 entered into between the Company and 深圳市金地樓宇工程有限公司 (Shenzhen Gemdale Building Project Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of Gemdale Corporation*, in relation to the provision of certain intelligent system installation services for the various property projects of the Group. This agreement was renewed on 15 March 2016, details of which are set out in the announcement of the Company dated 15 March 2016;

(f) the tenancy agreement dated 26 June 2015 entered into between Shenzhen Vision as landlord and Shenzhen Gemdale as tenant, in respect of the leasing of 中國深圳市南山區高新南九道9 號深圳威新軟件科技園7 號樓3 層及3A 層 (3rd Floor and 3A Floor, Block 7, Vision Shenzhen Business Park, 9 Gaoxin 9th South Road, Nanshan District, Shenzhen, the PRC*) for a term of 34 months, particulars of which are set out in the announcement of the Company dated 26 June 2015;

(g) the tenancy agreement dated 15 March 2016 entered into between Beijing Gemdale as landlord and 深圳火花時代投資管理有限公司 (Shenzhen Firework Time Investment Management Co., Ltd.*) as tenant, in respect of the leasing of 中國北京市朝陽區建國路91 號金地時代中心B 座18 層1801-1818 單元 (Suites 1801-1818, 18th Floor, Block B, Beijing Gemdale Plaza, No. 91 Jianguo Road, Chaoyang District, Beijing, the PRC*) for a term of 36 months, particulars of which are set out in the announcement of the Company dated 15 March 2016; and

(h) the tenancy agreement dated 15 March 2016 entered into between Shenzhen Vision as landlord and 深圳市金地投資管理有限公司 (Shenzhen Gemdale Investment Management Co., Ltd.*) as tenant, in respect of the leasing of 中國深圳市南山區高新區高新南九道9 號深圳威新軟件科技園1 號樓3 層東翼03A-1 室及3 層北翼 (Room 03A-1, East Wing, 3rd Floor, North Wing, Block 1, Vision Shenzhen Business Park, 9 Gaoxin 9th South Road, Hi-tech Park Nanshan District, Shenzhen, the PRC*) for a term of 36 months, particulars of which are set out in the announcement of the Company dated 15 March 2016.

7. INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had an interest or short position, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class or share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Name of Shareholder	*Notes*	**Nature of interest/capacity**	**Number of Shares interested**	**Approximate percentage of total shareholding** *(Note 3)*
Glassy An Limited	*1*	Directly beneficially owned	6,565,112,983	41.57%
OUE Lippo Limited (“**OUE Lippo**”)	*2*	Directly beneficially owned	4,706,452,795	29.80%

Notes:

1. As at the Latest Practicable Date, Glassy An Limited was wholly owned by Prosper Commercial Limited, which was in turn owned as to approximately 48% by Gemdale Investment Management Limited (金地投資管理有限公司) (“**Gemdale Investment**”). Prosper Commercial Limited was also a controlled corporation of Victory Commercial Limited which was wholly owned by Gemdale Corporation*. Gemdale Corporation* is a company established in the PRC with limited liability and the A-shares of which are listed on the Shanghai Stock Exchange.

2. As at the Latest Practicable Date, OUE Lippo was owned as to 50% by OUE Baytown Pte. Ltd. (a wholly-owned subsidiary of OUE Limited whose shares are listed on the Singapore Stock Exchange) and 50% by Epoch Thrive Limited. OUE Limited was a subsidiary of Lippo ASM Asia Property Limited, which was owned as to 50% by Pacific Landmark Holdings Limited and as to 50% by Admiralty Station Management Limited. Pacific Landmark Holdings Limited and Admiralty Station Management Limited were beneficially owned by Dr. Mochtar Riady and Mr. Chan Kin, respectively while Epoch Thrive Limited was wholly-owned by Mr. Gu Lei.

3. The percentage shareholding in the Company is calculated on the basis of 15,793,467,827 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, no persons had interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

8. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

9. EXPERTS AND CONSENTS

The qualifications of the experts who have given opinions and advice in this circular are as follows:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Ernst & Young	Certified Public Accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

As at the Latest Practicable Date, each of the experts named above had no 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 and had no direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice and/or references to its name, in the form and context in which it appears.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Enlarged Group) have been entered into by members of the Enlarged Group within two years immediately preceding the date of this circular which are or may be material:

(a) the entrusted loan agreement dated 29 March 2016 entered into between Shanghai Zhongjun Real Estate Development Co., Ltd. ("**Shanghai Zhongjun**"), a non-wholly owned subsidiary of the Company, as lender, and Singlong Real Estate (Suzhou) Co., Ltd. ("**Singlong Suzhou**"), a subsidiary of a substantial shareholder of Shanghai Zhongjun, as borrower and a bank as lending agent, pursuant to which Shanghai Zhongjun agreed to grant an entrusted loan with the principal amount of RMB480 million to Singlong Suzhou through the bank;

(b) the entrusted loan agreement dated 26 January 2016 entered into between Shanghai Zhongjun, a non-wholly owned subsidiary of the Company, as lender, and Singlong Suzhou, a subsidiary of a substantial shareholder of Shanghai Zhongjun, as borrower and a bank as lending agent, pursuant to which Shanghai Zhongjun agreed to grant an entrusted loan with the principal amount of RMB200 million to Singlong Suzhou through the bank;

(c) the Sale and Purchase Agreement;

(d) the entrusted loan agreement dated 3 August 2015 entered into between Shanghai Zhongjun, a non-wholly owned subsidiary of the Company, as lender, and Chengdu Sino-Singapore South West Logistics Co. Ltd. ("**Chengdu Logistics**"), a subsidiary of a substantial shareholder of Shanghai Zhongjun, as borrower and a bank as lending agent, pursuant to which Shanghai Zhongjun agreed to grant an entrusted loan with the principal amount of RMB420 million to Chengdu Logistics through the bank;

(e) the entrusted loan agreement dated 26 March 2015 entered into between Shanghai Zhongjun, a non-wholly owned subsidiary of the Company, as lender, and Chengdu Logistics, a subsidiary of a substantial shareholder of Shanghai Zhongjun, as borrower and a bank as lending agent, pursuant to which Shanghai Zhongjun agreed to grant an entrusted loan with the principal amount of RMB100 million to Chengdu Logistics through the bank;

(f) the entrusted loan agreement dated 10 March 2015 entered into between Shanghai Zhongjun, a non-wholly owned subsidiary of the Company, as lender, and Singlong Suzhou, a subsidiary of a substantial shareholder of Shanghai Zhongjun, as borrower and a bank as lending agent, pursuant to which Shanghai Zhongjun agreed to grant an entrusted loan with the principal amount of RMB400 million to Singlong Suzhou through the bank;

(g) the disposal agreement dated 17 October 2014 entered into between Ever Trusty Commercial Limited (永信商務有限公司), a non-wholly owned subsidiary of the Company, as vendor and 西安金地置業投資有限公司 (Xi'an Gemdale Property Investment Co., Ltd.*), a subsidiary of Gemdale Corporation*, as purchaser, as supplemented by a supplemental agreement thereto entered into between the same parties on the same date, in respect of the disposal of the 100% equity interest in 西安築家置業有限公司 (Xi'an Zhujia Property Co., Ltd.*) at a consideration of USD108,344,000;

(h) the disposal agreement dated 17 October 2014 entered into between Integrity Investment (Hong Kong) Limited (誠信投資(香港) 有限公司), a non-wholly owned subsidiary of the Company, as vendor and 瀋陽金地天邦房地產開發有限公司 (Shenyang Gemdale Tianbang Real Estate Development Co., Ltd.*), a subsidiary of Gemdale Corporation*, as purchaser, as supplemented by a supplemental agreement thereto entered into between the same parties on the same date, in respect of the disposal of the 100% equity interest in 瀋陽金地濱河房地產置業有限公司 (Shenyang Gemdale Binhe Real Estate Development Co., Ltd.*) at a consideration of USD64,533,000; and

(i) the entrusted loan agreement dated 17 September 2014 entered into between Shanghai Zhongjun, a non-wholly owned subsidiary of the Company, as lender, and Chengdu Logistics, a subsidiary of a substantial shareholder of Shanghai Zhongjun, as borrower and a bank as lending agent, pursuant to which Shanghai Zhongjun agreed to grant an entrusted loan with the principal amount of RMB200 million to Chengdu Logistics through the bank.

11. GENERAL

(a) The company secretary of the Company is Mr. Wong Ho Yin. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants and a CFA charterholder.

(b) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

(c) The head office and principal place of business of the Company in Hong Kong is situated at Suites 3602-3608, 36th Floor, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong.

(d) The principal share registrar of the Company is MUFG Fund Services (Bermuda) Limited at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.

(e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) In the event of inconsistency, the English text shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excluded) at the head office and principal place of business of the Company in Hong Kong at Suites 3602-3608, 36th Floor, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2015;

(c) the accountants' report of the Target Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;

(d) the letter from Ernst & Young in respect of the pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(e) the valuation report on the properties of the Target Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix V to this circular;

(f) the written consent referred to in the paragraph headed "9. EXPERTS AND CONSENTS" in this Appendix;

(g) the material contracts referred to in the paragraph headed "10. MATERIAL CONTRACTS" in this Appendix; and

(h) this circular.

* *For identification purpose only*

Gemdale Properties and Investment Corporation Limited
金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of Gemdale Properties and Investment Corporation Limited (the "**Company**") will be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 15 July 2016 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without modification, as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the sale and purchase agreement dated 31 December 2015 entered into by and among 深圳威新軟件科技有限公司 (Vision (Shenzhen) Software Technology Co., Ltd.*), a wholly-owned subsidiary of the Company (the "**Purchaser**"), Zhang Bailong (張柏龍), Chen Yubin (陳煜彬), Li Weirong (李維榮), Guo Jing (郭靜), Zhong Qien (鍾啓恩), Tang Chengchen (湯誠忱), Hu Nanhua (胡南華) and Zhu Chuan (朱川) and 廣州無綫電集團有限公司 (Guangzhou Radio Group Co., Ltd.*) (a copy of which has been produced to this meeting marked "A" and initialled by the chairman of this meeting for the purpose of identification) in relation to the sale and purchase of 273,600,000 shares of RMB1 each in the capital of 廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Property Development Group Shares Co., Ltd.*) (the "**Target Company**"), representing 76% of the equity interest in the Target Company, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) the directors of the Company be and are hereby authorized 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 and desirable or expedient to give effect to or in connection with paragraph (a) of this resolution."

* *For identification purpose only*

2. "**THAT**:

(a) the Company be and is hereby authorised through the Purchaser to participate and bid at the Public Bid (as defined in the circular of the Company dated 29 June 2016 (the "**Circular**"), of which the notice convening this meeting forms part and a copy of which has been produced to this meeting marked "B" and initialled by the chairman of this meeting for the purpose of identification) for the acquisition of the 86,400,000 shares of RMB1 each in the capital of the Target Company, representing 24% of the equity interest in the Target Company;

(b) the Company be and is hereby authorised through the Purchaser to participate and proceed with the Possible Acquisition (as defined in the Circular), if the bid is successful, at a total consideration of up to RMB450 million, being the maximum consideration at which the Purchaser will bid at the Public Bid for the Possible Acquisition and the transactions contemplated thereunder be and are hereby approved; and

(c) the directors of the Company be and are hereby authorised to proceed with the Public Bid and, if the bid is successful, completion of the Possible Acquisition and to exercise all the powers of the Company and to do all things and acts and execute and deliver all documents, as may be necessary, desirable or expedient to carry out or to give effect to any or all transactions in connection with the Public Bid and, if the bid is successful, the Possible Acquisition including, where necessary, affix the common seal of the Company on such documents."

By order of the Board
Gemdale Properties and Investment Corporation Limited
Huang Juncan
Chairman and Executive Director

Hong Kong, 29 June 2016

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of business in Hong Kong:
Suites 3602-3608, 36th Floor
Two International Finance Centre
No. 8 Finance Street, Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the Bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. 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.

2. A form of proxy for use at the SGM is enclosed in the circular to the shareholders of the Company dated 29 June 2016.

3. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof (as the case may be) and in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holder are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

5. As at the date of this notice, the Board comprises four executive directors of the Company, namely Mr. Ling Ke, Mr. Huang Juncan, Mr. Xu Jiajun and Mr. Wei Chuanjun; two non-executive directors of the Company, namely Mr. Loh Lian Huat and Ms. Zhang Feiyun and three independent non-executive directors of the Company, namely Mr. Hui Chiu Chung, Mr. Chiang Sheung Yee, Anthony and Mr. Hu Chunyuan.