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 licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sunac China Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

SUNAC CHINA HOLDINGS LIMITED

融 創 中 國 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

MAJOR TRANSACTION
ENTERING INTO THE FRAMEWORK AGREEMENT IN RELATION TO THE ACQUISITION OF TARGET COMPANIES

A letter from the Board is set out on pages 11 to 31 of this circular.

A notice convening the EGM of Sunac China Holdings Limited to be held at Multifunctional Hall, 2nd Floor, Xishanhui Business Club, 1 Dehui Road, Haidian District, Beijing, China on 16 August 2016 at 10 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for use by the Shareholders at the EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the EGM or any adjournment thereof (as the case may be) if they so wish.

29 July 2016

CONTENTS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Beijing Huaxia"	Beijing Huaxia Shunze Investment Group Limited* (北京華夏順澤投資集團有限公司), a limited liability company established in the PRC
"Board"	the board of Directors
"Business Day"	a day (not being a Saturday, Sunday or public holiday) on which banks are open for general banking business in Hong Kong and the PRC
"Chuang Yu Real Estate"	Chuang Yu (Shenzhen) Real Estate Co., Ltd. (創裕(深圳)房地產有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
"Company"	Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Stock Exchange (Stock Code: 1918)
"Completion"	the completion of the sale and purchase of the Target Companies
"Completion Date"	the date of Completion, being the date when the changes of shareholders of all the Target Companies have been duly registered with the relevant governmental departments in the PRC
"Consideration"	the aggregate value of the consideration for the sale and purchase of the Sale Shares in the amount of RMB2,119,130,000 (subject to adjustments). Out of the Consideration, (i) RMB4,720,000 will be payable to Party A, an Independent Third Party, as it holds 15% of the equity interest in Shanghai Huan Jian; and (ii) RMB2,114,410,000 will be payable to Top Spring Group
"Deposit"	the deposit in the amount of RMB2 billion to be paid by the Company to Top Spring in accordance with the Framework Agreement
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting to be held by the Company for the Shareholders to approve the entering into of the Framework Agreement and the transactions contemplated thereunder

"Enlarged Group"	the Group after the Completion
"Framework Agreement"	the Original Framework Agreement as amended by the Supplemental Agreements
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Guarantee"	the guarantee to be provided by Top Spring or its designated companies in favour of the Target Companies and the Project Companies after Completion pursuant to the Framework Agreement
"Happy Winner"	Happy Winner Investment Limited (勝欣投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Top Spring
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Special Administrative Region of the People's Republic of China
"Hui Dong Lai Hai Tian"	Hui Dong Lai Hai Tian Property Co., Ltd.* (惠東縣萊海天置業有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring, and one of the co-owners of Huizhou Hidden Bay (惠州萊蒙水榭灣)
"Hui Dong Lai Hai Tian Pledge Agreement"	the pledge agreement relating to the entire equity interest in Hui Dong Lai Hai Tian executed by Shenzhen Shen Guo Tou in favour of Chuang Yu Real Estate after the entering into of the Master Pledge Agreement
"Hui Dong Lai Hai Tian Sale and Purchase Agreement"	the sale and purchase agreement dated 19 May 2016 relating to the entire equity interest in Hui Dong Lai Hai Tian executed by Shenzhen Shen Guo Tou and Chuang Yu Real Estate
"Hui Dong Lai Yang Tian"	Hui Dong Lai Yang Tian Property Co., Ltd.* (惠東縣萊洋天置業有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring, and one of the co-owners of Huizhou Hidden Bay (惠州萊蒙水榭灣)
"Hui Dong Lai Yang Tian Pledge Agreement"	the pledge agreement relating to the entire equity interest in Hui Dong Lai Yang Tian executed by Shenzhen Shen Guo Tou in favour of Chuang Yu Real Estate after the entering into of the Master Pledge Agreement

"Hui Dong Lai Yang Tian Sale and Purchase Agreement"	the sale and purchase agreement dated 19 May 2016 relating to the entire equity interest in Hui Dong Lai Yang Tian executed by Shenzhen Shen Guo Tou and Chuang Yu Real Estate
"Independent Third Party/Parties"	a person or persons which is or are independent of, and not connected with, any directors, chief executive or substantial shareholders (within the meaning under the Listing Rules) of the Company or any of their subsidiaries or any of their respective associate(s) (within the meaning under the Listing Rules)
"Intercompany Loans"	the loans (which are interest-free) owed by the Target Companies and/or the Project Companies to Top Spring Group and Party A in the aggregate principal amounts of RMB2,106,100,000 as at 29 February 2016 (with respect to loans owed by Top Spring Zhiye Fuyang, Shenzhen Panye, Nanjing Top Spring Metropolitan, Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian) and 31 March 2016 (with respect to loans owed by Shanghai Huan Jian and Shanghai Li Te Man) (subject to adjustments)
"Joint Announcement"	the joint announcement dated 19 May 2016 published by the Company and Top Spring
"Jun Hong Da"	Jun Hong Da Information Consultancy (Shenzhen) Co. Ltd.* (俊鴻達信息諮詢(深圳)有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring
"Jun Hong Da Pledge Agreement"	the pledge agreement relating to the entire equity interest in Jun Hong Da executed by Happy Winner in favour of Sunac Construction after the entering into of the Master Pledge Agreement and terminated after the entering into of the Supplemental Agreement 1
"Jun Hong Da Sale and Purchase Agreement"	the sale and purchase agreement dated 19 May 2016 relating to the entire equity interest in Jun Hong Da executed by Happy Winner and Sunac Construction and terminated after the entering into of the Supplemental Agreement 1
"Latest Practicable Date"	26 July 2016, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Master Pledge Agreement"	the master pledge agreement dated 19 May 2016 in relation to the pledge of the Sale Shares entered into between the Company and Top Spring
"Nanjing Top Spring Metropolitan"	Nanjing Top Spring Metropolitan Property Development Co. Ltd.* (南京萊蒙都會房地產開發有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring, and the owner of Nanjing Fashion Mark (南京萊蒙都會)
"Nanjing Top Spring Metropolitan Pledge Agreement"	the pledge agreement relating to the entire equity interest in Nanjing Top Spring Metropolitan executed by Urban Transportation Infrastructure and Shenzhen Jin Yue in favour of Shanghai Sunac Real after the entering into of the Master Pledge Agreement
"Nanjing Top Spring Metropolitan Sale and Purchase Agreement"	the sale and purchase agreement dated 19 May 2016 relating to the entire equity interest in Nanjing Top Spring Metropolitan executed by Urban Transportation Infrastructure, Shenzhen Jin Yue and Shanghai Sunac Real Estate
"Original Consideration"	the original aggregate value of the consideration for the sale and purchase of the Original Sale Shares in the amount of RMB3,386,830,000
"Original Framework Agreement"	the framework agreement in relation to the acquisition of the Original Project Companies dated 19 May 2016 entered into between the Company and Top Spring
"Original Intercompany Loans"	the original aggregate value of the loans (which are interest-free) owed by the Original Target Companies and/or the Original Project Companies to Top Spring Group and Party A in the aggregate principal amounts of RMB1,007,240,000 as at 29 February 2016
"Original Pledge Agreements"	the Pledge Agreements and the Jun Hong Da Pledge Agreement
"Original Project Companies"	the Project Companies and Sanhe Shunze Property Development
"Original Property Projects"	the Property Projects and Beijing Top Spring Shunze Flower Garden (北京萊蒙順澤•水榭花城)
"Original Sale and Purchase Agreements"	the Sale and Purchase Agreements and the Jun Hong Da Sale and Purchase Agreement

"Original Sale Shares"	the Sale Shares and the entire equity interest in Jun Hong Da
"Original Target Companies"	the Target Companies and Jun Hong Da
"Party A"	a limited partnership established in the PRC, which is a fund engaged in, among other things, investment in enterprises, investment consultancy and enterprise management consultancy
"percentage ratios"	has the meaning ascribed to it under the Listing Rules
"Pledge Agreements"	(i) the Shanghai Huan Jian Pledge Agreement; (ii) the Shanghai Li Te Man Pledge Agreement; (iii) the Nanjing Top Spring Metropolitan Pledge Agreement; (iv) the Shenzhen Panye Pledge Agreement; (v) the Hui Dong Lai Yang Tian Pledge Agreement; (vi) the Hui Dong Lai Hai Tian Pledge Agreement; and (vii) the Top Spring Zhiye Fuyang Pledge Agreement
"PRC"	the People's Republic of China, excluding for the purposes of this circular, Hong Kong, the Special Administrative Region of Macau and the Island of Taiwan
"Principal Equity Investment"	(i) the amount of consideration paid by Top Spring Group for its acquisition of the equity interest in the Target Companies; or (ii) the amount of capital injection made by Top Spring Group for its establishment of the Target Companies by way of equity interest (as the case may be)
"Project Companies"	Shanghai Huan Tang, Shanghai Li Te Man, Nanjing Top Spring Metropolitan, Shenzhen Panye, Hui Dong Lai Yang Tian, Hui Dong Lai Hai Tian and Top Spring Zhiye Fuyang
"Property Projects"	Shanghai Puxing Project (上海浦興), Shanghai Grand Pujian Residence (上海浦建雅居), Nanjing Fashion Mark (南京萊蒙都會), Shenzhen Smart Venture Valley (深圳萊蒙•創智谷), Huizhou Hidden Bay (惠州萊蒙水榭灣) and Hangzhou Hidden Valley (杭州水榭山)
"RMB"	Renminbi, the lawful currency of the PRC
"Rongxinheng Investment"	Hangzhou Rongxinheng Investment Co., Ltd.* (杭州融鑫恒投資有限公司), a limited liability company established in the PRC, which is wholly-owned by the Company

"Sale and Purchase Agreements"	(i) the Shanghai Huan Jian Sale and Purchase Agreement; (ii) the Shanghai Li Te Man Sale and Purchase Agreement; (iii) the Nanjing Top Spring Metropolitan Sale and Purchase Agreement; (iv) the Shenzhen Panye Sale and Purchase Agreement; (v) the Hui Dong Lai Yang Tian Sale and Purchase Agreement; (vi) the Hui Dong Lai Hai Tian Sale and Purchase Agreement; and (vii) the Top Spring Zhiye Fuyang Sale and Purchase Agreement
"Sale Shares"	the entire equity interest in each of (i) Shanghai Huan Jian; (ii) Shanghai Li Te Man; (iii) Nanjing Top Spring Metropolitan; (iv) Shenzhen Panye; (v) Hui Dong Lai Yang Tian; (vi) Hui Dong Lai Hai Tian; and (vii) Top Spring Zhiye Fuyang
"Sanhe Shunze Property Development"	Sanhe Shunze Property Development Co., Ltd.* (三河市順澤房地產開發有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of Top Spring, and the owner of Beijing Top Spring Shunze Flower Garden (北京萊蒙順澤●水榭花城)
"Sanhe Shunze Property Services"	Sanhe Shunze Property Services Co., Ltd.* (三河市順澤物業服務有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of Top Spring
"Sanhe Xue Zhe Zhi Jia"	Sanhe Xue Zhe Zhi Jia Investment Co., Ltd.* (三河市學者之家投資有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of Top Spring
"Shanghai Huan Jian"	Shanghai Huan Jian Investment Co., Ltd.* (上海環建投資有限公司), a limited liability company established in the PRC, and 85% indirectly owned by Top Spring and 15% owned by Party A
"Shanghai Huan Jian Pledge Agreement"	the pledge agreement relating to the entire equity interest in Shanghai Huan Jian executed by Shenzhen Ding Feng and Party A in favour of Shanghai Sunac Real Estate after the entering into of the Master Pledge Agreement
"Shanghai Huan Jian Sale and Purchase Agreement"	the sale and purchase agreement dated 19 May 2016 relating to the entire equity interest in Shanghai Huan Jian executed by Shenzhen Ding Feng, Party A and Shanghai Sunac Real Estate

"Shanghai Huan Tang"	Shanghai Huan Tang Culture Broadcasting Co., Ltd.* (上海環唐文化傳播有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of Top Spring, and the owner of Shanghai Puxing Project (上海浦興)
"Shanghai Li Te Man"	Shanghai Li Te Man Real Estate Co., Ltd. (上海利特曼置業有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring, and the owner of Shanghai Grand Pujian Residence (上海浦建雅居)
"Shanghai Li Te Man Pledge Agreement"	the pledge agreement relating to the entire equity interest in Shanghai Li Te Man executed by Unique Prosper in favour of Sunac Real Estate Group Co., Ltd. (融創房地產集團有限公司) after the entering into of the Master Pledge Agreement
"Shanghai Li Te Man Sale and Purchase Agreement"	the sale and purchase agreement dated 19 May 2016 relating to the entire equity interest in Shanghai Li Te Man executed by Unique Prosper and Shanghai Sunac Real Estate
"Shanghai Sunac Real Estate"	Shanghai Sunac Real Estate Development Co., Ltd.* (上海融創房地產開發有限公司) a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
"Share(s)"	ordinary shares with a par value of HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder of the Share(s)
"Shenzhen Ding Feng"	Shenzhen Top Spring Ding Feng Investment Management Co., Ltd.* (深圳市萊蒙鼎豐投資管理有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring
"Shenzhen Jin Yue"	Shenzhen Jin Yue Investment Management Co., Ltd.* (深圳市錦悅投資管理有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring
"Shenzhen Panye"	Shenzhen Panye Technology Development Co., Ltd.* (深圳市磐業科技開發有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring, and the owner of Shenzhen Smart Venture Valley (深圳萊蒙•創智谷)

"Shenzhen Panye Pledge Agreement"	the pledge agreement relating to the entire equity interest in Shenzhen Panye executed by Shenzhen Water Flower in favour of Chuang Yu Real Estate after the entering into of the Master Pledge Agreement
"Shenzhen Panye Sale and Purchase Agreement"	the sale and purchase agreement dated 19 May 2016 relating to the entire equity interest in Shenzhen Panye executed by Shenzhen Water Flower and Chuang Yu Real Estate
"Shenzhen Shen Gou Tou"	Shenzhen Shen Guo Tou Property Development Co., Ltd.* (深圳深國投房地產開發有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring
"Shenzhen Sheng Shuo"	Shenzhen Sheng Shuo Investment Management Co., Ltd.* (深圳市盛碩投資管理有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring
"Shenzhen Water Flower"	Shenzhen Water Flower Property Development Co., Ltd.* (深圳市水榭花都房地產有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under the Listing Rules
"Sunac Construction"	Beijing Sunac Construction Investment Real Estate Co., Ltd. (北京融創建投房地產有限公司), a limited liability company established in the PRC, which is wholly-owned by the Company
Supplemental Agreement 1	the first supplemental agreement to the Original Framework Agreement dated 22 July 2016 entered into between the Company and Top Spring
Supplemental Agreement 2	the second supplemental agreement to the Original Framework Agreement dated 22 July 2016 entered into between the Company and Top Spring
Supplemental Agreements	Supplemental Agreement 1 and Supplemental Agreement 2
"Tangren Investment"	Shanghai Litian Tangren Investment Group Company Limited* (上海立天唐人投資集團有限公司), a limited liability company established in the PRC

"Target Companies"	(i) Shanghai Huan Jian; (ii) Shanghai Li Te Man; (iii) Nanjing Top Spring Metropolitan; (iv) Shenzhen Panye; (v) Hui Dong Lai Yang Tian; (vi) Hui Dong Lai Hai Tian; and (vii) Top Spring Zhiye Fuyang
"Target Group"	the Target Companies and their respective subsidiaries, where applicable
"Top Spring"	Top Spring International Holdings Limited (萊蒙國際集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 03688)
"Top Spring EGM"	the extraordinary general meeting to be held by Top Spring for the Top Spring Shareholders to approve the entering into of the Framework Agreement and the transactions contemplated thereunder
"Top Spring Group"	Top Spring and its subsidiaries
"Top Spring Shareholder(s)"	holder(s) of the ordinary share(s) of HK$0.1 each of Top Spring
"Top Spring Xiqi"	Top Spring International (Xiqi) Co., Ltd. (萊蒙國際(西溪)有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Top Spring
"Top Spring Zhiye Fuyang"	Top Spring Zhiye (Fuyang) Co., Ltd.* (萊蒙置業(富陽)有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring, and the owner of Hangzhou Hidden Valley (杭州水榭山)
"Top Spring Zhiye Fuyang Pledge Agreement"	the pledge agreement relating to the entire equity interest in Top Spring Zhiye Fuyang executed by Top Spring Xiqi and Xiang Kang in favour of Sunac Real Estate Group Co., Ltd. (融創房地產集團有限公司) after the entering into of the Master Pledge Agreement
"Top Spring Zhiye Fuyang Sale and Purchase Agreement"	the sale and purchase agreement dated 19 May 2016 relating to the entire equity interest in Top Spring Zhiye Fuyang executed by Top Spring Xiqi, Xiang Kang and Rongxinheng Investment
"Transactions"	the sale and purchase of the Sale Shares contemplated under the Framework Agreement
"Transition Period"	the period between the date of the Framework Agreement and the Completion Date

"Unique Prosper"	Unique Prosper International Limited (宇興國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Top Spring
"Urban Transportation Infrastructure"	Urban Transportation Infrastructure Development (Hong Kong) Limited (城市交通設施發展(香港)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Top Spring
"Xiang Kang"	Xiang Kang Information Consultancy (Shenzhen) Co., Ltd.* (祥康信息諮詢(深圳)有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Top Spring
"%"	per cent

For the purpose of this circular, unless otherwise indicated, the exchange rate of RMB1 = HK$1.19 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such note.

* *For identification purposes only*

SUNAC 融創中國

SUNAC CHINA HOLDINGS LIMITED
融 創 中 國 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

Executive Directors:
Mr. SUN Hongbin *(Chairman and Chief Executive Officer)*
Mr. WANG Mengde
Mr. JING Hong
Mr. CHI Xun
Mr. SHANG Yu
Mr. LI Shaozhong

Non-executive Director:
Mr. ZHU Jia

Independent non-executive Directors:
Mr. POON Chiu Kwok
Mr. LI Qin
Mr. MA Lishan
Mr. TSE Chi Wai

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Hong Kong

29 July 2016

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION
ENTERING INTO THE FRAMEWORK AGREEMENT
IN RELATION TO THE ACQUISITION OF TARGET COMPANIES

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among others, the Original Framework Agreement and the transactions contemplated thereunder.

The Company announced that on 19 May 2016 (after trading hours), the Company entered into the Original Framework Agreement with Top Spring, pursuant to which (i) Top Spring (or its designated companies) conditionally agreed to sell, and the Company (or its designated companies) conditionally agreed to purchase, the Original Sale Shares in the Original Target Companies; and (ii) the Company (or its designated companies) shall settle the respective Original Intercompany Loans of the Original Target Companies and/or the Original Project Companies.

On 22 July 2016, the Company entered into the Supplemental Agreement 1 with Top Spring, pursuant to which both parties agreed to amend the Original Framework Agreement by removing the Beijing Top Spring Shunze Flower Garden project as a target project of the Transactions. After completion of the Company's due diligence conducted against the Property Projects, the Company entered into the Supplemental Agreement 2 with Top Spring on 22 July 2016, pursuant to which the parties agreed to adjust the amounts of the Consideration and the Intercompany Loans based on the results of the Company's due diligence exercise. Accordingly, pursuant to the Framework Agreement, the Sale Shares to be acquired by the Company will no longer include the entire equity interest in Jun Hong Da, and the aggregate value of the Consideration and the Intercompany Loans to be settled by the Company (or its designated Companies) pursuant to the Framework Agreement have been adjusted pursuant to the Supplemental Agreements accordingly.

The purpose of this circular is to provide you with, among others, (i) further particulars of the Framework Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group; (iii) the accountant's report of the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report on the properties held by the Target Companies; (vi) other information as required under the Listing Rules; and (vii) the notice convening the EGM.

THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

Date

19 May 2016 (as amended by the Supplemental Agreement 1 and Supplemental Agreement 2 both dated 22 July 2016)

Parties

(1) the Company

(2) Top Spring

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Top Spring and its respective ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the Framework Agreement, (i) Top Spring (or its designated companies) conditionally agreed to sell, and the Company (or its designated companies) conditionally agreed to purchase, the Sale Shares in the Target Companies; and (ii) the Company (or its designated companies) shall settle the respective Intercompany Loans of the Target Companies and/or the Project Companies. The Sale Shares represent the entire equity interest in each of (i) Shanghai Huan Jian; (ii) Shanghai Li Te Man; (iii) Nanjing Top Spring Metropolitan; (iv) Shenzhen Panye; (v) Hui Dong Lai Yang Tian; (vi) Hui Dong Lai Hai Tian; and (vii) Top Spring Zhiye Fuyang. The Target Companies, directly or indirectly, own the six Property Projects.

Sale Shares

(i) The entire equity interest in Shanghai Huan Jian

As at the Latest Practicable Date, (i) Shenzhen Ding Feng held 85% of the equity interest in Shanghai Huan Jian; and (ii) Party A held 15% of the equity interest in Shanghai Huan Jian. Shanghai Huan Jian owned 99% of the equity interest in Shanghai Huan Tang and the remaining 1% of the equity interest in Shanghai Huan Tang was held by Tangren Investment for and on behalf of Shanghai Huan Jian. Shanghai Huan Tang is the owner of Shanghai Puxing Project.

(ii) The entire equity interest in Shanghai Li Te Man

As at the Latest Practicable Date, Shanghai Li Te Man was the owner of Shanghai Grand Pujian Residence.

(iii) The entire equity interest in Nanjing Top Spring Metropolitan

As at the Latest Practicable Date, Nanjing Top Spring Metropolitan was the owner of Nanjing Fashion Mark.

(iv) The entire equity interest in Shenzhen Panye

As at the Latest Practicable Date, Shenzhen Panye was the owner of Shenzhen Smart Venture Valley.

(v) The entire equity interest in each of Hui Dong Lai Yang Tian and Hui Dong Lai Hai Tian

As at the Latest Practicable Date, Hui Dong Lai Yang Tian and Hui Dong Lai Hai Tian were the co-owners of Huizhou Hidden Bay.

(vi) The entire equity interest in Top Spring Zhiye Fuyang

As at the Latest Practicable Date, Top Spring Zhiye Fuyang was the owner of Hangzhou Hidden Valley.

As disclosed in the Joint Annnouncement, subject to the pre-emptive rights of Beijing Huaxia over the 51% equity interest in Sanhe Xue Zhe Zhi Jia, the sale and purchase of the Target Companies and the settlement of the Intercompany Loans are inter-conditional and not severable. If Beijing Huaxia exercises its pre-emptive rights over the 51% equity interest in Sanhe Xue Zhe Zhi Jia, (i) Top Spring (or its designated companies) shall be entitled not to sell, and the Company (or its designated companies) shall be entitled not to purchase, the 51% equity interest in Sanhe Xue Zhe Zhi Jia; (ii) the Consideration and the Intercompany Loans shall be adjusted accordingly; and (iii) neither Top Spring (or its designated companies) nor the Company (or its designated companies) shall be liable for any loss as a consequence of the withdrawal of the sale and purchase of Sanhe Xue Zhe Zhi Jia.

Exercise of the pre-emptive rights over the 51% equity interest in Sanhe Xue Zhe Zhi Jia by Beijing Huaxia and entering into of the Supplement Agreement 1

As at the Latest Practicable Date, Jun Hong Da held the entire equity interest in Shenzhen Sheng Shuo. Shenzhen Sheng Shuo holds 51%, and Beijing Huaxia holds 49%, of the equity interest in Sanhe Xue Zhe Zhi Jia, respectively. Sanhe Xue Zhe Zhi Jia holds the entire equity interest in each of Sanhe Shunze Property Services and Sanhe Shunze Property Development. Sanhe Shunze Property Development is the owner of Beijing Top Spring Shunze Flower Garden.

As at the Latest Practicable Date, Beijing Huaxia has exercised its pre-emptive rights over the 51% equity interest in Sanhe Xue Zhe Zhi Jia and Jun Hong Da entered into a share transfer agreement on 8 July 2016 with Beijing Huaxia, pursuant to which Jun Hong Da agreed to sell, and Beijing Huaxia agreed to purchase, the entire equity interest in Shenzhen Sheng Shuo. As a result, pursuant to the Framework Agreement, (i) Top Spring (or its designated companies) will not sell, and the Company (or its designated companies) will not purchase, the 51% equity interest in Sanhe Xue Zhe Zhi Jia; (ii) the consideration and the intercompany loans as set out in the Original Framework Agreement shall be adjusted accordingly; and (iii) neither Top Spring (or its designated companies) nor the Company (or its designated companies) shall be liable for any loss as a consequence of the withdrawal of the sale and purchase of Sanhe Xue Zhe Zhi Jia.

On 22 July 2016, the Company entered into the Supplemental Agreement 1 with Top Spring, pursuant to which both parties agreed to amend the Original Framework Agreement by removing the Beijing Top Spring Shunze Flower Garden project as a target project of the Transactions and, therefore, (i) the sale and purchase of the entire equity interest in Jun Hong Da; and (ii) the settlement of the intercompany loans in relation to Jun Hong Da will be excluded from the Framework Agreement.

Pursuant to the Supplemental Agreement 1, (a) the consideration for the sale and purchase of the equity interest in Sanhe Xue Zhe Zhi Jia in the amount of RMB370,640,000 shall be deducted from the consideration as set out in the Original Framework Agreement; and (b) the intercompany loans owed to Sanhe Xue Zhe Zhi Jia by Top Spring Group as at 29 February 2016 in the amount of RMB38,420,000 shall not be set off against the Intercompany Loans of the Target Group and such amount shall be added to the intercompany loans as set out in the Framework Agreement, respectively.

Sale and Purchase Agreements

On 19 May 2016, the Company (or its designated companies) and Top Spring (or its designated companies) entered into the Original Sale and Purchase Agreements which became effective after the payment of the Deposit by the Company to Top Spring. Pursuant to the Supplemental Agreement 1, the Company and Top Spring agreed to procure the termination and release of the Jun Hong Da Sale and Purchase Agreement and the Jun Hong Da Charge Agreement within ten days after entering into the Supplemental Agreement 1. The payment terms of the Sale and Purchase Agreements are consistent with the terms as set out in the Framework Agreement.

Conditions Precedent

Completion is conditional upon the following conditions precedent:

(i) each of the Company and Top Spring has obtained the necessary approvals as required under the Listing Rules;

(ii) the parties to the Sale and Purchase Agreements have entered into the respective Sale and Purchase Agreements, and all the other necessary transaction documents in relation to the Transactions have been effective;

(iii) the Company has obtained all the necessary approvals and consents for the execution, delivery and fulfilment of the Framework Agreement and the transactions contemplated thereunder;

(iv) there have been no material adverse changes on the laws, regulations and policies of the relevant governmental authorities which are applicable to (a) the Framework Agreement; and (b) the transactions contemplated thereunder, or such material adverse changes (if any) have not substantially increased the transaction costs of the Transactions; and

(v) the Company has paid the Deposit in the amount of RMB2 billion to Top Spring pursuant to the Framework Agreement.

As at the Latest Practicable Date, conditions precedent (ii) and (v) above has been fulfilled by the Company.

Consideration and the Intercompany Loans

Pursuant to the Supplemental Agreements, the amount of the Original Consideration and the Original Intercompany Loan in the Original Framework Agreement have been amended. Upon the adjustments as described in the section headed “Adjustments” below, (i) the aggregate value of the Consideration shall be RMB2,119,130,000, and (ii) the aggregate value of the Intercompany Loans shall be RMB2,106,100,000. Out of the aggregate value of the Consideration, (i) RMB4,720,000 will be payable to Party A, an Independent Third Party, as it holds 15% of the equity interest in Shanghai Huan Jian, and (ii) RMB2,114,410,000 will be payable to Top Spring Group. The amounts of Consideration and Intercompany Loans pursuant to the Framework Agreement (after adjustments in the Supplemental Agreements) are as follows:-

	Transferor	Transferee	Target Company	Target Project	Equity interest to be transferred	Consideration	Intercompany Loan
					(RMB)	*(RMB)*	
1.	Shenzhen Ding Feng	Shanghai Sunac Real Estate	Shanghai Huan Jian	Shanghai Puxing Project	85%	41,750,000	766,000,000
	Party A				15%	4,720,000	132,530,000
2.	Unique Prosper	Shanghai Sunac Real Estate	Shanghai Li Te Man	Shanghai Grand Pujian Residence	100%	545,610,000	0
3.	Urban Transportation Infrastructure	Shanghai Sunac Real Estate	Nanjing Top Spring Metropolitan	Nanjing Fashion Mark	90%	262,570,000	0
	Shenzhen Jin Yue				10%	28,600,000	-6,620,000
4.	Shenzhen Water Flower	Chuang Yu Real Estate	Shenzhen Panye	Shenzhen Smart Venture Valley	100%	187,970,000	79,360,000
5.	Shenzhen Shen Gou Tou	Chuang Yu Real Estate	Hui Dong Lai Yang Tian	Huizhou Hidden Bay	100%	72,000,000	174,230,000
6.	Shenzhen Shen Gou Tou	Chuang Yu Real Estate	Hui Dong Lai Hai Tian	Huizhou Hidden Bay	100%	145,000,000	210,530,000
7.	Top Spring Xiqi	Rongxinheng Investment	Top Spring Zhiye Fuyang	Hangzhou Hidden Valley	49%	100,000,000	0
	Xiang Kang				51%	730,910,000	750,070,000
					Total:	2,119,130,000	2,106,100,000

The Consideration was arrived at after arm's length negotiations between the Company and Top Spring, and was determined with reference to the unaudited net asset value of the Target Group as at 29 February 2016 in the amount of approximately RMB2,269,210,000 and the prevailing market value of the Property Projects as at 29 February 2016 in the amount of approximately RMB2,119,130,000 as determined by the Company based on (i) the unaudited net asset value of the Target Group (ii) its due diligence on the Property Projects, (iii) the Group's judgement of the local market conditions based on its numerous years of experience in the PRC property market, and (iv) the future prospects of the Property Projects.

Upon the adjustments as described in the section headed "Adjustments" below, the aggregate value of the Consideration together with the Intercompany Loans shall be RMB4,225,230,000, comprising (i) the aggregate value of the Consideration in the amount of RMB2,119,130,000; and (ii) the aggregate value of the Intercompany Loans in the amount of RMB2,106,100,000. Out of the aggregate of the Consideration and the Intercompany Loans, (i) RMB137,250,000 will be payable to Party A, an Independent Third Party, as it holds 15% of the equity interest in Shanghai Huan Jian;

and (ii) RMB4,087,980,000 will be payable to Top Spring Group. The Consideration and the Intercompany Loans shall be payable and settled by the Company (or its designated companies) in cash (via bank transfer) by two instalments in the following manner:

(i) RMB2 billion shall be paid by the Company to Top Spring as deposit within one Business Day from the date of the Joint Announcement upon satisfaction of the conditions set out in the section headed "Pledged Deposit and Part Payment of the Consideration"; and

(ii) the balance of the Consideration and the Intercompany Loans shall be paid to Top Spring and settled by the Company within six Business Days from the Completion Date upon satisfaction of the conditions set out in the section headed "Conditions for the payment of the balance of the Consideration and the Intercompany Loans".

The Consideration and the Intercompany Loans payable by the Company will be financed by the Group's internal resources.

Due diligence by the Company

After the entering into of the Framework Agreement, the Company is entitled to conduct due diligence on the Property Projects, the Target Companies and the Project Companies. The Company endeavours to complete the due diligence within one month from the date when it formally commences the onsite due diligence. If there are any discrepancies between the actual circumstances and the information disclosed by Top Spring about the Property Projects, the Target Companies and the Project Companies, the Consideration and the Intercompany Loans may be adjusted in accordance with paragraphs (ii) to (vii) in the section headed "Adjustments".

As of the Latest Practicable Date, the Company has completed its due diligence on the Property Projects.

Adjustments

Pursuant to the Framework Agreement, the Company is entitled to adjust the amount of the Consideration and the Intercompany Loans in the following circumstances:

(i) if Beijing Huaxia exercises its pre-emptive rights over the 51% equity interest in Sanhe Xue Zhe Zhi Jia, (a) the consideration for the sale and purchase of the equity interest in Sanhe Xue Zhe Zhi Jia; and (b) the intercompany loans incurred by Sanhe Xue Zhe Zhi Jia as at 29 February 2016 shall be deducted from the Consideration and the Intercompany Loans, respectively;

(ii) if there is any difference between (a) the actual saleable GFA (other than the car park units); and (b) the saleable GFA (other than the car park units) as disclosed in Framework Agreement, of any of the Property Projects, and such difference exceeds 0.5%, the Consideration will be adjusted accordingly;

(iii) if there is any difference between (a) the total number or area of the saleable car park units; and (b) the total number or area of the saleable car park units as disclosed in the Framework Agreement, of any of the Property Projects, and such difference exceeds 5%, the Consideration will be adjusted accordingly;

(iv) if there is any unpaid registered capital in any of the Target Companies and such unpaid registered capital has not been paid within 10 days from the date of the Company's written notice, the Company is entitled to deduct the unpaid registered capital from the Consideration;

(v) if there is any difference in the amount of (a) the actual Principal Equity Investment made by Top Spring or its designated companies; and (b) the Principal Equity Investment made by Top Spring or its designated companies as disclosed in the Framework Agreement, the Consideration shall be adjusted accordingly;

(vi) save as disclosed in the Framework Agreement, if there is any difference in (a) the actual tax deduction entitlements; and (b) the tax deduction entitlements as disclosed by Top Spring, in relation to the Target Group, the Company is entitled to deduct a certain proportion of the amount equivalent to the decrease in the net profits (due to the increase in the tax payment) from the Consideration;

(vii) if the floor height of Shanghai Puxing Project is less than 4.5 metres, the Company and Top Spring will re-confirm the average selling price and net profits of Shanghai Puxing Project, and the Consideration shall be adjusted accordingly; and

(viii) if there is a difference between (a) the actual Intercompany Loans as at the Completion Date; and (b) the Intercompany Loans, the Intercompany Loans will be adjusted accordingly.

The Company and Top Spring will agree and confirm on the adjustments (if any) prior to the payment of the balance of the Consideration and the settlement of the Intercompany Loans by the Company. If the Company and Top Spring have not agreed on the adjustments, the Company shall tentatively pay Top Spring the balance of the Consideration and the Intercompany Loans in the amount equivalent to 90% of the aggregate of the Consideration and the Intercompany Loans minus the amount which had been paid by the Company and its designated companies within six Business Days from the Completion Date upon satisfaction of the conditions set out in the section headed "Conditions for the payment of the balance of the Consideration and the Intercompany Loans". The parties shall then agree on the final amount and to refund for any overpayment and supplement for any deficiency.

Supplemental Agreement 2

Upon completion of the due diligence on the Property Projects, the Target Companies and the Project Companies, the Company and Top Spring entered into the Supplemental Agreement 2 on 22 July 2016 and agreed on the adjustments on the Consideration and the Intercompany Loans as set out below:

(i) The entire equity interest in Shanghai Huan Jian

Consideration

As there is a difference in the amount of (a) the actual Principal Equity Investment made by Top Spring Group; and (b) the Principal Equity Investment made by Top Spring Group as disclosed in the Original Framework Agreement, an amount of RMB869,340,000 shall be deducted from the consideration for the sale and purchase of the equity interest in Shanghai Huan Jian as set out in the Original Framework Agreement.

Intercompany Loans

As there is a difference between (a) the actual Intercompany Loans in relation to Shanghai Huan Jian; and (b) the intercompany loans as disclosed in the Original Framework Agreement, the Intercompany Loans shall be increased by RMB898,530,000.

(ii) The entire equity interest in Shanghai Li Te Man

Consideration

(1) As there is a difference in the amount of (a) the actual Principal Equity Investment made by Top Spring Group; and (b) the Principal Equity Investment made by Top Spring Group as disclosed in the Original Framework Agreement, an amount of RMB2,380,000 shall be deducted from the consideration for the sale and purchase of the equity interest in Shanghai Li Te Man as set out in the Original Framework Agreement.

(2) As there is a difference in (a) the actual premium; and (b) the premium as disclosed by Top Spring, an amount of RMB75,990,000 shall be deducted from the consideration for the sale and purchase of the equity interest in Shanghai Li Te Man as set out in the Original Framework Agreement.

(iii) The entire equity interest in Nanjing Top Spring Metropolitan

Consideration

(1) As there is a difference in the amount of (a) the actual Principal Equity Investment made by Top Spring Group; and (b) the Principal Equity Investment made by Top Spring Group as disclosed in the Original Framework Agreement, the consideration for the sale and purchase of the equity interest in Nanjing Top Spring Metropolitan as set out in the Original Framework Agreement shall be increased by RMB39,250,000.

(2) As there is a difference in (a) the actual total area of the saleable non-parking units; and (b) the total area of the saleable non-parking units as disclosed in the Original Framework Agreement, and such difference exceeds 0.5%, an amount of RMB430,000 shall be deducted from the consideration for the sale and purchase of the equity interest in Nanjing Top Spring Metropolitan as set out in the Original Framework Agreement.

(3) As there is a difference in (a) the actual premium; and (b) the premium as disclosed by Top Spring, the consideration for the sale and purchase of the equity interest in Nanjing Top Spring Metropolitan as set out in the Original Framework Agreement shall be increased by RMB5,960,000.

(iv) The entire equity interest in Shenzhen Panye

Consideration

As there is a difference in (a) the actual tax deduction entitlements; and (b) the tax deduction entitlements as disclosed by Top Spring, the consideration for the sale and purchase of the equity interest in Shenzhen Panye as set out in the Original Framework Agreement shall be increased by RMB6,370,000.

(v) The entire equity interest in each of Hui Dong Lai Yang Tian and Hui Dong Lai Hai Tian

Consideration

(1) As there is a difference in (a) the actual total area of the saleable non-parking units; and (b) the total area of the saleable non-parking units as disclosed in the Original Framework Agreement, and such difference exceeds 0.5%, the consideration for the sale and purchase of the equity interest in Hui Dong Lai Yang Tian as set out in the Original Framework Agreement shall be increased by RMB2,650,000.

(2) As there is a difference in (a) the actual tax deduction entitlements; and (b) the tax deduction entitlements as disclosed by Top Spring, an amount of RMB3,150,000 shall be deducted from the consideration for the sale and purchase of the equity interest in Hui Dong Lai Yang Tian as set out in the Original Framework Agreement.

Intercompany Loans

As there is a difference between (a) the actual Intercompany Loans in relation to Hui Dong Lai Yang Tian and Hui Dong Lai Hai Tian; and (b) the intercompany loans as disclosed in the Original Framework Agreement, the Intercompany Loans shall be decreased by RMB18,090,000.

(vi) The entire equity interest in Top Spring Zhiye Fuyang

Intercompany Loans

As there is a difference between (a) the actual Intercompany Loans in relation to Top Spring Zhiye Fuyang; and (b) the intercompany loans as disclosed in the Original Framework Agreement, the Intercompany Loans shall be increased by RMB180,000,000.

In the light of the above, (i) the Original Consideration as set out in the Original Framework Agreement shall be adjusted from RMB3,386,830,000 to RMB2,119,130,000; (ii) the Original Intercompany Loans as set out in the Original Framework Agreement shall be adjusted from RMB1,007,240,000 to RMB2,106,100,000; and (iii) the aggregate value of the consideration and intercompany loans as set out in the Original Framework Agreement shall be adjusted from RMB4,394,070,000 to RMB4,225,230,000.

Other material terms in relation to the Target Companies

Pursuant to the Supplemental Agreement 2, the Company and Top Spring further agreed that:

(i) if Hui Dong Lai Yang Tian is not entitled to the tax deduction entitlements in relation to the bank borrowing interest in the amount of approximately RMB31,635,668, Top Spring shall be responsible for the relevant tax liabilities;

(ii) if Shanghai Li Te Man is not entitled to the tax deduction entitlements in relation to the construction costs in the amount of approximately RMB19,230,000, Top Spring shall be responsible for the relevant tax liabilities;

(iii) if there is any difference between (a) the final total saleable GFA and (b) the total saleable GFA as disclosed in the Framework Agreement in respect of Shenzhen Smart Venture Valley, the Consideration shall be further adjusted as set out in the section headed "LETTER FROM THE BOARD — Adjustments" of this circular;

(iv) if Hui Dong Lai Hai Tian and/or Hui Dong Lai Yang Tian is not entitled to the tax deduction entitlements in relation to the marketing and management consultancy expenses, and the demolition compensation of Huizhou Hidden Bay in the aggregate amount of RMB118,420,000, Top Spring shall be responsible for the relevant tax liabilities;

(v) if the construction of Hangzhou Hidden Valley has not been completed by March 2017 and penalties are imposed on Top Spring Zhiye Fuyang by the relevant government authorities, Top Spring shall be responsible for the actual loss suffered by Top Spring Zhiye Fuyang and/or the Company as a result of the delay in completion; and

(vi) if the average costs eligible for tax deduction for the project of Shanghai Grand Pujian Residence exceeds RMB23,000 per square meter of saleable area (determined based on (i) the current face value of the project cost in the amount of approximately RMB20,000 per square meter and (ii) reasonable estimates by the parties of the valuation which the relevant PRC tax authority may recognize at the time of settling the relevant tax obligations of the project in the future), the Company shall pay Top Spring a compensation in the amount of RMB15,000,000, as the Consideration would be impacted by the increased net profits of the Shanghai Grand Pujian Residence project which may be resulted from the increase of costs eligible for tax deduction from the current face value of RMB20,000 per square meter to RMB23,000 per square meter (i.e. an increase of costs eligible for tax deduction in the amount of RMB3,000 per square meter).

Further announcement will be made by the Company when and as necessary in accordance with the requirements of the Listing Rules in the event that there is any further adjustment on the Consideration and the Intercompany Loans.

Security for the Deposit and Part Payment of the Consideration

Pursuant to the Framework Agreement, the Company shall pay Top Spring RMB2 billion as deposit within one Business Day from the date of the Joint Announcement upon the satisfaction of the following conditions:

(i) the duly entering into of the Framework Agreement, the Sale and Purchase Agreements and the relevant transfer documents in accordance with applicable laws;

(ii) the Company and Top Spring having announced the Transactions in accordance with the requirements of applicable laws and the Listing Rules; and

(iii) as security for the Deposit, on the date of the entering into of the Original Framework Agreement, Top Spring and its designated companies having delivered to the Company (a) the signed Sale and Purchase Agreements; (b) the signed Master Pledge Agreement; and (c) all the necessary transactions documents to effect the sale and purchase of the Target Companies signed in escrow by Top Spring or its designated companies.

Pursuant to the Master Pledge Agreement, the Company and Top Spring agreed that the designated companies of Top Spring shall execute the Original Pledge Agreements in favour of the designated companies of the Company in relation to the pledge of the Sale Shares. Pursuant to the Supplemental Agreement 1, the Jun Hong Da Pledge Agreement will be terminated and released within ten working days after entering into of the Supplemental Agreement 1.

As at the Latest Practicable Date, the above conditions have been fulfilled and the Company has paid the Deposit to Top Spring. The Deposit paid by the Company shall be automatically converted into part payment of the Consideration on the date of the Top Spring EGM or the date of the EGM (whichever is later).

Arrangements during the Transition Period

During the Transition Period and after the payment of the Deposit by the Company to Top Spring, (i) the Company is entitled to nominate one director and one finance personnel to each of the Target Companies to participate in the management and finance work of the Target Group; and (ii) the Project Companies are required to obtain the Company's prior written consent for the implementation of any material operation and business decisions, such as products positioning, design plans, work progress, financing and tax arrangements, and disposal of material assets.

Completion

Completion shall take place on the Completion Date.

Upon Completion, each of the Target Companies will become a wholly-owned subsidiary of the Company and its financial results will be consolidated to the financial results of the Group.

Following Completion, the Company may also consider to cooperate with other potential business partners in investing in the Target Companies. Further announcement in relation to such cooperation will be made by the Company when and as necessary in accordance with the requirements of the Listing Rules.

Conditions for the payment of the balance of the Consideration and the Intercompany Loans

The balance of the Consideration and the Intercompany Loans shall be paid to Top Spring and settled by the Company within six Business Days from the Completion Date upon satisfaction of the following conditions:

(i) each of the Company and Top Spring has obtained the necessary internal approvals (including the approval from its shareholders and its board of directors) in respect of the Transactions;

(ii) each of the Company and Top Spring (a) has announced the Transactions in accordance with the requirements of applicable laws and the Listing Rules; and (b) has obtained the relevant governmental approval (if applicable);

(iii) Top Spring has fully cooperated with the Company on the due diligence;

(iv) Top Spring has procured, and the Company has completed, the relevant registration on the change of shareholders in accordance with the applicable laws and requests by the government bodies;

(v) Top Spring has procured the Project Companies and the relevant parties to complete the physical delivery of the completion items as set out in the Framework Agreement;

(vi) save as disclosed by Top Spring and the Project Companies in the Framework Agreement, the representations and warranties set out in the Framework Agreement by Top Spring are true, accurate and complete;

(vii) save as disclosed by Top Spring and the Project Companies, (a) there is no material litigation, arbitration, administrative proceedings, court judgments or governmental rulings which restricts the parties to proceed with the Completion or has material adverse effect on the Transactions; (b) there is no event which causes the Company to be subject to any material penalties or legal liabilities under laws and regulations if it proceeds with the Completion; and (c) the Company is not subject to any restrictions on its operation which cause material adverse change;

(viii) the Company and Top Spring have agreed and confirmed on the adjustments (if any) on the Consideration and the Intercompany Loans. If the parties have not agreed on the adjustments, the Company shall tentatively pay Top Spring the balance of the Consideration and the Intercompany Loans in the amount equivalent to 90% of the aggregate of the Consideration and the Intercompany Loans minus the amount which had been paid by the Company and its designated companies. The parties shall then agree on the final amount and to refund for any overpayment and supplement for any deficiency; and

(ix) the pledge on the two parcels of land of Hangzhou Hidden Valley has been released. If the pledge of these two parcels of land has not been released on the payment date of the balance of the Consideration and the Intercompany Loans, the Company or its designated companies is entitled to withhold part of the Consideration in the amount of RMB990,000,000 until the release of the pledge on these two parcels of land.

THE GUARANTEE

Pursuant to the Framework Agreement, the Company warrants that its designated companies shall use their best endeavors to assist Top Spring and its designated companies to apply to the lending banks of the Target Companies and the Project Companies to change all the existing guarantors in relation to the existing bank borrowings of the Target Companies and the Project Companies from Top Spring or its designated companies to the Company or its designated companies within 30 Business Days from the Completion Date.

If the lending bank(s) refuse to release Top Spring or its designated companies as the guarantors of the existing bank borrowings, (i) Top Spring or its designated companies will remain as the guarantor(s) of the relevant Target Companies and Project Companies after Completion; and (ii) the Company shall provide counter-guarantee(s) to Top Spring and its designated companies on all their guarantee obligations. If Top Spring or its designated companies incurs any liabilities during the period when they perform their obligations as guarantors, the Target Companies and the Project Companies shall reimburse Top Spring and its designated companies within three Business Days from the date of payment by Top Spring or its designated companies. the Company shall be jointly liable with the Target Companies and the Project Companies for their reimbursement obligations.

As at the Latest Practicable Date, (i) the aggregate utilised bank borrowings of the Target Group amounted to approximately RMB1.92 billion; (ii) the aggregate unutilised bank borrowings of the Target Group amounted to approximately RMB480 million; and (iii) the aggregate of the utilised and unutilised bank borrowings of the Target Group amounted to approximately RMB2.40 billion.

As at the Latest Practicable Date, the existing bank loans of the Target Group bore interest rates ranging from 5.23% to 12.0% per annum and repayable on or before 13 January 2021.

The aggregate maximum Guarantee to be provided by Top Spring and its designated companies to the Target Group after Completion pursuant to the Framework Agreement is estimated to be approximately RMB2.40 billion (which is calculated based on the aggregate of the utilised and unutilised bank borrowings of the Target Group as at the Latest Practicable Date).

Shareholders' Approval

Each of the Company and Top Spring has undertaken to convene their respective extra-ordinary general meetings within three months from the date of the Original Framework Agreement for their respective shareholders to approve the Framework Agreement and the transactions contemplated thereunder.

If Top Spring fails to (i) convene the Top Spring EGM within the above timeframe (or any other period as agreed by the Company); and/or (ii) obtain the Top Spring Shareholders' approval for the entering into of the Framework Agreement and the transactions contemplated thereunder, so that the Transactions cannot be completed, the Company is entitled to terminate the Framework Agreement and request Top Spring to refund all sums paid by the Company to Top Spring (including the Deposit) within five Business Days from the date of the written notice served by the Company. In addition, Top Spring is required to pay the Company a penalty in the amount equivalent to 30% of all sums paid by the Company to Top Spring pursuant to the Framework Agreement. If Top Spring does not refund the above sums and pay the penalty within the prescribed period, the Company and/or its designated companies will be entitled to exercise its rights under the Pledge Agreements.

If the Company fails to (i) convene the EGM within the above timeframe (or any other period as agreed by Top Spring); and/or (ii) obtain Shareholders' approval for the entering into of the Framework Agreement and the transactions contemplated thereunder, so that the Transactions cannot be completed, Top Spring is entitled to terminate the Framework Agreement. Upon termination of the Framework Agreement, the Company has agreed to convert the Deposit paid to Top Spring into a fixed term loan in the amount of RMB2 billion repayable by Top Spring. The term of the loan shall be two years from (i) three months from the date of the Original Framework Agreement; or (ii) the date of EGM which the resolution(s) proposed has been voted down. The interest rate of the loan is 8% per annum, payable quarterly. Further announcement will be made by the Company when and as necessary in accordance with the requirements of the Listing Rules in the event that the Company is required to convert the Deposit into loan pursuant to the Framework Agreement.

However, if the failure of the Company to convene the EGM within the above timeframe is caused by the failure of Top Spring to provide the Company with the audited financial statements and/or the valuation report of the Target Group (where applicable and are required to be included in the Circular) within 30 days from the date of the Original Framework Agreement, the timeframe for the holding of the EGM shall be extended until such document(s) become available.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company has always insisted on the regional focus development strategy and has laid out its strategic plan in the core first and second tier cities in the PRC. The Transactions will enable the Group to enter into the Shenzhen property market, which has good long term prospects and huge development potentials. At the same time, the other Property Projects of the Transactions are located in the regional property market and cities in the PRC which the Group has been cultivating in-depth, and the Transactions would help to further optimise the Group's regional strategy and increase the Group's land reserves and market shares in the relevant core first and second tier cities.

Accordingly, the Directors, including the independent non-executive Directors, consider that the terms of the Framework Agreement and the transactions contemplated thereunder, including but not limited to the Sale and Purchase Agreements, the Master Pledge Agreement, the Pledge Agreements and the Transactions, have been made on normal commercial terms and are fair and reasonable and that the entering into of the Framework Agreement and the transactions contemplated thereunder, the entering into by the Group of the Sale and Purchase Agreements, the Master Pledge Agreement, the Pledge Agreements and the Transactions, are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON TOP SPRING GROUP

Top Spring Group is a real estate property developer in the PRC specialised in the development and operation of urban mixed-use communities, and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

INFORMATION ON THE TARGET COMPANIES

(i) Shanghai Huan Jian

Shanghai Huan Jian a limited liability company established in the PRC, and 85% indirectly owned by Top Spring and 15% owned by Party A, an Independent Third Party. The principal business activity of Shanghai Huan Jian is investment holding.

(ii) Shanghai Li Te Man

Shanghai Li Te Man is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of Shanghai Li Te Man is property leasing.

(iii) Nanjing Top Spring Metropolitan

Nanjing Top Spring Metropolitan is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of Nanjing Top Spring Metropolitan is property development.

(iv) Shenzhen Panye

Shenzhen Panye is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of Shenzhen Panye is property development.

(v) Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian

Each of Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of each of Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian is property development.

(vi) Top Spring Zhiye Fuyang

Top Spring Zhiye Fuyang is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of Top Spring Zhiye Fuyang is property development.

INFORMATION ON THE PROPERTY PROJECTS

(i) Shanghai Puxing Project

Shanghai Puxing Project is located at lot nos. 07-02, 07-07 and 07-08 at Puxing Community District, Pudong New District, Shanghai, the PRC. The land use right of the land of Shanghai Puxing Project is for commercial and office use. The site area of the land is approximately 21,253.49 sq.m.

(ii) Shanghai Grand Pujian Residence

Shanghai Grand Pujian Residence is located at 727 Pujian Road, Pudong New Area, Shanghai, the PRC. It is a residential serviced apartment and office/retail podium, comprising a total of 120 residential units, four office units, four retail units, and 43 car park units. It has a total GFA of approximately 25,960.63 sq.m.

(iii) Nanjing Fashion Mark

Nanjing Fashion Mark is adjacent to the west of North Square of Huangjiaxu Road Railway Station in Xiaguan District, Nanjing, Jiangsu Province, the PRC. The land use right of the land of Nanjiang Fashion Mark is for residential and retail. The total estimated GFA is approximately 44,256 sq.m.

(iv) Shenzhen Smart Venture Valley

Shenzhen Smart Venture Valley is located at the southeast side of the conjunction of Jianshe Road and Longsheng Road in Longhua area, the PRC. The land use right of the land of Shenzhen Smark Venture Valley is for industrial and retail. The total estimated GFA is approximately 133,583 sq.m.

(v) Huizhou Hidden Bay

Huizhou Hidden Bay is located in Huidong, Huizhou, the PRC. The land use right of the land of Huizhou Hidden Bay is for residential, retail and hotel. The total estimated GFA is approximately 627,749 sq.m.

(vi) Hangzhou Hidden Valley

Hangzhou Hidden Valley is located at Dongzhou Avenue, Fuyang, Hangzhou, Zhejiang Province, the PRC. The land use right of the land of Hangzhou Hidden Valley is for low density residential property. The total estimated GFA is approximately 519,561 sq.m.

Current Status of the Property Projects

As of the Latest Practicable Date, the current status of the development of the Property Projects are as follows:-

Name of Property Project	Development Status	Completion Time (estimate)
Huizhou Hidden Bay	Construction of Phase 1 and Phase 2 has been completed	Phase 1 and Phase 2 completed in 2016
	Construction of Phase 3 and Phase 4 has not commenced	Phase 3 and Phase 4 to be completed by May 2022
Hangzhou Hidden Valley	Construction of Phase 1 and Phase 2 has been completed	Phase 1 and Phase 2 completed in 2014
	Construction of Phase 3 and Phase 4 has not commenced	Phase 3 and Phase 4 to be completed by May 2019

Name of Property Project	Development Status	Completion Time (estimate)
Shanghai Grand Pujian Residence	Held for rental	1998
Shenzhen Smart Venture Valley	Construction in progress	September 2017
Nanjing Fashion Mark	Construction in progress	June 2017
Shanghai Puxing Project	Construction in progress	December 2017

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange. As specialised in integrated development of residential and commercial properties, the Company is one of the leading real estate developers in the PRC. In line with its regional focus and high-end positioning strategy, the Company has developed or is developing many high-quality property projects ranging from high-rise residences, detached villas, retail properties and offices in the first-tier cities and core second-tier cities in the PRC.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the audited combined financial information of the Target Companies prepared in accordance with Hong Kong Financial Reporting Standards for each of the two years ended 31 December 2014 and 2015:

	For the year ended 31 December	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(audited)	*(audited)*
Net profit (loss) before tax	(157,900)	(169,737)
Net profit (loss) after tax	(196,993)	(157,050)

	As at 31 December	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(audited)	*(audited)*
Net asset value	2,549,307	2,727,541

FINANCIAL EFFECTS OF THE TRANSACTIONS

Based on the annual report of the Group for the year ended 31 December 2015, as at 31 December 2015, the Group had total assets, total liabilities and net assets of approximately RMB115,509.0 million, RMB96,088.8 million and RMB19,420.2 million respectively. Based on the unaudited pro forma consolidated balance sheet of the Enlarged Group as set out in Appendix IV to this circular, the Enlarged Group would have an increase in total assets of approximately RMB2,624.6 million to approximately RMB118,133.6 million, an increase in total liabilities of approximately RMB2,218.1 million to approximately RMB98,306.9 million, an increase in net assets of approximately RMB406.5 million to approximately RMB19,826.7 million.

Based on the projected trend of the future profit of the Target Companies, the Directors believe that the transactions contemplated under the Framework Agreement would have a positive impact on the earnings of the Enlarged Group. As the Consideration payable by the Company will be paid to the respective vendors of the Sale Shares, the Directors believe that the transactions contemplated under the Framework Agreement would have negative impact to the cashflow and have no material impact on the gearing ratio of the Enlarged Group.

For details of the unaudited pro forma financial information on the Enlarged Group following completion of the transactions contemplated under the Framework Agreement, please refer to Appendix IV to this circular.

EQUITY CAPITAL RAISING ACTIVITIES DURING PAST 12 MONTHS

The Company has not engaged in or initiated any equity capital raising activities during the 12 months immediately preceding the Latest Practicable Date or any rights issue exercise prior to such 12-month period.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratio(s) in respect of the transactions contemplated under the Framework Agreement exceed 25% but less than 100%, the entering into of the Framework Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under the Listing Rules. Therefore, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened and held for the Shareholders to consider, and if thought fit, to approve the Framework Agreement and the transactions contemplated thereunder, including but not limited to the entering into by the Group of the Sale and Purchase Agreements, the Master Pledge Agreement, the Pledge Agreements and the Transactions. A notice convening the EGM to be held at Multifunctional Hall, 2nd Floor, Xishanhui Business Club, 1 Dehui Road, Haidian District, Beijing, China on 16 August 2016 at 10 a.m. is set out on pages N-1 to N-2 of this circular. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution(s) in respect of the Framework Agreement at the EGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Board therefore recommends to the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the entering of the Framework Agreement, the transactions contemplated thereunder, including but not limited to the entering into by the Group of the Sale and Purchase Agreements, the Master Pledge Agreement, the Pledge Agreements and the Transactions, and matters ancillary thereto as set out in the notice of EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
Sunac China Holdings Limited
SUN Hongbin
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended 31 December 2013, 2014 and 2015 are disclosed on pages 64 to 150, pages 58 to 140 and pages 71 to 154 of the annual reports of the Company for the years ended 31 December 2013, 2014 and 2015, respectively. The management discussion and analysis of the Company for the years ended 31 December 2013, 2014 and 2015 are disclosed in the published annual report of the Company for the relevant years.

All of the above information have been published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.sunac.com.cn).

2. INDEBTEDNESS STATEMENT

(i) Borrowings and debts

As at the close of business on 30 June 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 borrowings of approximately RMB63,411.5 million, of which RMB42,443.9 million were secured or jointly secured by properties under development, completed properties held for sale, investment properties and certain equity interests of the Company's subsidiaries (including those legally transferred as collateral).

The Enlarged Group's contingent liabilities at the close of 30 June 2016 are as follows:

	RMB million
Guarantees in respect of mortgage facilities for certain purchasers of the Enlarged Group's properties	7,649.6
Guarantees in respect of borrowings owed by joint ventures and associates of the Enlarged Group	9,215.0

(ii) General

Save as otherwise disclosed herein and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on 30 June 2016, the Enlarged Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, charges or debentures, mortgages, loans or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits or any guarantees.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Enlarged Group since 30 June 2016.

3. MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

4. WORKING CAPITAL

Taking into account the expected completion of the Transactions and the financial resources available to the Enlarged Group, including the internally generated funds and the available banking facilities, the Directors of the Company are of the opinion that the Enlarged Group has sufficient working capital for its present requirement, that is for at least the next 12 months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Among the six Property Projects subject to the current acquisition, the relevant projects located in Shanghai, Nanjing and Hangzhou are situated in the core first-tier and second-tier cities which the Company has been positioned, Shenzhen and Huizhou are located in the Pearl River Delta region which the Company has optimistic prospects, and the projects to be acquired in these regions have excellent location, convenient transportation and are surrounded by comprehensive ancillary and supporting facilities. For further details and the current status of the Property Projects, please refer to the section headed "LETTER FROM THE BOARD — Current Status of the Property Projects" and the Management Discussion and Analysis of the Project Companies set out in Appendix III of this circular.

Upon completion of the Transactions, the Company will indirectly hold the entire equity interests in the Target Companies and the Target Companies will be operated by the Company. Relying on the Company's rich experience in high-end premium property development projects, the quality and competitiveness of the Property Projects shall be further enhanced. At the same time, the Enlarged Group will further its deep cultivation of the existing regions which it has been operating at, and will cautiously explore and develop the markets in the Pearl River Delta region, with a view to further increase its market share.

The unaudited consolidated pro forma financial information of the Enlarged Group illustrating the financial impact of the Transactions on the assets and liabilities of the Enlarged Group is set out in Appendix IV to this circular. The pro forma financial information of the Enlarged Group has been prepared for illustrative purpose only, based on the judgments and assumptions of the Directors, and, due to its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at the date of completion of the Transactions or any future date.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

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

29 July 2016

The Directors
Sunac China Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the consolidated financial information relating to Shanghai Huan Jian Investment Co., Ltd. ("Shanghai Huan Jian") and its subsidiary (together the "Shanghai Huan Jian Group") comprising the consolidated balance sheets of the Shanghai Huan Jian Group as at 31 December 2014 and 2015 and 31 March 2016 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for the period from 13 March 2014 (date of establishment) to 31 December 2014, the year ended 31 December 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"), for inclusion in the circular of Sunac China Holdings Limited (the "Company") dated 29 July 2016 (the "Circular") in connection with the proposed acquisition of the Shanghai Huan Jian Group by the Company.

Shanghai Huan Jian was established in the People's Republic of China (the "PRC") on 13 March 2014, as a limited liability company under the Companies Law of the PRC. It is principally engaged in property development and owned the Shanghai Puxing project (the "Puxing Project") during the Relevant Periods.

All companies comprising the Shanghai Huan Jian have adopted 31 December as their financial year end date. The subsidiary of the Shanghai Huan Jian Group that are subject to audit during the Relevant Periods and the name of the respective auditor is set out in note 27 of Section B. The statutory financial statements of these companies were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC.

The directors of the Shanghai Huan Jian have prepared the consolidated financial statements for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for the period from 13 March 2014 (date of establishment) to 31 December 2014, the year ended 31 December 2015 and the three months ended 31 March 2016 were audited by KPMG Huazhen LLP Shenzhen Branch (畢馬威華振會計師事務所(特殊普通合夥)深圳分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of Shanghai Huan Jian, its subsidiary or the Shanghai Huan Jian Group in respect of any period subsequent to 31 March 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Shanghai Huan Jian Group as at 31 December 2014 and 2015 and 31 March 2016 and of the Shanghai Huan Jian Group's financial performance and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Shanghai Huan Jian Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2015, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A FINANCIAL INFORMATION OF THE SHANGHAI HUAN JIAN GROUP

1 Consolidated statements of comprehensive income

	Section B Note	Period from 13 March 2014 to 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	Three months ended 31 March 2016
				(Unaudited)	
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other revenue	2	2	186	61	110
Other net loss	3	—	—	—	(2)
Selling and marketing expenses		—	(367)	—	(436)
Administrative expenses		(41,251)	(27,369)	(15,312)	(410)
Loss from operations		(41,249)	(27,550)	(15,251)	(738)
Finance costs	4(a)	(6,429)	—	—	—
Loss before taxation	4	(47,678)	(27,550)	(15,251)	(738)
Income tax	5	—	—	—	—
Loss and total comprehensive income for the period/year		(47,678)	(27,550)	(15,251)	(738)
Attributable to:					
Equity shareholder of Shanghai Huan Jian		(47,201)	(27,275)	(15,098)	(730)
Non-controlling interests		(477)	(275)	(153)	(8)
Loss and total comprehensive income for the period/year		(47,678)	(27,550)	(15,251)	(738)

The accompanying notes form part of the Financial Information.

2 Consolidated balance sheets

	Section B Note	As at 31 December 2014 *RMB'000*	As at 31 December 2015 *RMB'000*	As at 31 March 2016 *RMB'000*
Non-current assets				
Property, plant and equipment	8	132	423	387
Intangible assets		—	73	70
		132	496	457
Current assets				
Properties under development for sale	9	—	798,988	827,993
Amounts due from the former ultimate holding company	16	98,383	53,133	—
Other receivables	10	952	1,446	7,191
Prepayments	11	130,680	—	—
Restricted cash and pledged deposits	12	—	19,373	20,007
Cash and cash equivalents	13	22	7,479	29,892
		230,037	880,419	885,083
Current liabilities				
Trade and other payables	14	40,734	22,699	47,039
Amounts due to the former ultimate holding company	17	227,113	517,504	—
Amount due to the immediate holding company	18	—	—	736,901
Amount due to a non-controlling shareholder	19	—	—	132,688
Amount due to an intermediate holding company	20	—	—	30,000
Bank borrowing	15	—	360,000	—
		267,847	900,203	946,628
Net current liabilities		(37,810)	(19,784)	(61,545)
Total assets less current liabilities		(37,678)	(19,288)	(61,088)
Non-current liabilities				
Bank borrowing	15	—	40,000	—
		—	40,000	—
NET LIABILITIES		(37,678)	(59,288)	(61,088)
CAPITAL AND RESERVES	21			
Paid-up capital	21(b)	9,000	9,000	9,000
Reserves		(47,201)	(68,536)	(70,088)
Total equity attributable to equity shareholders of Shanghai Huan Jian		(38,201)	(59,536)	(61,088)
Non-controlling interests		523	248	—
TOTAL EQUITY		(37,678)	(59,288)	(61,088)

The accompanying notes form part of the Financial Information.

3 Consolidated statements of changes in equity

	Attributable to equity shareholder of Shanghai Huan Jian					
	Paid-up capital	Capital reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 13 March 2014 (date of establishment)	—	—	—	—	—	—
Loss and total comprehensive income for the period	—	—	(47,201)	(47,201)	(477)	(47,678)
Owner's capital contribution	9,000	—	—	9,000	—	9,000
Contribution from non-controlling interests	—	—	—	—	1,000	1,000
Balance at 31 December 2014 and 1 January 2015	9,000	—	(47,201)	(38,201)	523	(37,678)
Loss and total comprehensive income for the year	—	—	(27,275)	(27,275)	(275)	(27,550)
Contribution from the former ultimate holding company	—	5,940	—	5,940	—	5,940
Balance at 31 December 2015 and 1 January 2016	9,000	5,940	(74,476)	(59,536)	248	(59,288)
Loss and total comprehensive income for the period	—	—	(730)	(730)	(8)	(738)
Acquisition of non-controlling interest	—	—	(822)	(822)	(240)	(1,062)
Balance at 31 March 2016	9,000	5,940	(76,028)	(61,088)	—	(61,088)
Balance at 1 January 2015	9,000	—	(47,201)	(38,201)	523	(37,678)
Loss and total comprehensive income for the period (Unaudited)	—	—	(15,098)	(15,098)	(153)	(15,251)
Balance at 31 March 2015 (Unaudited)	9,000	—	(62,299)	(53,299)	370	(52,929)

The accompanying notes form part of the Financial Information.

4 Consolidated statements of cash flow

	Section B Note	Period from 13 March 2014 to 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	Three months ended 31 March 2016
				(Unaudited)	
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities					
Loss before taxation		(47,678)	(27,550)	(15,251)	(738)
Adjustments for:					
Depreciation and amortisation	4(c)	1	215	63	37
Interest income	2	(2)	(186)	(61)	(7)
Finance costs	4(a)	6,429	—	—	—
Net loss on disposal of property, plant and equipment	3	—	—	—	2
		(41,250)	(27,521)	(15,249)	(706)
Changes in working capital:					
Increase in properties under development for sale		—	(699,985)	(661,293)	(5,369)
(Increase)/decrease in other receivables and prepayments		(131,632)	130,186	131,551	(5,745)
(Increase)/decrease in amounts due from the former ultimate holding company		(98,383)	51,190	(2,082)	53,133
Increase/(decrease) in other payables		40,734	(18,035)	428,194	10,690
Increase in amount due to the immediate holding company		—	—	—	736,901
Increase in amount due to an intermediate holding company		—	—	—	30,000
Increase in amount due to a non-controlling shareholder		—	—	—	132,688
Cash (used in)/generated from operations		(230,531)	(564,165)	(118,879)	951,592
Income tax paid		—	—	—	—
Net cash (used in)/generated from operating activities		(230,531)	(564,165)	(118,879)	951,592
Cash flows from investing activities					
Payment for purchase of property, plant and equipment		(133)	(499)	(430)	—
Payment for purchase of intangible assets		—	(80)	—	—
Interest received		2	186	61	7
Net cash (used in)/generated from investing activities		(131)	(393)	(369)	7
Cash flows from financing activities					
Proceeds from owner's capital contribution		9,000	—	—	—
Proceeds from contribution from non-controlling interests		1,000	—	—	—
Increase/(decrease) in amounts due to the former ultimate holding company		220,684	248,138	(220,684)	(526,852)
Proceeds from new bank borrowing		—	400,000	400,000	—
Repayment of bank borrowing		—	—	—	(400,000)
Increase in restricted cash and pledged deposits		—	(19,373)	(44,703)	(634)
Interest paid		—	(56,750)	(15,350)	(1,700)
Net cash generated from/(used in) financing activities		230,684	572,015	119,263	(929,186)
Net increase in cash and cash equivalents		22	7,457	15	22,413
Cash and cash equivalents at beginning of period/year	13	—	22	22	7,479
Cash and cash equivalents at end of period/year	13	22	7,479	37	29,892

B NOTES TO FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Shanghai Huan Jian Group has adopted all applicable new and revised HKFRSs to the period from 13 March 2014 (date of establishment) to 31 December 2014, the year ended 31 December 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2016 are set out in note 28.

The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the three months ended 31 March 2015 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of presentation

The Financial Information comprises Shanghai Huan Jian and its subsidiary.

Notwithstanding the net current liabilities of RMB37,810,000, RMB19,784,000 and RMB61,545,000 and net liabilities of RMB37,678,000, RMB59,288,000 and RMB61,088,000, as at 31 December 2014 and 2015 and 31 March 2016 respectively, the Financial Information has been prepared on going concern basis as Top Spring International Holdings Limited, ("Top Spring"), the ultimate holding company, has undertaken to provide continuing financial support as is necessary to maintain the Shanghai Huan Jian Group as a going concern and to enable it to meet its liabilities as they fall due.

(c) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(d) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 26.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by Shanghai Huan Jian Group. The Shanghai Huan Jian Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Shanghai Huan Jian Group has power, only substantive rights (held by the Shanghai Huan Jian Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to Shanghai Huan Jian, and in respect of which the Shanghai Huan Jian Group has not agreed any additional terms with the holders of those interests which would result in the Shanghai Huan Jian Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Shanghai Huan Jian Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of Shanghai Huan Jian. Non-controlling interests in the results of the Shanghai Huan Jian Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity shareholders of Shanghai Huan Jian.

Changes in Shanghai Huan Jian Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Shanghai Huan Jian Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 1(g)) and impairment losses (see note 1(i)):

— leasehold improvement

— furniture, fixtures and other equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Depreciation of property, plant and equipment

Depreciation is calculated to write off the cost of leasehold improvement and furniture, fixtures and other equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 2 years and 5 years.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Shanghai Huan Jian Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges

Where the Shanghai Huan Jian Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property or is held for development for sale (see note 1(j)).

(i) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Shanghai Huan Jian Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Shanghai Huan Jian Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

— property, plant and equipment; and

— investment in a subsidiary in Shanghai Huan Jian's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

The cost of properties held for/under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see note 1(t)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(o) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Shanghai Huan Jian Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Shanghai Huan Jian Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Shanghai Huan Jian Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(p) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Shanghai Huan Jian Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Shanghai Huan Jian Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Interest income

Interest income is recognised as it accrues using the effective interest method.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Related parties

(a) A person, or a close member of that person’s family, is related to the Shanghai Huan Jian Group if that person:

(i) has control or joint control over Shanghai Huan Jian Group;

(ii) has significant influence over Shanghai Huan Jian Group; or

(iii) is a member of the key management personnel of the Shanghai Huan Jian Group or Shanghai Huan Jian Group’s parent.

(b) An entity is related to the Shanghai Huan Jian Group if any of the following conditions applies:

(i) The entity and the Shanghai Huan Jian Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Shanghai Huan Jian Group or an entity related to Shanghai Huan Jian Group.

(vi) The entity is controlled or jointly controlled by a person identified in (u)(a).

(vii) A person identified in (u)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Shanghai Huan Jian Group or to Shanghai Huan Jian Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Other revenue

	Period from 13 March 2014 to 31 December 2014	**Year ended 31 December 2015**	**Three months ended 31 March**	
			2015	**2016**
			(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank interest income	2	186	61	7
Others	—	—	—	103
	2	186	61	110

3 Other net loss

	Period from 13 March 2014 to 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	2016
			(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net loss on disposal of property, plant and equipment	—	—	—	(2)

4 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	Period from 13 March 2014 to 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	2016
			(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(a) Finance costs				
Interest on bank borrowing	—	56,750	10,250	15,350
Interest on amounts due to the former ultimate holding company	6,429	42,253	7,424	8,286
Less: Amount capitalised (Note)	—	(99,003)	(17,674)	(23,636)
	6,429	—	—	—

Note: The borrowing costs for the years ended 31 December 2014 and 2015 and the three months ended 31 March 2015 and 2016 have been capitalised at rates of Nil, 13.5%-15.2%, 13.5%-15.2%(unaudited) and 13.5%-15.2% per annum, respectively.

	Period from 13 March 2014 to 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	2016
			2015	2016
			(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(b) Staff costs				
Salaries, wages and other benefits	202	1,380	368	361
Contributions to defined contribution retirement plans	17	144	16	34
	219	1,524	384	395
(c) Other items				
Depreciation and amortisation	1	215	63	37
Operating lease charges:				
- minimum lease payments for buildings	—	331	—	248

5 Income tax

(a) The provision for PRC Corporate Income Tax ("CIT") is based on the respective applicable CIT rate on the estimated assessable profits of the Shanghai Huan Jian Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the Relevant Periods.

No provision has been made for CIT as Shanghai Huan Jian Group sustained losses for taxation purposes during the Relevant Periods.

(b) Reconciliation between income tax expense and accounting loss at applicable tax rate:

	Period from 13 March 2014 to 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	
			2015	**2016**
			(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loss before taxation	(47,678)	(27,550)	(15,251)	(738)
Notional tax on loss before taxation calculated at 25%	(11,919)	(6,888)	(3,813)	(185)
Effect of non-deductible expenses	5	932	5	17
Effect of unused tax losses not recognised	11,914	5,956	3,808	168
Actual income tax expense	—	—	—	—

(c) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	Period from 13 March 2014 to 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	
			2015	**2016**
			(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unused tax losses				
- PRC (Note (i))	47,656	71,480	62,888	72,152

Note:

(i) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

The Shanghai Huan Jian Group has not recognised deferred tax assets in respect of unused tax losses as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

6 Directors' emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

7 Individuals with highest emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

8 Property, plant and equipment

	Electronic equipment	Furniture fixtures	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 13 March 2014 (date of establishment)	—	—	—	—
Additions	126	7	—	133
At 31 December 2014 and 1 January 2015	126	7	—	133
Additions	69	180	250	499
At 31 December 2015 and 1 January 2016	195	187	250	632
Disposals	(3)	—	—	(3)
At 31 March 2016	192	187	250	629
Accumulated depreciation:				
At 13 March 2014 (date of establishment)	—	—	—	—
Charge for the year	1	—	—	1
At 31 December 2014 and 1 January 2015	1	—	—	1
Charge for the year	32	30	146	208
At 31 December 2015 and 1 January 2016	33	30	146	209
Charge for the period	7	6	21	34
Written back on disposals	(1)	—	—	(1)
At 31 March 2016	39	36	167	242
Net book value:				
At 31 December 2014	125	7	—	132
At 31 December 2015	162	157	104	423
At 31 March 2016	153	151	83	387

9 Properties under development for sale

	As at 31 December		As at 31 March
	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Properties under development for sale	—	798,988	827,993

(a) ***The analysis of carrying value of properties is as follows:***

	As at 31 December		As at 31 March
	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
In the PRC			
- under medium-term leases	—	798,988	827,993
Including:			
- Properties expected to be completed after more than one year	—	798,988	827,993

(b) The Shanghai Huan Jian Group's properties under development for sale were pledged to secure bank borrowing at 31 December 2015, details of which are set out in note 15.

10 Other receivables

	As at 31 December		As at 31 March
	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Deposits and other receivables	952	1,446	7,191

11 Prepayments

	As at 31 December		As at 31 March
	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for land use right acquisition	130,680	—	—

12 Restricted cash and pledged deposits

	As at 31 December		As at 31 March
	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash and pledged deposits	—	19,373	20,007

Note:

(i) At 31 December 2015, the balance represented a deposit for potential default in repayment of a bank borrowing at the designated bank account. The bank borrowing was repaid in February 2016 and such guarantee deposit was released after the settlement of the bank borrowing.

(ii) At 31 March 2016, the balance represented cash restricted in use which was under supervision of Shanghai Huan Jian, Top Spring Dingfeng Investment Management Limited ("Dingfeng", a subsidiary of Top Spring and the current immediate holding company of Shanghai Huan Jian) and Shenzhen Chuang Dong Fang Changchen Investment Enterprises (Limited Partnership) ("Chuang Dong Fang", a non-controlling shareholder of Shanghai Huan Jian).

13 Cash and cash equivalents

	As at 31 December		As at 31 March
	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks and in hand	22	7,479	29,892

14 Trade and other payables

		As at 31 December		As at 31 March
		2014	2015	2016
		RMB'000	*RMB'000*	*RMB'000*
Creditors and accrued charges	(i)	—	13,164	17,553
Rental and other deposits	(ii)	78	85	36
Provisions	(iii)	—	9,450	9,450
Other payables	(iv)	40,656	—	20,000
		40,734	22,699	47,039

Notes:

(i) Creditors and accrued charges as at 31 December 2015 and 31 March 2016 represented the provision for project payment of the Puxing Project, which is due within 1 year and interest free.

(ii) All of the Shanghai Huan Jian Group's other payables are expected to be settled within one year.

(iii) Provisions as at 31 December 2015 and 31 March 2016 represented the estimated penalties in respect of delay in commencement of development work and commencement of development work before obtaining necessary permit of the Puxing Project.

(iv) Other payables as at 31 December 2014 and 31 March 2016 represented the estimated charges for late payment of land use acquisition and amount of share acquisition received on behalf of the former ultimate holding company respectively.

15 Bank borrowing

At the end of each reporting period, bank borrowing was analysed as follows:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Bank loan			
- Secured	—	400,000	—

At the end of each reporting period, bank borrowing was repayable as follows:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year and included in current liabilities	—	360,000	—
After 1 year and included in non-current liabilities:			
- After 1 year but within 2 years	—	40,000	—
	—	400,000	—

At 31 December 2015, the bank loan was interest bearing at 13.5% per annum and was secured by the properties under development for sale with a carrying amount of RMB798,988,000. The bank borrowing was early repaid in March 2016.

16 Amounts due from the former ultimate holding company

The amounts are unsecured, interest-free and recoverable on demand.

Included in the balance was an amount of RMB5,940,000 as at 31 December 2015, representing the estimated amount to be indemnified by the former ultimate holding company of the Shanghai Huan Jian Group in respect of potential penalty for delay in commencement of the development of the Puxing Project. The amount was considered as capital contribution from the former ultimate holding company and credited to the capital reserve of the Shanghai Huan Jian Group during the year ended 31 December 2015.

17 Amounts due to the former ultimate holding company

At 31 December 2014 and 2015, amounts due to the former ultimate holding company were unsecured, interest free and with no fixed terms of repayment except for an amount of RMB37,109,000 and RMB48,684,000 respectively which was interest bearing at 15.2% per annum.

On 4 March 2016, Litian Tangren Holdings Company Limited ("Litian Tangren", the former ultimate holding company), Dingfeng and Chuang Dong Fang entered into an agreement, under which the shareholder loans owed by the Shanghai Huan Jian Group to Litian Tangren of RMB735,998,000 and RMB132,529,000 were transferred to Dingfeng and Chuang Dong Fang respectively. The amounts as at 31 March 2016 were unsecured, interest-free and had no fixed terms of repayment.

18 Amount due to the immediate holding company

The amount was unsecured, interest-free and had no fixed terms of repayment.

19 Amount due to a non-controlling shareholder

The amount was unsecured, interest-free and had no fixed terms of repayment.

20 Amount due to an intermediate holding company

The amount was unsecured, interest-free and had no fixed terms of repayment.

21 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of the component of Shanghai Huan Jian Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in Shanghai Huan Jian's individual components of equity between the beginning and the end of the year/period are set out below:

	Paid-up capital *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 13 March 2014 (date of establishment)	—	—	—
Changes in equity for 2014:			
Loss and total comprehensive income for the year	—	(3)	(3)
Owner's capital contribution	9,000	—	9,000
Balance at 31 December 2014	9,000	(3)	8,997
Balance at 1 January 2015	9,000	(3)	8,997
Changes in equity for 2015:			
Loss and total comprehensive income for the year	—	(7)	(7)
Balance at 31 December 2015	9,000	(10)	8,990
Balance at 1 January 2016	9,000	(10)	8,990
Loss and total comprehensive income for the period	—	—	—
Balance at 31 March 2016	9,000	(10)	8,990
Balance at 1 January 2015	9,000	(3)	8,997
Profit and total comprehensive income for the period (unaudited)	—	3	3
Balance at 31 March 2015 (unaudited)	9,000	—	9,000

(b) Paid-up capital

	As at 31 December		As at 31 March
	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Registered and paid-up capital	9,000	9,000	9,000

(c) Capital management

The Shanghai Huan Jian Group's primary objectives when managing capital are to safeguard the Shanghai Huan Jian Group's ability to continue as a going concern, in order to provide returns for shareholders. As the Shanghai Huan Jian Group is part of a larger group, the Shanghai Huan Jian Group's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

At the end of each reporting period, the Shanghai Huan Jian Group had net liabilities and Top Spring has undertaken to provide continuing financial support as is necessary to maintain the Shanghai Huan Jian Group as a going concern and to enable it to meet its liabilities as they fall due.

The Shanghai Huan Jian Group actively and regularly reviews and manages its capital structure to maintain are to safeguard the Shanghai Huan Jian Group's ability to continue as a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Shanghai Huan Jian Group monitors its capital structure on the basis of a gearing ratio, which is net debts divided by total equity at the end of the reporting period. For this purpose, the Shanghai Huan Jian Group defines net debts as total bank and other borrowings less pledged deposits and cash and bank equivalents.

22 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Shanghai Huan Jian Group's business. The Shanghai Huan Jian Group's exposure to these risks and the financial risk management policies and practices used by the Shanghai Huan Jian Group to manage these risks are described below.

(a) Credit risk

The Shanghai Huan Jian Group's credit risk is primarily attributable to bank deposits and other receivables. The Shanghai Huan Jian Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Shanghai Huan Jian Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The management considers that related parties are under influence of the ultimate holding company, hence no material credit risk exists on amounts due from related companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets. The Shanghai Huan Jian Group does not provide any other guarantees which would expose the Shanghai Huan Jian Group to credit risk.

(b) Liquidity risk

The Shanghai Huan Jian Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Shanghai Huan Jian Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Shanghai Huan Jian Group can be required to pay:

	As at 31 December 2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	40,656	—	—	—	40,656	40,656
Amounts due to the former ultimate holding company	227,113	—	—	—	227,113	227,113
	267,769	—	—	—	267,769	267,769

	At at 31 December 2015 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowing	50,745	457,403	—	—	508,148	400,000
Trade and other payables	22,614	—	—	—	22,614	22,614
Amounts due to the former ultimate holding company	517,504	—	—	—	517,504	517,504
	590,863	457,403	—	—	1,048,266	940,118

	At at 31 March 2016 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	47,003	—	—	—	47,003	47,003
Amounts due to the immediate holding company	736,901	—	—	—	736,901	736,901
Amount due to an intermediate holding company	30,000	—	—	—	30,000	30,000
Amounts due to a non-controlling shareholder	132,688	—	—	—	132,688	132,688
	946,592	—	—	—	946,592	946,592

(c) Interest rate risk

The Shanghai Huan Jian Group's interest rate risk arises primarily from cash and cash equivalents, restricted cash and pledged deposits, bank borrowing and amount due to the former ultimate holding company issued at variable rates.

The Shanghai Huan Jian Group does not anticipate significant impact to cash and cash equivalents and the restricted cash and pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank borrowing and amounts due to the former ultimate holding company of the Shanghai Huan Jian Group are disclosed in notes 15 and 17 respectively. The Shanghai Huan Jian Group does not carry out any hedging activities to leverage its interest rate exposure. Since all these borrowings are interest bearing at fixed interest rates, any changes in market interest rate do not have impact on the Shanghai Huan Jian Group's loss after tax and equity at 31 December 2014 and 2015 and 31 March 2016.

(d) Currency risk

The Shanghai Huan Jian Group is not subject to significant foreign currency risk as all of the Shanghai Huan Jian Group's transactions are denominated in Renminbi.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Shanghai Huan Jian Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at the end of each reporting period.

23 Commitments

(a) Capital commitments outstanding at the end of the reporting periods not provided for in the Financial Information were as follows:

	As at 31 December		As at 31 March
	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Contracted for	6,136	164,757	170,527

Capital commitments mainly related to development expenditure for the Puxing Project.

(b) At the end of the reporting periods, the Shanghai Huan Jian Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	213	1,306	1,199
After 1 year but within 5 years	354	872	634
	567	2,178	1,833

The Shanghai Huan Jian Group is the lessee in respect of a number of building facilities under operating leases. The leases typically run for an initial period of 12 to 26 months, with an option to renew the lease all terms are renegotiated. None of the leases includes contingent rentals.

24 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in the Financial Information, other material related party transactions entered by the Shanghai Huan Jian Group during the Relevant Periods are as follows:

	Note	Period from 13 March 2014 to 31 December	Year ended 31 December	Three months ended 31 March	
		2014	**2015**	**2015**	**2016**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest expense payable to the former ultimate holding company	17	6,429	42,253	7,424	8,286

25 Company-level balance sheets

	Note	As at 31 December 2014 *RMB'000*	As at 31 December 2015 *RMB'000*	As at 31 March 2016 *RMB'000*
Non-current assets				
Investment in a subsidiary		99,000	99,000	100,062
Current assets				
Prepayments		130,680	—	—
Amount due from the subsidiary		—	378,809	—
Cash and cash equivalents		1	3	—
		130,681	378,812	—
Current liabilities				
Amount due to the former ultimate holding company		220,684	468,822	—
Amount due to the immediate holding company		—	—	77,412
Amount due to a non-controlling shareholder		—	—	13,660
		220,684	468,822	91,072
Net current liabilities		(90,003)	(90,010)	(91,072)
Total assets less current liabilities		8,997	8,990	8,990
NET ASSETS		8,997	8,990	8,990
CAPITAL AND RESERVES	21			
Paid-up capital	21(b)	9,000	9,000	9,000
Reserves		(3)	(10)	(10)
TOTAL EQUITY		8,997	8,990	8,990

26 Accounting judgements and estimates

The key sources of estimation uncertainty and critical accounting judgements in applying the Shanghai Huan Jian Group's accounting policies are described below.

(a) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In respect of properties under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(b) Recognition of deferred tax

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Shanghai Huan Jian Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future year/period.

27 Statutory audit

The statutory financial statements of the companies comprising the Shanghai Huan Jian Group for the period from 13 March 2014 to 31 December 2014 and for the year ended 31 December 2015 were audited by the following auditors:

Name of company	Financial year	Statutory auditor
Shanghai Huantang Culture Media Company Limited	For the period from 14 October 2014 (date of establishment) to 31 December 2014 and the year ended 31 December 2015	BDO China Shu Lun Pan Certified Public Accountants LLP 立信會計師事務所(特殊普通合夥)

Name of company	**Financial year**	**Statutory auditor**
Shanghai Huan Jian	For the period from 14 March 2014 to 31 December 2014	Shanghai HDDY Certified Public Accountants Co.,Ltd. (上海宏大東亞會計師事務所有限公司)
	For the year ended 31 December 2015	BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥))

28 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of the Financial Information, the HKICPA has issued a few amendments and new standards which are not yet effective for the period ending 31 March 2016 and which have not been adopted in the Financial Information. These include the following which may be relevant to the Shanghai Huan Jian Group.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The Shanghai Huan Jian Group is in the process of making an assessment of what the impact of these new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Shanghai Huan Jian Group's financial position and results of operations, except for the following.

HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including HKAS 18, *Revenue*, HKAS 11, *Construction contracts* and HK(IFRIC) — Interpretation 13, *Customer Loyalty Programmes*. It also includes guidance on when to capitalize costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

The Shanghai Huan Jian Group does not plan to early adopt the above new standards or amendments. With respect to HKFRS 15, given the Shanghai Huan Jian Group has not completed its assessment of its full impact on the Shanghai Huan Jian Group, its possible impact on the Shanghai Huan Jian Group's results of operations and financial position has not been quantified.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Shanghai Huan Jian Group in respect of any period subsequent to 31 March 2016. No dividend or distribution has been declared or made by the Shanghai Huan Jian Group in respect of any period subsequent to 31 March 2016.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

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

29 July 2016

The Directors
Sunac China Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Shanghai Li Te Man Real Estate Co., Ltd. ("Shanghai Li Te Man") comprising the balance sheets of Shanghai Li Te Man as at 31 December 2013, 2014 and 2015 and 31 March 2016 and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for the period from 23 January 2013 (date of establishment) to 31 December 2013, each of the years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"), for inclusion in the circular of Sunac China Holdings Limited (the "Company") dated 29 July 2016 (the "Circular") in connection with the proposed acquisition of Shanghai Li Te Man by the Company.

Shanghai Li Te Man was established in the People's Republic of China (the "PRC") on 23 January 2013, as a limited liability company under the Companies Law of the PRC. It is principally engaged in property leasing and owned the Shanghai Grand Pujian Residence project during the Relevant Periods.

Shanghai Li Te Man has adopted 31 December as their financial year end date. The statutory financial statements of the Company were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, and were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所) for the period from 23 January 2013(date of establishment) to 31 December 2013 and the years ended 31 December 2014 and 2015.

The directors of Shanghai Li Te Man have prepared the financial statements for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the period/years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 were audited by KPMG Huazhen LLP Shenzhen Branch (畢馬威華振會計師事務所(特殊普通合夥)深圳分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of Shanghai Li Te Man in respect of any period subsequent to 31 Mach 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of Shanghai Li Te Man as at 31 December 2013, 2014 and 2015 and 31 March 2016 and of Shanghai Li Te Man's financial performance and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of Shanghai Li Te Man comprising the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2015, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A FINANCIAL INFORMATION OF SHANGHAI LI TE MAN

1 Statements of comprehensive income

	Section B Note	**Period from 23 January to 31 December 2013**	**Year ended 31 December 2014**	**Year ended 31 December 2015**	**Three months ended 31 March 2015**	**Three months ended 31 March 2016**
					(Unaudited)	
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	2	11	16,367	31,154	7,619	8,471
Direct costs		(805)	(6,328)	(6,673)	(1,691)	(1,695)
Gross profit		(794)	10,039	24,481	5,928	6,776
Valuation gains/(losses) on investment properties	9	232,545	(4,304)	71,720	40,000	7,050
Other revenue/(expense)	3	16	62	(136)	19	147
Other net (loss)/income	4	(4,404)	152	85	2	1
Selling and marketing expenses		(71)	(363)	(278)	(68)	(74)
Administrative expenses		(6,298)	(14,996)	(14,109)	(3,575)	(3,977)
Profit/(loss) from operations		220,994	(9,410)	81,763	42,306	9,923
Finance costs	5(a)	(8,874)	(18,809)	(16,142)	(4,514)	(3,437)
Profit/(loss) before taxation		212,120	(28,219)	65,621	37,792	6,486
Income tax	6(a)	(53,052)	7,067	(16,411)	(9,450)	(1,625)
Profit/(loss) and total comprehensive income for the year/period		159,068	(21,152)	49,210	28,342	4,861

The accompanying notes form part of the Financial Information.

2 Balance sheets

	Section B Note	2013	2014	2015	As at 31 March 2016
		As at 31 December			
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Investment properties	9	731,000	730,000	803,000	810,000
Other property, plant and equipment	9	950	8,625	7,095	6,203
Intangible assets		181	179	91	69
		732,131	738,804	810,186	816,272
Current assets					
Trade and other receivables	10	1,512	3,705	4,642	4,795
Prepayments		4,178	10	20	8
Cash and cash equivalents	11	7,821	11,218	12,635	10,932
		13,511	14,933	17,297	15,735
Current liabilities					
Trade and other payables	12	10,862	14,049	12,351	10,426
Bank borrowings	13	—	—	300	375
		10,862	14,049	12,651	10,801
Net current assets		2,649	884	4,646	4,934
Total assets less current liabilities		734,780	739,688	814,832	821,206
Non-current liabilities					
Bank borrowings	13	214,170	225,763	225,462	225,350
Deferred tax liabilities	6(c)	53,052	45,985	62,396	64,021
		267,222	271,748	287,858	289,371
NET ASSETS		467,558	467,940	526,974	531,835
CAPITAL AND RESERVES					
Paid-up capital	14(b)	308,490	330,000	339,824	339,824
Reserves		159,068	137,940	187,150	192,011
TOTAL EQUITY		467,558	467,940	526,974	531,835

The accompanying notes form part of the Financial Information.

3 Statements of changes in equity

	Paid-up capital *(Note 15(b))* *RMB'000*	Capital reserve *(Note 15(c))* *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at 23 January 2013 (date of establishment)	—	—	—	—
Profit and total comprehensive income for the period	—	—	159,068	159,068
Owner's capital contributions	308,490	—	—	308,490
Balance at 31 December 2013	308,490	—	159,068	467,558
Balance at 1 January 2014	308,490	—	159,068	467,558
Loss and total comprehensive income for the year	—	—	(21,152)	(21,152)
Owner's capital contributions	21,510	24	—	21,534
Balance at 31 December 2014	330,000	24	137,916	467,940
Balance at 1 January 2015	330,000	24	137,916	467,940
Profit and total comprehensive income for the year	—	—	49,210	49,210
Owner's capital contributions	9,824	—	—	9,824
Balance at 31 December 2015	339,824	24	187,126	526,974
Balance at 1 January 2016	339,824	24	187,126	526,974
Profit and total comprehensive income for the period	—	—	4,861	4,861
Balance at 31 March 2016	339,824	24	191,987	531,835
Balance at 1 January 2015	330,000	24	137,916	467,940
Profit and total comprehensive income for the period (unaudited)	—	—	28,342	28,342
Owner's capital contributions	9,824	—	—	9,824
Balance at 31 March 2015 (Unaudited)	339,824	24	166,258	506,106

The accompanying notes form part of the Financial Information.

4 Statements of cash flows

	Section B Note	Period from 23 January to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2016
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities						
Profit/(loss) before taxation		212,120	(28,219)	65,621	37,792	6,486
Adjustments for:						
Depreciation and amortisation	5(c)	1	2,288	3,462	822	914
Valuation losses/(gains) on investment properties	9	(232,545)	4,304	(71,720)	(40,000)	(7,050)
Net loss from disposal of property, plant and equipment	4	—	—	5	2	—
Finance costs	5(a)	8,874	18,809	16,142	4,514	3,437
		(11,550)	(2,818)	13,510	3,130	3,787
Changes in working capital:						
Increase in trade and other receivables and prepayments		(5,690)	(2,193)	(948)	(1,153)	(141)
Increase/(decrease) in trade and other payables		1,461	6,762	(83)	(1,803)	(1,521)
Net cash (used in)/generated from operating activities		(15,779)	1,751	12,479	174	2,125
Cash flows from investing activities						
Payment for purchase of investment properties and other property, plant and equipment		(491,842)	(14,248)	(3,834)	(952)	(350)
Net cash used in investing activities		(491,842)	(14,248)	(3,834)	(952)	(350)
Cash flows from financing activities						
Proceeds from new bank borrowings		219,057	10,943	—	—	—
Proceeds from owner's capital contributions		308,490	21,534	9,824	9,824	—
Repayment of bank borrowings		—	(500)	(1,150)	(250)	(325)
Interest paid		(7,505)	(14,933)	(15,902)	(4,602)	(3,153)
Other borrowing costs paid		(4,600)	(1,150)	—	—	—
Net cash generated from/(used in) financing activities		515,442	15,894	(7,228)	4,972	(3,478)
Net increase/(decrease) in cash and cash equivalents		7,821	3,397	1,417	4,194	(1,703)
Cash and cash equivalents at beginning of period/year	11	—	7,821	11,218	11,218	12,635
Cash and cash equivalents at end of period/year	11	7,821	11,218	12,635	15,412	10,932

The accompanying notes form part of the Financial Information.

B NOTES TO FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, Shanghai Li Te Man has adopted all applicable new and revised HKFRSs to the period from 23 January 2013 (date of establishment) to 31 December 2013, each of the years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2016 are set out in Note 19.

The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the three months ended 31 March 2015 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis except that investment properties are stated at their fair values as explained in Note 1(d).

(c) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 18.

(d) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(g)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(p)(i).

When Shanghai Li Te Man holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(g)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

(e) Other property, plant and equipment

The following items of other property, plant and equipment are stated at cost less accumulated depreciation (see note 1(f)) and impairment losses (see note 1(h)):

— furniture, fixtures and other equipment.

Gains or losses arising from the retirement or disposal of an item of other property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(f) Depreciation of investment properties and other property, plant and equipment

(i) Investment properties

No depreciation is provided on investment properties.

(ii) Furniture, fixtures and other equipment

Depreciation is calculated to write off the cost of furniture, fixtures and other equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 3 to 5 years.

Where parts of an item of other property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if Shanghai Li Te Man determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to Shanghai Li Te Man

Assets that are held by Shanghai Li Te Man under leases which transfer to Shanghai Li Te Man substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to Shanghai Li Te Man are classified as operating leases, with the following exception:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(d)).

(ii) Operating lease charges

Where Shanghai Li Te Man has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(h) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of Shanghai Li Te Man about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When

Shanghai Li Te Man is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of property, plant and equipment

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the other property, plant and equipment may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of Shanghai Li Te Man participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which Shanghai Li Te Man operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. Shanghai Li Te Man has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(n) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(d), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Shanghai Li Te Man has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Shanghai Li Te Man and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

Foreign currency transactions during the period/year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Related parties

(a) A person, or a close member of that person's family, is related to Shanghai Li Te Man if that person:

(i) has control or joint control over Shanghai Li Te Man;

(ii) has significant influence over Shanghai Li Te Man; or

(iii) is a member of the key management personnel of Shanghai Li Te Man or Shanghai Li Te Man's parent.

(b) An entity is related to Shanghai Li Te Man if any of the following conditions applies:

(i) The entity and Shanghai Li Te Man are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Shanghai Li Te Man or an entity related to Shanghai Li Te Man.

(vi) The entity is controlled or jointly controlled by a person identified in (s)(a).

(vii) A person identified in (s)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Shanghai Li Te Man or to Shanghai Li Te Man's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Revenue

Revenue represents rental income earned during the Relevant Periods, net of business tax and other sales related taxes.

3 Other revenue/(expense)

	Period from 23 January to 31 December 2013	Year ended 31 December 2014	2015	Three months ended 31 March 2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank interest income	16	21	61	9	36
Compensation income/(expense) for early termination of leases	—	14	(231)	3	103
Others	—	27	34	7	8
	16	62	(136)	19	147

4 Other net (loss)/income

	Period from 23 January to 31 December 2013	Year ended 31 December 2014	2015	Three months ended 31 March 2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net exchange (loss)/gain	(4,404)	152	90	4	1
Net loss on disposal of property, plant and equipment	—	—	(5)	(2)	—
	(4,404)	152	85	2	1

5 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Period from 23 January to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	Three months ended 31 March 2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(a) Finance costs					
Interest on bank borrowings	8,011	17,659	14,992	4,227	3,150
Other borrowing costs	863	1,150	1,150	287	287
	8,874	18,809	16,142	4,514	3,437
(b) Staff costs					
Salaries, wages and other benefits	520	2,887	2,799	903	887
Contributions to defined contribution retirement plans	211	1,168	1,324	322	303
	731	4,055	4,123	1,225	1,190
(c) Other item					
Depreciation and amortisation	1	2,288	3,462	822	914

6 Income tax

(a) Income tax in the statements of comprehensive income represents:

	Period from 23 January to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	Three months ended 31 March 2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax					
Origination and reversal of temporary differences	53,052	(7,067)	16,411	9,450	1,625

The provision for PRC Corporate Income Tax ("CIT") is based on the applicable CIT rate on the estimated assessable profits of Shanghai Li Te Man as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the Relevant Periods.

(b) Reconciliation between income tax expense/(credit) and accounting profit/(loss) at applicable tax rate:

	Period from 23 January to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	Three months ended 31 March 2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit/(loss) before taxation	212,120	(28,219)	65,621	37,792	6,486
Notional tax on profit/(loss) before taxation, calculated at 25%	53,030	(7,055)	16,405	9,448	1,622
Effect of non-deductible expenses	5	5	6	2	3
Others	17	(17)	—	—	—
Actual income tax expense/(credit)	53,052	(7,067)	16,411	9,450	1,625

(c) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the balance sheets and the movements during the Relevant Periods are as follows:

	Revaluation of properties *RMB'000*	Unused tax losses *RMB'000*	Total *RMB'000*
Deferred tax arising from:			
At 23 January 2013 (date of establishment)	—	—	—
Charged/(credited) to profit or loss	58,136	(5,084)	53,052
At 31 December 2013 and 1 January 2014	58,136	(5,084)	53,052
Charged/(credited) to profit or loss	4,412	(11,479)	(7,067)
At 31 December 2014 and 1 January 2015	62,548	(16,563)	45,985
Charged/(credited) to profit or loss	24,462	(8,051)	16,411
At 31 December 2015 and 1 January 2016	87,010	(24,614)	62,396
Charged/(credited) to profit or loss	3,411	(1,786)	1,625
At 31 March 2016	90,421	(26,400)	64,021

7 Directors' emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

8 Individuals with highest emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

9 Investment properties and other property, plant and equipment

	Investment properties *RMB'000*	Furniture, fixtures and other equipment *RMB'000*	Total *RMB'000*
Cost or valuation:			
At 23 January 2013 (date of establishment)	—	—	—
Additions	498,455	951	499,406
Surplus on revaluation	232,545	—	232,545
At 31 December 2013	731,000	951	731,951
Representing:			
Cost	—	951	951
Valuation	731,000	—	731,000
	731,000	951	731,951
Accumulated amortisation and depreciation			
At 23 January 2013 (date of establishment)	—	—	—
Charge for the period	—	1	1
At 31 December 2013	—	1	1
Net book value:			
At 31 December 2013	731,000	950	731,950

	Investment properties	Furniture, fixtures and other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost or valuation:			
At 1 January 2014	731,000	951	731,951
Additions	3,304	9,876	13,180
Deficit on revaluation	(4,304)	—	(4,304)
At 31 December 2014	730,000	10,827	740,827
Representing:			
Cost	—	10,827	10,827
Valuation	730,000	—	730,000
	730,000	10,827	740,827
Accumulated amortisation and depreciation			
At 1 January 2014	—	1	1
Charge for the year	—	2,201	2,201
At 31 December 2014	—	2,202	2,202
Net book value:			
At 31 December 2014	730,000	8,625	738,625

	Investment properties	Furniture, fixtures and other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost or valuation:			
At 1 January 2015	730,000	10,827	740,827
Additions	1,280	1,850	3,130
Disposals	—	(11)	(11)
Surplus on revaluation	71,720	—	71,720
At 31 December 2015	803,000	12,666	815,666
Representing:			
Cost	—	12,666	12,666
Valuation	803,000	—	803,000
	803,000	12,666	815,666
Accumulated amortisation and depreciation:			
At 1 January 2015	—	2,202	2,202
Charge for the year	—	3,374	3,374
Written back on disposals	—	(5)	(5)
At 31 December 2015	—	5,571	5,571
Net book value:			
At 31 December 2015	803,000	7,095	810,095

	Investment properties *RMB'000*	Furniture, fixtures and other equipment *RMB'000*	Total *RMB'000*
Cost or valuation:			
At 1 January 2016	803,000	12,666	815,666
Disposals	(50)	—	(50)
Surplus on revaluation	7,050	—	7,050
At 31 March 2016	810,000	12,666	822,666
Representing:			
Cost	—	12,666	12,666
Valuation	810,000	—	810,000
	810,000	12,666	822,666
Accumulated amortisation and depreciation:			
At 1 January 2016	—	5,571	5,571
Charge for the period	—	892	892
At 31 March 2016	—	6,463	6,463
Net book value:			
At 31 March 2016	810,000	6,203	816,203

(a) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of Shanghai Li Te Man's investment properties measured at the end of the reporting periods on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2013	**Fair value measurements as at 31 December 2013 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Investment properties	731,000	—	—	731,000

	Fair value at 31 December 2014	**Fair value measurements as at 31 December 2014 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Investment properties	730,000	—	—	730,000

	Fair value at 31 December 2015	**Fair value measurements as at 31 December 2015 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Investment properties	803,000	—	—	803,000

	Fair value at 31 March 2016	Fair value measurements as at 31 March 2016 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Investment properties	810,000	—	—	810,000

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. Shanghai Li Te Man's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of Shanghai Li Te Man's investment properties were revalued as at 31 December 2013, 2014 and 2015 and 31 March 2016. The valuations for 31 December 2013 and 2014 were carried out by Savills Valuation and Professional Services Limited, and the valuations for 31 December 2015 and 31 March 2016 were carried out by DTZ Cushman & Wakefield Limited, are independent firms of surveyors who have recent experience in the location and category of property being valued, on a market value basis. Management of Shanghai Li Te Man has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each reporting date.

(ii) Information about Level 3 fair value measurements

		Valuation techniques	Unobservable input	*Note*	Range
Investment properties as at 31 December 2013	Serviced apartment, office, retail	Market comparison approach	Market price per square metre	(1)	RMB22,320 to RMB37,245
	Car park		Market price per unit	(1)	RMB250,000 to RMB310,000
Investment properties as at 31 December 2014	Serviced apartment, office, retail	Market comparison approach	Market price per square metre	(1)	RMB22,049 to RMB41,109
	Car park		Market price per unit	(1)	RMB250,000 to RMB300,000
		Income capitalisation approach	Average market rent per square metre and per month	(1)	RMB81 to RMB180
			Term yield	(2)	4% to 6%
			Reversionary yield	(2)	4.5% to 6.5%
			Occupancy rate	(1)	87% to 97%

		Valuation techniques	Unobservable input	*Note*	Range
Investment properties as at 31 December 2015	Serviced apartment, office, retail	Market comparison approach	Market price per square metre	(1)	RMB15,365 to RMB45,406
	Car park		Market price per unit	(1)	RMB240,000 to RMB250,000
		Income capitalisation approach	Average market rent per square metre and per month	(1)	RMB93 to RMB204
			Term yield	(2)	4.0% to 4.5%
			Reversionary yield	(2)	4.5% to 5.0%
			Occupancy rate	(1)	92% to 100%
Investment properties as at 31 March 2016	Serviced apartment, office, retail	Market comparison approach	Market price per square metre	(1)	RMB15,365 to RMB45,406
	Car park		Market price per unit	(1)	RMB240,000 to RMB250,000
		Income capitalisation approach	Average market rent per square metre and per month	(1)	RMB93 to RMB204
			Term yield	(2)	4.0% to 4.5%
			Reversionary yield	(2)	4.5% to 5.0%
			Occupancy rate	(1)	60% to 98%

Note: Descriptions of the sensitivity in unobservable inputs and inter-relationship:

(1) The fair value measurement is positively correlated to these unobservable inputs that the higher the factor will result in a higher fair value.

(2) The fair value measurement is negatively correlated to these unobservable inputs that the lower the factor will result in a higher fair value.

The fair value of investment properties is determined using income capitalisation approach or direct comparison approach by capitalising the net rental income allowing for the reversionary income potential of the properties or by reference to recent sales price of comparable properties, adjusted for a premium or a discount specific to the quality of Shanghai Li Te Man's properties compared to the recent sales. The valuation takes into account expected market rental of the properties. The capitalisation rates used have been adjusted for the quality and location of the buildings and the tenant quality.

The movements during Relevant Periods in the balances of these Level 3 fair value measurements are as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment properties				
At 23 January (date of establishment)/1 January	—	731,000	730,000	803,000
Additions	498,455	3,304	1,280	—
Disposals	—	—	—	(50)
Valuation gains/(losses) recognised in profit or loss	232,545	(4,304)	71,720	7,050
At 31 December/31 March	731,000	730,000	803,000	810,000

Fair value adjustment of investment properties is recognised in the line item "valuation gains/(losses) on investment properties" on the face of the statements of comprehensive income.

(b) The investment properties of Shanghai Li Te Man are held under medium term leases in the PRC.

(c) ***Assets leased out under operating leases***

Shanghai Li Te Man leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 6 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases include contingent rentals.

Shanghai Li Te Man's total future minimum lease receivables under non-cancellable operating leases are receivable as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	—	24,493	36,675	34,825
After 1 year but within 5 years	—	36,953	30,074	26,980
After 5 years	—	6,441	1,369	927
	—	67,887	68,118	62,732

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

(d) Shanghai Li Te Man's investment properties were pledged to secure bank loans, details of which are set out in note 13.

10 Trade and other receivables

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors	—	1,987	3,019	3,180
Deposits and others	1,512	1,718	1,623	1,615
	1,512	3,705	4,642	4,795

Notes:

(i) Shanghai Li Te Man's credit policy is set out in note 15(a).

(ii) All of Shanghai Li Te Man's trade debtors were not impaired, of which 100% at 31 December 2014 and 2015 and 31 March 2016 was not past due or less than 1 year past due.

Receivables which were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired relate to independent customers, for which have a good track record of trading with Shanghai Li Te Man or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

(iii) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) based on due date with the following ageing analysis at the end of the reporting periods:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current or under 1 month overdue	—	1,987	3,019	3,180

(iv) Shanghai Li Te Man's rental receivables were pledged to secure bank loans, details of which are set out in note 13.

11 Cash and cash equivalents

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and in hand	7,821	11,218	12,635	10,932

12 Trade and other payables

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade creditors (note (ii))	8,351	2,557	1,744	781
Rental and other deposits	—	3,437	4,320	4,456
Rental receipts in advance	—	376	672	721
Other payables and accrued charges	2,511	7,679	5,615	4,468
	10,862	14,049	12,351	10,426

Notes:

(i) All of Shanghai Li Te Man's trade and other payables are expected to be settled within one year or are repayable on demand except for an amount of RMB220,000, RMB2,502,000, RMB3,103,000 and RMB2,820,000 as at 31 December 2013, 2014 and 2015 and 31 March 2016, respectively, which are expected to be settled after more than one year.

(ii) Included in trade and other payables are trade creditors with the following ageing analysis based on due date at the end of the reporting periods:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due within 1 month or on demand	7,464	1,849	1,095	781
Due after 1 month but within 3 months	—	—	649	—
Due after 3 months but within 6 months	9	—	—	—
Due after 6 months but within 1 year	161	—	—	—
Due after 1 year	717	708	—	—
	8,351	2,557	1,744	781

13 Bank borrowings

At the end of each reporting period, the bank borrowings were analysed as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans - Secured	214,170	225,763	225,762	225,725

At the end of each reporting period, bank borrowings were repayable as follows:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year and included in current liabilities	—	—	300	375
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	1,150	1,450	1,800	1,900
After 2 years but within 5 years	213,020	224,313	223,662	223,450
	214,170	225,763	225,462	225,350
	214,170	225,763	225,762	225,725

Note:

(i) The bank loans bore interest ranging from 7.68%, 7.68%, 5.4625% to 7.68% and 5.4625% per annum as at 31 December 2013, 2014 and 2015 and 31 March 2016, respectively, and were guaranteed by the Company's immediate holding company and secured by the following assets:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment properties	731,000	730,000	803,000	810,000
Trade debtors	—	1,987	3,019	3,180
	731,000	731,987	806,019	813,180

14 Capital and reserves

(a) Movements in components of equity

The opening and closing balances of each component of Shanghai Li Te Man's equity is set out in the statements of change in equity.

(b) Paid-up capital

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered capital	310,000	330,000	340,000	340,000
Paid-up capital	308,490	330,000	339,824	339,824

(c) Nature and purpose of reserve

Capital reserve

Capital reserve represents capital premiums.

(d) Capital management

Shanghai Li Te Man's primary objectives when managing capital are to safeguard Shanghai Li Te Man's ability to continue as a going concern in order to fund its operations, so that it can provide returns for shareholders. As Shanghai Li Te Man is part of a larger group, the Shanghai Li Te Man's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

Shanghai Li Te Man actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, Shanghai Li Te Man monitors its capital structure on the basis of a gearing ratio, which is net debts divided by total equity at the end of the reporting period. For this purpose, Shanghai Li Te Man defines net debts as total bank borrowings less cash and cash equivalents.

The gearing ratios of Shanghai Li Te Man as at 31 December 2013, 2014 and 2015 and 31 March 2016 were as follows:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	214,170	225,763	225,762	225,725
Less: Cash and cash equivalents	(7,821)	(11,218)	(12,635)	(10,932)
Net debts	206,349	214,545	213,127	214,793
Total equity	467,558	467,940	526,974	531,835
Gearing ratio	44.13%	45.85%	40.44%	40.39%

15 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of Shanghai Li Te Man's business. Shanghai Li Te Man's exposure to these risks and the financial risk management policies and practices used by Shanghai Li Te Man to manage these risks are described below.

(a) Credit risk

Shanghai Li Te Man's credit risk is primarily attributable to bank deposits and trade and other receivables. Shanghai Li Te Man maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and Shanghai Li Te Man has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

Shanghai Li Te Man has no concentration of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. Shanghai Li Te Man does not provide any guarantees which would expose Shanghai Li Te Man to credit risk.

Further quantitative disclosures in respect of Shanghai Li Te Man's exposure to credit risk arising from trade and other receivables are set out in note 10.

(b) Liquidity risk

Shanghai Li Te Man's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of Shanghai Li Te Man's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Shanghai Li Te Man can be required to pay:

	As at 31 December 2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	16,813	13,503	255,760	—	286,076	214,170
Trade creditors	8,351	—	—	—	8,351	8,351
Other payables and accrued charges	2,511	—	—	—	2,511	2,511
	27,675	13,503	255,760	—	296,938	225,032

	As at 31 December 2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	16,481	15,249	248,265	—	279,995	225,763
Trade creditors	2,557	—	—	—	2,557	2,557
Other payables and accrued charges	7,679	—	—	—	7,679	7,679
	26,717	15,249	248,265	—	290,231	235,999

	As at 31 December 2015 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	13,032	12,705	228,967	—	254,704	225,762
Trade creditors	1,744	—	—	—	1,744	1,744
Other payables and accrued charges	5,615	—	—	—	5,615	5,615
	20,391	12,705	228,967	—	262,063	233,121

	As at 31 March 2016 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	13,161	13,239	225,484	—	251,884	225,725
Trade creditors	781	—	—	—	781	781
Other payables and accrued charges	4,468	—	—	—	4,468	4,468
	18,410	13,239	225,484	—	257,133	230,974

(c) Interest rate risk

Shanghai Li Te Man's interest rate risk arises primarily from cash and cash equivalents and borrowings issued at variable rates.

The interest rates and terms of repayment of bank borrowings of Shanghai Li Te Man are disclosed in note 13. Shanghai Li Te Man does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2013, 2014 and 2015 and 31 March 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase Shanghai Li Te Man's profit after tax and total equity by approximately RMB771,000, RMB1,712,000, RMB1,721,000 and RMB422,000, respectively, in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date. The analysis is performed on the same basis for the Relevant Periods.

(d) Currency risk

Shanghai Li Te Man is not subject to significant foreign currency risk as all Shanghai Li Te Man's transactions are denominated in Renminbi.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of Shanghai Li Te Man's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at the end of each reporting period.

16 Commitments

Capital commitments outstanding at the end of the reporting periods not provided for in this Financial Information were as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	10,225	—	—	—

Capital commitments mainly related to construction contracts entered into for property renovation.

17 Material related party transactions

Apart from the transactions disclosed elsewhere in the Financial Information, Shanghai Li Te Man did not enter into any other material related party transactions during the Relevant Periods.

18 Accounting judgements and estimates

The key sources of estimation uncertainty and critical accounting judgments in applying Shanghai Li Te Man's accounting policies are described below.

Valuation of investment properties

As described in note 9, investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers.

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents and market price for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

19 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to date of issue of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to Shanghai Li Te Man.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

Shanghai Li Te Man is in the process of making an assessment of what the impact of these new standards is expected to be in the period of initial application. So far Shanghai Li Te Man has concluded that the adoption of them is unlikely to have a significant impact on Shanghai Li Te Man's financial position and results of operations.

Shanghai Li Te Man does not plan to early adopt the above new standards or amendments.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by Shanghai Li Te Man in respect of any period subsequent to 31 March 2016. No dividend or distribution has been declared or made by Shanghai Li Te Man in respect of any period subsequent to 31 March 2016.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

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

29 July 2016

The Directors
Sunac China Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Nanjing Top Spring Metropolitan Property Development Co., Ltd. ("Nanjing Top Spring Metropolitan"), comprising the balance sheets of Nanjing Top Spring Metropolitan as at 31 December 2013, 2014 and 2015 and 31 March 2016 and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"), for inclusion in the circular of the Sunac China Holdings Limited (the "Company") dated 29 July 2016 (the "Circular") in connection with the proposed acquisition of Nanjing Top Spring Metropolitan by the Company.

Nanjing Top Spring Metropolitan was established in the People's Republic of China (the "PRC") on 8 May 2012, as a limited liability company under the Companies Law of the PRC. It is principally engaged in property development and owned the Nanjing Fashion Mark project (the "Nanjing Fashion Mark project") during the Relevant Periods.

Nanjing Top Spring Metropolitan has adopted 31 December as their financial year end date. The statutory financial statements of the Company were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥), Nanjing Zhonghe Certified Public Accountants (南京中和會計師事務所) and Li Xin Zhong Lian Certified Public Accountants LLP (立信中聯會計師事務所(特殊普通合夥)), for the years ended 31 December 2013, 2014 and 2015, respectively.

The directors of Nanjing Top Spring Metropolitan have prepared the financial statements for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 were audited by KPMG Huazhen LLP Shenzhen Branch (畢馬威華振會計師事務所(特殊普通合夥)深圳分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of Nanjing Top Spring Metropolitan in respect of any period subsequent to 31 Mach 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of Nanjing Top Spring Metropolitan as at 31 December 2013, 2014 and 2015 and 31 March 2016 and of Nanjing Top Spring Metropolitan's financial performance and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of Nanjing Top Spring Metropolitan comprising the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2015, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A FINANCIAL INFORMATION OF NANJING TOP SPRING METROPOLITAN

1 Statements of comprehensive income

	Section B Note	**Year ended 31 December**			**Three months ended 31 March**	
		2013	**2014**	**2015**	**2015**	**2016**
					(Unaudited)	
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other revenue	2	413	122	309	47	60
Other net loss	3	(857)	—	—	—	—
Selling and marketing expenses		—	(470)	(5,146)	(83)	(2,812)
Administrative expenses		(4,467)	(1,512)	(2,248)	(209)	(1,666)
Loss from operations		(4,911)	(1,860)	(7,085)	(245)	(4,418)
Finance costs	4(a)	—	—	—	—	—
Loss before taxation		(4,911)	(1,860)	(7,085)	(245)	(4,418)
Income tax	5	940	345	1,755	93	1,139
Loss and total comprehensive income for the year/period		(3,971)	(1,515)	(5,330)	(152)	(3,279)

The accompanying notes form part of the Financial Information.

2 Balance sheets

	Section B Note	As at 31 December 2013	2014	2015	As at 31 March 2016
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	8	830	581	356	309
Deferred tax assets	5(c)	1,509	1,854	3,609	4,748
		2,339	2,435	3,965	5,057
Current assets					
Property under development for sale	9	186,945	217,628	337,387	350,459
Trade and other receivables	10	234	5,894	2,967	3,286
Prepayments		263	—	—	6,177
Amount due from immediate holding company	14	222	222	222	222
Amount due from a fellow subsidiary	14	—	—	100,000	100,000
Cash and cash equivalents	11	13,664	18,145	46,059	97,051
		201,328	241,889	486,635	557,195
Current liabilities					
Trade and other payables	12	469	7,306	45,940	36,303
Advanced proceeds from customers		—	—	44,631	80,275
Bank borrowings	13	—	—	60,000	60,000
Amounts due to fellow subsidiaries	14	—	35,335	83,676	93,600
		469	42,641	234,247	270,178
Net current assets		200,859	199,248	252,388	287,017
Total assets less current liabilities		203,198	201,683	256,353	292,074
Non-current liabilities					
Bank borrowings	13	—	—	60,000	99,000
		—	—	60,000	99,000
NET ASSETS		203,198	201,683	196,353	193,074
CAPITAL AND RESERVES	15				
Paid-up capital	15(b)	210,000	210,000	210,000	210,000
Reserves		(6,802)	(8,317)	(13,647)	(16,926)
TOTAL EQUITY		203,198	201,683	196,353	193,074

The accompanying notes form part of the Financial Information.

3 Statements of changes in equity

	Paid-up capital *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2013	168,297	(2,831)	165,466
Owner' capital contribution	41,703	—	41,703
Loss and total comprehensive income for the year	—	(3,971)	(3,971)
Balance at 31 December 2013 and 1 January 2014	210,000	(6,802)	203,198
Loss and total comprehensive income for the year	—	(1,515)	(1,515)
Balance at 31 December 2014 and 1 January 2015	210,000	(8,317)	201,683
Loss and total comprehensive income for the year	—	(5,330)	(5,330)
Balance at 31 December 2015 and 1 January 2016	210,000	(13,647)	196,353
Loss and total comprehensive income for the period	—	(3,279)	(3,279)
Balance at 31 March 2016	210,000	(16,926)	193,074
Balance at 1 January 2015	210,000	(8,317)	201,683
Loss and total comprehensive income for the period (unaudited)	—	(152)	(152)
Balance at 31 March 2015 (unaudited)	210,000	(8,469)	201,531

The accompanying notes form part of the Financial Information.

4 Statements of cash flows

	Section B Note	Year ended 31 December 2013	2014	2015	Three months ended 31 March 2015	2016
					(Unaudited)	
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities						
Loss before taxation		(4,911)	(1,860)	(7,085)	(245)	(4,418)
Adjustments for:						
Depreciation and amortisation	4(c)	223	270	219	68	51
Interest income	2	(413)	(116)	(309)	(47)	(60)
		(5,101)	(1,706)	(7,175)	(224)	(4,427)
Changes in working capital:						
Increase in property under development for sale		(184,638)	(30,682)	(113,731)	(31,014)	(5,273)
Decrease/(increase) in trade and other receivables and prepayments		143,289	(5,397)	2,927	56	(3,942)
Increase in amount due from a fellow subsidiary		—	—	(100,000)	(112,500)	—
Increase/(decrease) in trade and other payables		197	6,837	38,634	7,853	(9,637)
Increase in advanced proceeds from customers		—	—	44,631	—	35,644
Increase in amount due to fellow subsidiaries		—	35,335	48,341	43,099	9,924
Cash (used in)/generated from operations		(46,253)	4,387	(86,373)	(92,730)	22,289
Income tax paid		—	—	—	—	(2,554)
Net cash (used in)/generated from operating activities		(46,253)	4,387	(86,373)	(92,730)	19,735
Cash flows from investing activities						
Payment for purchase of property, plant and equipment		(284)	(22)	—	—	(5)
Interest received		413	116	309	47	60
Net cash generated from investing activities		129	94	309	47	55
Cash flows from financing activities						
Proceeds from new bank borrowings		—	—	120,000	120,000	39,000
Proceeds from owner's capital contribution		41,703	—	—	—	—
Interest paid		—	—	(6,022)	(182)	(7,798)
Net cash generated from financing activities		41,703	—	113,978	119,818	31,302
Net (decrease)/increase in cash and cash equivalents		(4,421)	4,481	27,914	27,135	50,992
Cash and cash equivalents at beginning of year/period	11	18,085	13,664	18,145	18,145	46,059
Cash and cash equivalents at end of year/period	11	13,664	18,145	46,059	45,280	97,051

The accompanying notes form part of the Financial Information.

B NOTES TO FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, Nanjing Top Spring Metropolitan has adopted all applicable new and revised HKFRSs to each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2016 are set out in Note 20.

The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the three months ended 31 March 2015 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(c) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 19.

(d) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 1(e)) and impairment losses (see note 1(g)):

— furniture, fixtures and other equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(e) Depreciation of property, plant and equipment

Depreciation is calculated to write off the cost of furniture, fixtures and other equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 3 to 5 years.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if Nanjing Top Spring Metropolitan determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payment. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to Nanjing Top Spring Metropolitan

Assets that are held by Nanjing Top Spring Metropolitan under leases which transfer to Nanjing Top Spring Metropolitan substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to Nanjing Top Spring Metropolitan are classified as operating lease.

(ii) Operating lease charges

Where Nanjing Top Spring Metropolitan has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(g) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of Nanjing Top Spring Metropolitan about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When Nanjing Top Spring Metropolitan is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of property, plant and equipment

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see note 1(r)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(g)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of Nanjing Top Spring Metropolitan participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which Nanjing Top Spring Metropolitan operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. Nanjing Top Spring Metropolitan has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(n) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Nanjing Top Spring Metropolitan has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Nanjing Top Spring Metropolitan and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. Nanjing Top Spring Metropolitan considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties is net of business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet as receipts in advance.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Related parties

(a) A person, or a close member of that person's family, is related to Nanjing Top Spring Metropolitan if that person:

(i) has control or joint control over Nanjing Top Spring Metropolitan;

(ii) has significant influence over Nanjing Top Spring Metropolitan; or

(iii) is a member of the key management personnel of Nanjing Top Spring Metropolitan or Nanjing Top Spring Metropolitan's parent.

(b) An entity is related to Nanjing Top Spring Metropolitan if any of the following conditions applies:

(i) The entity and Nanjing Top Spring Metropolitan are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Nanjing Top Spring Metropolitan an entity related to Nanjing Top Spring Metropolitan.

(vi) The entity is controlled or jointly controlled by a person identified in (s)(a).

(vii) A person identified in (s)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Nanjing Top Spring Metropolitan or to Nanjing Top Spring Metropolitan's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Other revenue

	Year ended 31 December			**Three months ended 31 March**	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank interest income	413	116	309	47	60
Others	—	6	—	—	—
	413	122	309	47	60

3 Other net loss

	Year ended 31 December			**Three months ended 31 March**	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net foreign exchange loss	(857)	—	—	—	—

4 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(a) *Finance costs*					
Interest on bank borrowings	—	—	6,022	182	7,798
Less: Amount capitalised (Note)	—	—	(6,022)	(182)	(7,798)
	—	—	—	—	—

Note: The borrowing costs have been capitalised at rates of 6.371%, 6.371% (unaudited) and 5.225% per annum for the year ended 31 December 2015 and the three months ended 31 March 2015 and 2016, respectively.

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(b) *Staff costs*					
Salaries, wages and other benefits	1,290	1,175	1,362	174	564
Contributions to defined contribution retirement plans	229	269	386	100	229
	1,519	1,444	1,748	274	793
(c) *Other items*					
Depreciation and amortisation	223	271	225	69	52
Less: Amount capitalised	—	(1)	(6)	(1)	(1)
	223	270	219	68	51
Operating lease charges:					
- Minimum lease payments for buildings	435	—	—	—	483

5 Income tax

(a) Income tax in the statement of comprehensive income represents:

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax					
Origination and reversal of temporary differences	940	345	1,755	93	1,139

The provision for PRC Corporate Income Tax ("CIT") is based on the applicable CIT rate on the estimated assessable profits of Nanjing Top Spring Metropolitan as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the Relevant Periods.

No provision for CIT has been made as Nanjing Top Spring Metropolitan sustained losses for taxation purposes during the Relevant Periods.

(b) Reconciliation between income tax credit and accounting loss at applicable tax rate:

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loss before taxation	(4,911)	(1,860)	(7,085)	(245)	(4,418)
Notional tax on loss before taxation, calculated at 25%	(1,228)	(465)	(1,771)	(61)	(1,105)
Effect of non-deductible expenses	288	6	16	7	2
Others	—	114	—	(39)	(36)
Actual income tax credit	(940)	(345)	(1,755)	(93)	(1,139)

(c) Deferred tax assets recognised

The components of deferred tax assets recognised in the balance sheets and the movements during the Relevant Periods are as follows:

	Unused tax losses	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax arising from:			
At 1 January 2013	569	—	569
Credited to profit or loss	863	77	940
At 31 December 2013 and 1 January 2014	1,432	77	1,509
Credited/(charged) to profit or loss	422	(77)	345
At 31 December 2014 and 1 January 2015	1,854	—	1,854
Credited to profit or loss	1,152	603	1,755
At 31 December 2015 and 1 January 2016	3,006	603	3,609
Credited to profit or loss	658	481	1,139
At 31 March 2016	3,664	1,084	4,748

6 Directors' emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

7 Individuals with highest emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

8 Property, plant and equipment

	Furniture, fixtures and other equipment As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January	852	1,136	1,158	1,158
Additions	284	22	—	5
At 31 December/31 March	1,136	1,158	1,158	1,163
Accumulated amortisation and depreciation:				
At 1 January	(83)	(306)	(577)	(802)
Charge for the year/period	(223)	(271)	(225)	(52)
At 31 December/31 March	(306)	(577)	(802)	(854)
Net book value:				
At 31 December/31 March	830	581	356	309

9 Property under development for sale

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property under development for sale	186,945	217,628	337,387	350,459

(a) The analysis of carrying value of properties is as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
In the PRC				
- under medium-term leases	186,945	217,628	337,387	350,459
Including:				
- Properties expected to be completed after more than one year	186,945	217,628	337,387	350,459

(b) All of Nanjing Top Spring Metropolitan's properties under development were pledged to secure bank loans at 31 December 2015 and 31 March 2016, details of which are set out in note 13.

10 Trade and other receivables

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits and other receivables	234	5,894	2,967	3,286
	234	5,894	2,967	3,286

11 Cash and cash equivalents

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and in hand	13,664	18,145	46,059	97,051

12 Trade and other payables

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Creditors and accrued charges (Note (i))	469	7,306	45,940	36,303
	469	7,306	45,940	36,303

Notes:

(i) All of Nanjing Top Spring Metropolitan's trade and other payables are expected to be settled within one year or are repayable on demand.

(ii) Included in creditors and accrued charges are trade creditors based on due date with the following ageing analysis at the end of the reporting periods:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due within 1 month or on demand	210	39	1,281	—
Due after 1 month but within 3 months	—	—	36	33
Due after 3 months but within 6 months	—	10	—	—
Due after 6 months but within 1 year	—	62	4	—
Due after 1 year	—	10	39	105
	210	121	1,360	138

13 Bank borrowings

At the end of each reporting period, bank borrowings were analysed as follows:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans				
- Secured	—	—	120,000	159,000

At the end of each reporting period, bank borrowings were repayable as follows:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year and included in current liabilities	—	—	60,000	60,000
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	—	—	60,000	99,000
	—	—	120,000	159,000

Notes:

(i) At 31 December 2015 and 31 March 2016, the bank loans bore interest of 6.371% and 5.225% per annum, respectively, and were secured by the following assets:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development for sale	—	—	337,387	350,459

(ii) At 31 December 2015 and 31 December 2016, Shenzhen SZITIC Property Development Co., Ltd., a fellow subsidiary of Nanjing Top Spring Metropolitan, provided guarantee to the lender of Nanjing Top Spring Metropolitan's bank loan for the outstanding principal obligation totalling RMB120,000,000 and RMB159,000,000 at 31 December 2015 and 31 March 2016, respectively.

14 Amounts due from/(to) group companies

The amounts due from/(to) group companies are unsecured, interest-free and have no fixed terms of repayment.

15 Capital and reserves

(a) Movements in components of equity

The opening and closing balances of each component of Nanjing Top Spring Metropolitan's equity is set out in the statements of changes in equity.

(b) Paid-up capial

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	210,000	210,000	210,000	210,000

(c) Capital management

Nanjing Top Spring Metropolitan's primary objectives when managing capital are to safeguard Nanjing Top Spring Metropolitan's ability to continue as a going concern, so that it can continue to provide returns for shareholders. As Nanjing Top Spring Metropolitan is part of a larger group, Nanjing Top Spring Metropolitan's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

Nanjing Top Spring Metropolitan actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, Nanjing Top Spring Metropolitan monitors its capital structure on the basis of a gearing ratio, which is net debts divided by total equity at the end of the reporting period. For this purpose, Nanjing Top Spring Metropolitan defines net debts as total bank borrowings less cash and cash equivalents.

Nanjing Top Spring Metropolitan had no bank borrowings as at 31 December 2013 and 2014 and therefore no gearing ratios are presented. The gearing ratios of Nanjing Top Spring Metropolitan as at 31 December 2015 and 31 March 2016 were as follows:

	As at 31 December 2015	As at 31 March 2016
	RMB'000	*RMB'000*
Bank borrowings	120,000	159,000
Less: Cash and cash equivalents	(46,059)	(97,051)
Net debts	73,941	61,949
Total equity	196,353	193,074
Gearing ratio	37.7%	32.1%

16 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of Nanjing Top Spring Metropolitan's business. Nanjing Top Spring Metropolitan's exposure to these risks and the financial risk management policies and practices used by Nanjing Top Spring Metropolitan to manage these risks are described below.

(a) Credit risk

Nanjing Top Spring Metropolitan's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. Nanjing Top Spring Metropolitan maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and Nanjing Top Spring Metropolitan has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The management considers that related parties are under influence of the ultimate controlling shareholder, hence no material credit risk exists on amounts due from related companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. Nanjing Top Spring Metropolitan does not provide any other guarantees which would expose Nanjing Top Spring Metropolitan to credit risk.

(b) Liquidity risk

Nanjing Top Spring Metropolitan's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of Nanjing Top Spring Metropolitan's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Nanjing Top Spring Metropolitan can be required to pay:

	As at 31 December 2013					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Creditors and accrued charges	469	—	—	—	469	469
	469	—	—	—	469	469

	As at 31 December 2014					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Creditors and accrued charges	7,306	—	—	—	7,306	7,306
Amounts due to fellow subsidiaries	35,335	—	—	—	35,335	35,335
	42,641	—	—	—	42,641	42,641

	As at 31 December 2015					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	67,872	63,936	—	—	131,808	120,000
Creditors and accrued charges	45,940	—	—	—	45,940	45,940
Amounts due to fellow subsidiaries	83,676	—	—	—	83,676	83,676
	197,488	63,936	—	—	261,424	249,616

	As at 31 March 2016					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	68,510	104,298	—	—	172,808	159,000
Creditors and accrued charges	36,303	—	—	—	36,303	36,303
Amounts due to fellow subsidiaries	93,600	—	—	—	93,600	93,600
	198,413	104,298	—	—	302,711	288,903

(c) Interest rate risk

Nanjing Top Spring Metropolitan's interest rate risk arises primarily from cash and cash equivalents and bank borrowings issued at variable rates.

Nanjing Top Spring Metropolitan does not anticipate significant impact to cash and cash equivalents because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank borrowings of Nanjing Top Spring Metropolitan are disclosed in note 13. Nanjing Top Spring Metropolitan does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2013, 2014 and 2015 and 31 March 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease Nanjing Top Spring Metropolitan's loss after tax and decrease/increase total equity by approximately RMB nil, RMB nil, RMB1,200,000 and RMB1,590,000, respectively, in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date. The analysis is performed on the same basis for the Relevant Periods.

(d) Currency risk

Nanjing Top Spring Metropolitan is not subject to significant foreign currency risk as all Nanjing Top Spring Metropolitan's transactions are denominated in Renminbi.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of Nanjing Top Spring Metropolitan's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at the end of each reporting period.

17 Commitments

Capital commitments outstanding at the end of the reporting periods not provided for in Nanjing Top Spring Metropolitan's Financial Information were as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	5,916	137,799	103,370	106,050
Authorised but not contracted for	313,164	159,388	126,352	103,568
	319,080	297,187	229,722	209,618

Capital commitments solely related to development expenditure for Nanjing Top Spring Metropolitan's properties under development.

18 Material related party transactions

Apart from the transactions and balances disclosed elsewhere in the Financial Information, Nanjing Top Spring Metropolitan did not enter into any other material related party transactions during the Relevant Periods.

19 Accounting judgements and estimates

The key sources of estimation uncertainty and critical accounting judgements in applying Nanjing Top Spring Metropolitan's accounting policies are described below.

Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In respect of properties under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

20 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to date of issue of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to Nanjing Top Spring Metropolitan.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

Nanjing Top Spring Metropolitan is in the process of making an assessment of what the impact of these new standards is expected to be in the period of initial application. So far Nanjing Top Spring Metropolitan has concluded that the adoption of them is unlikely to have a significant impact on Nanjing Top Spring Metropolitan's financial position and results of operations, except for the following.

HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including HKAS 18, *Revenue*, HKAS 11, *Construction contracts* and HK(IFRIC) — Interpretation 13, *Customer Loyalty Programmes*. It also includes guidance on when to capitalize costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

Nanjing Top Spring Metropolitan does not plan to early adopt the above new standards or amendments. With respect to HKFRS 15, given Nanjing Top Spring Metropolitan has not completed its assessment of its full impact on Nanjing Top Spring Metropolitan, its possible impact on Nanjing Top Spring Metropolitan's results of operations and financial position has not been quantified.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by Nanjing Top Spring Metropolitan in respect of any period subsequent to 31 March 2016. No dividend or distribution has been declared or made by Nanjing Top Spring Metropolitan in respect of any period subsequent to 31 March 2016.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

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

29 July 2016

The Directors
Sunac China Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Shenzhen Panye Technology Development Co., Ltd. ("Shenzhen Panye"), comprising the balance sheets of Shenzhen Panye as at 31 December 2013, 2014 and 2015 and 31 March 2016 and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for the period from 15 August 2013 (date of establishment) to 31 December 2013, each of the years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"), for inclusion in the circular of Sunac China Holdings Limited (the "Company") dated 29 July 2016 (the "Circular") in connection with the proposed acquisition of Shenzhen Panye by the Company.

Shenzhen Panye was established in the People's Republic of China (the "PRC") on 15 August 2013, as a limited liability company under the Companies Law of the PRC. It is principally engaged in property leasing and owned the Shenzhen Smart Venture Valley project during the Relevant Periods.

Shenzhen Panye has adopted 31 December as their financial year end date. The statutory financial statements of the Company were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, and were audited by Shenzhen Xutai Certified Public Accountants (General Partnership) (深圳旭泰會計師事務所(普通合夥)) for the period from 15 August 2013 (date of establishment) to 31 December 2013 and the years ended 31 December 2014 and 2015.

The directors of Shenzhen Panye have prepared the financial statements for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for the period from 15 August 2013 (date of establishment) to 31 December 2013, each of the years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 were audited by KPMG Huazhen LLP Shenzhen Branch (畢馬威華振會計師事務所(特殊普通合夥) 深圳分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of Shenzhen Panye in respect of any period subsequent to 31 Mach 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of Shenzhen Panye as at 31 December 2013, 2014 and 2015 and 31 March 2016 and of Shenzhen Panye's financial performance and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of Shenzhen Panye comprising the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2015, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A FINANCIAL INFORMATION OF SHENZHEN PANYE

1 Statements of comprehensive income

	Section B Note	Period from 15 August to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015 *(Unaudited)*	Three months ended 31 March 2016
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other revenue	2	8	145	256	6	44
Selling and marketing expenses		—	—	(2,517)	(91)	(574)
Administrative expenses		(1,517)	(4,992)	(5,280)	(3,246)	(983)
Loss from operations		(1,509)	(4,847)	(7,541)	(3,331)	(1,513)
Finance costs	3(a)	—	—	(50)	—	—
Loss before taxation		(1,509)	(4,847)	(7,591)	(3,331)	(1,513)
Income tax	4	—	—	—	—	—
Loss and total comprehensive income for the period/year		(1,509)	(4,847)	(7,591)	(3,331)	(1,513)

The accompanying notes form part of the Financial Information.

2 Balance sheets

	Section B Note	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 31 March 2016
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	7	119	149	92	586
Restricted deposits	11	9,757	9,757	—	—
		9,876	9,906	92	586
Current assets					
Properties under development for sale	8	847,050	1,067,418	1,512,438	1,583,051
Trade and other receivables	9	129,638	87	317	440
Amount due from immediate holding company	15	—	70,000	195,556	295,556
Amount due from a fellow subsidiary	15	—	—	3,970	3,970
Prepayments	10	—	106,347	—	—
Cash and cash equivalents	12	21,059	9,043	27,799	31,427
		997,747	1,252,895	1,740,080	1,914,444
Current liabilities					
Trade and other payables	13	795,794	939,957	986,406	1,004,777
Amount due to immediate holding company	15	19,838	—	—	—
Amounts due to intermediate holding companies	15	—	107,000	234,200	192,200
Amounts due to fellow subsidiaries	15	—	—	73,943	73,943
Bank and other borrowings	14	—	—	145,000	45,000
		815,632	1,046,957	1,439,549	1,315,920
Net current assets		182,115	205,938	300,531	598,524
Total assets less current liabilities		191,991	215,844	300,623	599,110
Non-current liabilities					
Bank and other borrowings	14	—	—	92,370	392,370
NET ASSETS		191,991	215,844	208,253	206,740
CAPITAL AND RESERVES	16				
Paid-up capital	16(b)	193,500	222,200	222,200	222,200
Reserves		(1,509)	(6,356)	(13,947)	(15,460)
TOTAL EQUITY		191,991	215,844	208,253	206,740

The accompanying notes form part of the Financial Information.

3 Statements of changes in equity

	Paid-up capital *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 15 August 2013 (date of establishment)	—	—	—
Loss and total comprehensive income for the period	—	(1,509)	(1,509)
Owner's capital contributions	193,500	—	193,500
Balance at 31 December 2013	193,500	(1,509)	191,991
Balance at 1 January 2014	193,500	(1,509)	191,991
Loss and total comprehensive income for the year	—	(4,847)	(4,847)
Owner's capital contributions	28,700	—	28,700
Balance at 31 December 2014	222,200	(6,356)	215,844
Balance at 1 January 2015	222,200	(6,356)	215,844
Loss and total comprehensive income for the year	—	(7,591)	(7,591)
Balance at 31 December 2015	222,200	(13,947)	208,253
Balance at 1 January 2016	222,200	(13,947)	208,253
Loss and total comprehensive income for the period	—	(1,513)	(1,513)
Balance at 31 March 2016	222,200	(15,460)	206,740
Balance at 1 January 2015	222,200	(6,356)	215,844
Loss and total comprehensive income for the period (unaudited)	—	(3,331)	(3,331)
Balance at 31 March 2015 (unaudited)	222,200	(9,687)	212,513

The accompanying notes form part of the Financial Information.

4 Statements of cash flows

	Note	Period from 15 August to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2016
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities						
Loss before taxation		(1,509)	(4,847)	(7,591)	(3,331)	(1,513)
Adjustments for:						
Depreciation and amortisation	3(c)	1	12	—	—	—
Interest income	2	(8)	(145)	(256)	(6)	(44)
Finance costs	3(a)	—	—	50	—	—
		(1,516)	(4,980)	(7,797)	(3,337)	(1,557)
Changes in working capital:						
Increase in properties under development for sale		(151,850)	(220,342)	(437,181)	(3,661)	(63,511)
(Increase)/decrease in trade and other receivables and prepayments		(129,638)	23,204	106,117	44	(123)
Increase in amount due from immediate holding company		—	(70,000)	(125,556)	19,283	(100,000)
Increase in amount due from a fellow subsidiary		—	—	(3,970)	(1,575)	—
Increase/(decrease) in trade and other payables		100,595	144,163	45,877	(26,036)	17,799
Increase/(decrease) in amount due to immediate holding company		19,838	(19,838)	—	—	—
Increase/(decrease) in amounts due to intermediate holding companies		—	107,000	127,200	—	(42,000)
Increase in amounts due to fellow subsidiaries		—	—	73,943	14,131	—
(Increase)/decrease in restricted deposits		(9,757)	—	9,757	—	—
Cash used in operations		(172,328)	(40,793)	(211,610)	(1,151)	(189,392)
Income tax paid		—	—	—	—	—
Net cash used in operating activities		(172,328)	(40,793)	(211,610)	(1,151)	(189,392)
Cash flows from investing activities						
Payment for purchase of property, plant and equipment		(121)	(68)	(14)	(14)	(512)
Interest received		8	145	256	6	44
Net cash (used in)/generated from investing activities		(113)	77	242	(8)	(468)
Cash flows from financing activities						
Proceeds from owner's capital contributions		193,500	28,700	—	—	—
Proceeds from new bank and other borrowings		—	—	237,370	—	320,000
Repayment of bank and other borrowings		—	—	—	—	(120,000)
Interest paid		—	—	(7,246)	—	(6,512)
Net cash generated from/(used in) financing activities		193,500	28,700	230,124	—	193,488
Increase/(decrease) in cash and cash equivalents		21,059	(12,016)	18,756	(1,159)	3,628
Cash and cash equivalents at beginning of period/year	12	—	21,059	9,043	9,043	27,799
Cash and cash equivalents at end of period/year	12	21,059	9,043	27,799	7,884	31,427

The accompanying notes form part of the Financial Information.

B NOTES TO FINANCIAL INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, Shenzhen Panye has adopted all applicable new and revised HKFRSs to the period from 15 August 2013 (date of establishment) to 31 December 2013, and each of the years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2016 are set out in Note 21.

The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the three months ended 31 March 2015 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(c) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 20.

(d) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 1(e)) and impairment losses (see note 1(g)):

— furniture, fixtures and other equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(e) Depreciation of property, plant and equipment

Depreciation is calculated to write off the cost of furniture, fixtures and other equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 3 years.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if Shenzhen Panye determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges

Where Shenzhen Panye has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property or is held for development for sale (see note 1(h)).

(g) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of Shenzhen Panye about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When

Shenzhen Panye is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of property, plant and equipment

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Leasehold land held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties held for/under development for sale

The cost of properties held for/under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see note 1(q)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(g)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of Shenzhen Panye participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which Shenzhen Panye operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. Shenzhen Panye has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(n) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Shenzhen Panye has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Shenzhen Panye and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Related parties

(a) A person, or a close member of that person's family, is related to Shenzhen Panye if that person:

(i) has control or joint control over Shenzhen Panye;

(ii) has significant influence over Shenzhen Panye; or

(iii) is a member of the key management personnel of Shenzhen Panye or Shenzhen Panye's parent.

(b) An entity is related to Shenzhen Panye if any of the following conditions applies:

(i) The entity and Shenzhen Panye are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Shenzhen Panye or an entity related to Shenzhen Panye.

(vi) The entity is controlled or jointly controlled by a person identified in (s)(a).

(vii) A person identified in (s)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Shenzhen Panye or to Shenzhen Panye's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Other revenue

	Period from 15 August to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank interest income	8	145	256	6	44

3 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	Period from 15 August to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(a) Finance costs					
Interest on bank and other borrowings	—	—	7,768	—	7,084
Other borrowing costs	—	—	50	—	—
	—	—	7,818	—	7,084
Less: Amount capitalised (Note)	—	—	(7,768)	—	(7,084)
	—	—	50	—	—

Note: The borrowing costs for the year ended 31 December 2015 and the three months ended 31 March 2016 have been capitalised at rates ranging from 5.36% to 7.15% and 4.75% to 6.18% per annum, respectively.

	Period from 15 August to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	Three months ended 31 March 2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(b) Staff costs					
Salaries, wages and other benefits	113	352	1,464	242	653
Contributions to defined contribution retirement plans	4	15	152	41	59
	117	367	1,616	283	712
(c) Other items					
Depreciation and amortisation	2	38	71	17	18
Less: Amount capitalised	(1)	(26)	(71)	(17)	(18)
	1	12	—	—	—
Operating lease charges:					
- minimum lease payments for buildings	—	122	239	43	54
Less: Amount capitalised	—	(122)	(239)	(43)	(54)
	—	—	—	—	—

4 Income tax

(a) Income tax in the statements of comprehensive income represents:

The provision for PRC Corporate Income Tax ("CIT") is based on the applicable CIT rate on the estimated assessable profits of Shenzhen Panye as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the Relevant Periods.

No provision has been made for CIT as Shenzhen Panye sustained losses for taxation purposes during the Relevant Periods.

(b) Reconciliation between income tax expense and accounting loss at applicable tax rate:

	Period from 15 August to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	Three months ended 31 March 2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loss before taxation	(1,509)	(4,847)	(7,591)	(3,331)	(1,513)
Notional tax on loss before taxation calculated at 25%	(377)	(1,212)	(1,898)	(833)	(378)
Effect of non-deductible expenses	77	1,026	52	1	8
Effect of temporary differences and unused tax losses not recognised	300	186	1,846	832	370
Actual income tax expense	—	—	—	—	—

(c) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	Period from 15 August to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Three months ended 31 March 2015	Three months ended 31 March 2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deductible temporary differences	—	—	1,276	—	1,400
Unused tax losses - PRC (Note (i))	1,200	1,944	8,052	5,272	9,408
	1,200	1,944	9,328	5,272	10,808

Note:

(i) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

Shenzhen Panye has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

5 Directors' emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

6 Individuals with highest emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

7 Property, plant and equipment

	Furniture, fixtures and other equipment			
	As at 31 December			**As at 31 March**
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 15 August/1 January	—	121	189	203
Additions	121	68	14	512
At 31 December/31 March	121	189	203	715
Accumulated amortisation and depreciation:				
At 15 August/1 January	—	(2)	(40)	(111)
Charge for the year/period	(2)	(38)	(71)	(18)
At 31 December/31 March	(2)	(40)	(111)	(129)
Net book value:				
At 31 December/31 March	119	149	92	586

8 Properties under development for sale

	As at 31 December			**As at 31 March**
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development for sale	847,050	1,067,418	1,512,438	1,583,051

(a) The analysis of carrying value of properties is as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
In the PRC				
- under medium-term leases	847,050	1,067,418	1,512,438	1,583,051
Including:				
- Properties expected to be completed after more than one year	847,050	1,067,418	1,512,438	1,583,051

(b) Shenzhen Panye's leasehold land held for development for sale were pledged to secure bank loans at 31 March 2016, details of which are set out in note 14.

9 Trade and other receivables

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Others (Note)	129,638	87	317	440

Note: The balance at 31 December 2013 included a loan of RMB129,600,000 to Lvyu Nonglin Technology Limited. The amount was unsecured, interest free and recoverable within one year.

10 Prepayments

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for land use rights acquisition	—	106,347	—	—

11 Restricted deposits

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted deposits	9,757	9,757	—	—

In accordance with relevant agreements, Shenzhen Panye should deliver some properties back to the government after the completion of the city renewal project and guarantee deposits were required from banks. The deposits were released upon guarantee obtained from a related party in 2015.

12 Cash and cash equivalents

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and in hand	21,059	9,043	27,799	31,427

13 Trade and other payables

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Creditors and accrued charges (Note (i))	793,794	939,917	983,815	999,378
Rental and other deposits	2,000	40	2,591	5,399
	795,794	939,957	986,406	1,004,777

Notes:

(i) All of Shenzhen Panye's trade and other payables are expected to be settled within one year or are repayable on demand except for an amount of RMB695,199,000, RMB912,797,000, RMB912,797,000, RMB912,797,000 which represents the fair value of the resettlement house of the city renewal project held by Shenzhen Panye as at 31 December 2013, 2014 and 2015 and 31 March 2016, respectively. The amount is expected to be settled after more than one year.

(ii) Included in trade and other payables are trade creditors with the following ageing analysis based on due date at the end of the reporting periods:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due within 1 month or on demand	98,595	27,120	71,018	86,581
Due after 1 year	695,199	912,797	912,797	912,797
	793,794	939,917	983,815	999,378

14 Bank and other borrowings

At the end of each reporting period, bank and other borrowings were analysed as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans				
- Secured	—	—	220,000	420,000
Other borrowings				
- Unsecured	—	—	17,370	17,370
	—	—	237,370	437,370

At the end of each reporting period, bank and other borrowings were repayable as follows:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year and included in current liabilities	—	—	145,000	45,000
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	—	—	92,370	212,370
After 2 years but within 5 years	—	—	—	180,000
	—	—	92,370	392,370
	—	—	237,370	437,370

Notes:

(i) The bank loans bore floating interest ranging from Nil, Nil, 5.36% to 7.15% and 4.75% to 6.18% per annum and were guaranteed by related parties and secured by properties of the related parties amounting to RMB31,325,000 and 100% equity interest of Shenzhen Panye held by the related parties as at 31 December 2015 and 31 March 2016.

(ii) At 31 March 2016, certain bank loans amounting to RMB220,000,000 were secured by Shenzhen Panye's leasehold land held for development for sale of RMB313,377,000.

(iii) Other borrowings represented borrowings from Shenzhen Panye's employees in respect of property project of Shenzhen Panye. These borrowings with an estimated return ranging from 12% to 14% per annum were expected to be repaid at the earlier date of achievement of 80% pre-sales of the respective project they invested or the completion of the city renewal project held by Shenzhen Panye.

15 Amount due from/(to) group companies

The amounts due from/(to) group companies are unsecured, interest-free and have no fixed terms of repayment.

16 Capital and reserves

(a) Movements in components of equity

The opening and closing balances of each component of Shenzhen Panye's equity is set out in the statements of changes in equity.

(b) Paid-up capial

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered capital	250,000	250,000	250,000	250,000
Paid-up capital	193,500	222,200	222,200	222,200

(c) Capital management

Shenzhen Panye's primary objectives when managing capital are to safeguard Shenzhen Panye's ability to continue as a going concern in order to fund its property development projects, and provide returns for shareholders. As Shenzhen Panye is part of a larger group, Shenzhen Panye's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

Shenzhen Panye actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, Shenzhen Panye monitors its capital structure on the basis of a gearing ratio, which is net debts divided by total equity at the end of the reporting period. For this purpose, Shenzhen Panye's defines net debts as total bank and other borrowings less restricted deposits and cash and cash equivalents.

Shenzhen Panye had no bank borrowings as at 31 December 2013 and 2014 and therefore no gearing ratios are presented. The gearing ratios of Shenzhen Panye as at 31 December 2015 and 31 March 2016 were as follows:

	As at 31 December 2015	**As at 31 March 2016**
	RMB'000	*RMB'000*
Bank and other borrowings	237,370	437,370
Less: Cash and bank balances	(27,799)	(31,427)
Net debts	209,571	405,943
Total equity	208,253	206,740
Gearing ratio	100.6%	196.4%

17 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of Shenzhen Panye's business. Shenzhen Panye's exposure to these risks and the financial risk management policies and practices used by Shenzhen Panye to manage these risks are described below.

(a) Credit risk

Shenzhen Panye's credit risk is primarily attributable to bank deposits and trade and other receivables. Shenzhen Panye maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and Shenzhen Panye has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The management considers that related parties are under influence of the ultimate controlling shareholder, hence no material credit risk exists on amounts due from related companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. Shenzhen Panye does not provide any other guarantees which would expose Shenzhen Panye to credit risk.

(b) Liquidity risk

Shenzhen Panye's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of Shenzhen Panye's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Shenzhen Panye can be required to pay:

	As at 31 December 2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Creditors and accrued charges	98,595	—	—	—	98,595	98,595
Amount due to immediate holding company	19,838	—	—	—	19,838	19,838
	118,433	—	—	—	118,433	118,433

	As at 31 December 2014					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Creditors and accrued charges	27,120	—	—	—	27,120	27,120
Amount due to immediate holding company	107,000	—	—	—	107,000	107,000
	134,120	—	—	—	134,120	134,120

	As at 31 December 2015					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	157,258	97,876	—	—	255,134	237,370
Creditors and accrued charges	71,018	—	—	—	71,018	71,018
Amounts due to intermediate holding companies	234,200	—	—	—	234,200	234,200
Amounts due to fellow subsidiaries	73,943	—	—	—	73,943	73,943
	536,419	97,876	—	—	634,295	616,531

	As at 31 March 2016 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	70,508	228,148	187,503	—	486,159	437,370
Creditors and accrued charges	86,581	—	—	—	86,581	86,581
Amounts due to intermediate holding companies	192,200	—	—	—	192,200	192,200
Amounts due to fellow subsidiaries	73,943	—	—	—	73,943	73,943
	423,232	228,148	187,503	—	838,883	790,094

(c) Interest rate risk

Shenzhen Panye's interest rate risk arises primarily from cash and cash equivalents, restricted deposits and borrowings issued at variable rates.

Shenzhen Panye does not anticipate significant impact to cash and cash equivalents and the restricted deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank and other borrowings of Shenzhen Panye are disclosed in note 14. Shenzhen Panye does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2015 and 31 March 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease Shenzhen Panye's loss after tax and decrease/increase Shenzhen Panye's total equity by approximately RMB2,374,000 and RMB4,374,000 respectively in response to the general increase in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date. The analysis is performed on the same basis for the Relevant Periods.

(d) Currency risk

Shenzhen Panye is not subject to significant foreign currency risk as all Shenzhen Panye's transactions are denominated in Renminbi.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of Shenzhen Panye's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at the end of each reporting period.

18 Commitments

(a) Capital commitments outstanding at the end of the reporting periods not provided for in the Financial Information were as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	—	110	203,275	213,336
Authorised but not contracted for	—	—	—	5,979
	—	110	203,275	219,315

Capital commitments mainly related to development expenditure for Shenzhen Panye's properties under development.

(b) At the end of the reporting periods, Shenzhen Panye's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	206	206	222	222
After 1 year but within 5 years	890	684	462	406
	1,096	890	684	628

Shenzhen Panye's is the lessee in respect of a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 2 years, with an option to renew the lease all terms are renegotiated. None of the leases includes contingent rentals.

19 Material related party transactions

(a) In addition to the transactions and balances disclosed elsewhere in the Financial Information, other material related party transactions entered by Shenzhen Panye during the Relevant Periods are as follows:

		Year ended 31 December			Three months ended 31 March	
	Note	**2013**	**2014**	**2015**	**2015**	**2016**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee by fellow subsidiaries and immediate holding company	(i)	—	—	346,594	—	546,594

Notes:

(i) As stated in note 14, all the bank loans were guaranteed by related parties. In addition, Shenzhen Panye should deliver some properties back to the government after the completion of the city renewal project and the indirect controlling company of Shenzhen Panye has issued an letter of guarantee to the government since 2 June 2015 for guarantee amount up to RMB126,594,000.

20 Accounting judgements and estimates

The key sources of estimation uncertainty and critical accounting judgements in applying the accounting policies are described below.

(a) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of leasehold land held for development for sale and properties held for/under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(b) Recognition of deferred tax

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of Shenzhen Panye and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future year/period.

(c) Impairment losses for bad and doubtful debts

Shenzhen Panye estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. Shenzhen Panye bases the estimates on the aging of the receivable balance, debtors' creditworthiness and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to date of issue of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to Shenzhen Panye.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

Shenzhen Panye is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far Shenzhen Panye has concluded that the adoption of them is unlikely to have a significant impact on Shenzhen Panye's financial position and results of operations, except for the following.

HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18, *Revenue*, HKAS 11, *Construction contracts* and HK(IFRIC) - Interpretation 13, *Customer Loyalty Programmes*. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

Shenzhen Panye does not plan to early adopt the above new standards or amendments. With respect to HKFRS 15, given Shenzhen Panye has not completed its assessment of its full impact on Shenzhen Panye, its possible impact on Shenzhen Panye's results of operations and financial position has not been quantified.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by Shenzhen Panye in respect of any period subsequent to 31 March 2016. No dividend or distribution has been declared or made by Shenzhen Panye in respect of any period subsequent to 31 March 2016.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

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

29 July 2016

The Directors
Sunac China Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the combined financial information relating to Huizhou Hidden Bay Project (the "Huizhou Project"), which is co-owned by Hui Dong Lai Yang Tian Property Co., Ltd. and Hui Dong Lai Hai Tian Property Co. Ltd. (the "Hui Dong Companies"), comprising the combined balance sheets as at 31 December 2013, 2014 and 2015 and 31 March 2016 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows, for each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"), for inclusion in the circular of Sunac China Holdings Limited (the "Company") dated 29 July 2016 (the "Circular") in connection with the proposed acquisition of Hui Dong Companies by the Company.

Hui Dong Lai Yang Tian Property Co., Ltd. ("Hui Dong Lai Yang Tian") and Hui Dong Lai Hai Tian Property Co., Ltd. ("Hui Dong Lai Hai Tian") are both indirectly wholly-owned subsidiaries of Top Spring International Holdings Limited ("Top Spring") and were both established in the People's Republic of China (the "PRC") on 25 February 2011, as limited liability companies under the Companies Law of the PRC. The Hui Dong Companies are principally engaged in property development and the co-owned Huizhou Project during the Relevant Periods.

The Hui Dong Companies have adopted 31 December as their financial year end date. Details of the Hui Dong Companies that are subject to audit during the Relevant Periods and the names of the respective auditors are set out in Notes 1(b) and 25 of Section B, respectively. The statutory financial statements of these companies were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC.

The directors of Top Spring have prepared the combined financial statements of the Hui Dong Companies for the Relevant Periods (the "Underlying Financial Statements") on the same basis as used in the preparation of the Financial Information set out in Section B below. The Underlying Financial Statements for each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 were audited by KPMG Huazhen LLP Shenzhen Branch (畢馬威華振會計師事務所(特殊普通合夥)深圳分所) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Huizhou Project or Hui Dong Companies, in respect of any period subsequent to 31 March 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation set out in Note 1(b) of Section B below, a true and fair view of the financial position of the Huizhou Project as at 31 December 2013, 2014 and 2015 and 31 March 2016 and of the Huizhou Project's financial performance and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Huizhou Project comprising the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2015, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A COMBINED FINANCIAL INFORMATION OF THE HUIZHOU PROJECT

1 Combined statements of comprehensive income

	Section B Note	Year ended 31 December			Three months ended 31 March	
		2013	**2014**	**2015**	**2015**	**2016**
					(Unaudited)	
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	2	—	—	700,730	347,034	70,670
Direct costs		—	—	(574,012)	(285,363)	(55,661)
Gross profit		—	—	126,718	61,671	15,009
Other revenue	3	801	21,201	1,439	387	607
Other net loss	4	—	(3,500)	—	—	—
Selling and marketing expenses		(27,220)	(31,587)	(42,523)	(12,190)	(5,539)
Administrative expenses		(10,101)	(14,188)	(11,688)	(2,234)	(2,476)
(Loss)/profit from operations		(36,520)	(28,074)	73,946	47,634	7,601
Finance costs	5(a)	—	—	(35,890)	(7,336)	(54)
(Loss)/profit before taxation		(36,520)	(28,074)	38,056	40,298	7,547
Income tax	6	8,717	4,954	(12,825)	(9,511)	(3,407)
(Loss)/profit and total comprehensive income for the year/period		(27,803)	(23,120)	25,231	30,787	4,140

The accompanying notes form part of the Financial Information.

2 Combined balance sheets

	Section B Note	As at 31 December 2013	2014	2015	As at 31 March 2016
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	9	2,771	1,966	1,092	882
Intangible assets		9	10	152	134
Deferred tax assets	6(c)	8,717	13,671	4,896	2,606
		11,497	15,647	6,140	3,622
Current assets					
Properties held for/under development for sale	10	796,576	494,277	616,946	649,753
Completed properties for sale	10	—	882,739	331,094	275,432
Trade and other receivables	11	19,049	106,016	16,277	10,810
Amount due from an intermediate holding company	12	—	—	73,635	73,222
Amounts due from fellow subsidiaries	12	380,000	310,387	1,236	1,172
Prepayments		21,219	39,174	36,595	38,437
Restricted deposits	13	—	—	17,758	32,827
Cash and cash equivalents	14	210,020	286,383	143,294	113,390
		1,426,864	2,118,976	1,236,835	1,195,043
Current liabilities					
Trade and other payables	15	118,657	235,163	116,524	75,276
Advanced proceeds from customers		228,685	468,881	159,470	154,556
Amount due to immediate holding company	16	167,382	126,784	112,156	112,156
Amount due to an intermediate holding company	16	—	200,804	271,850	266,850
Amounts due to fellow subsidiaries	17	302,482	261,226	137,940	136,072
Bank and other borrowings	18	—	471,611	87,944	89,288
		817,206	1,764,469	885,884	834,198
Net current assets		609,658	354,507	350,951	360,845
Total assets less current liabilities		621,155	370,154	357,091	364,467
Non-current liabilities					
Bank and other borrowings	18	471,611	243,730	205,436	208,672
		471,611	243,730	205,436	208,672
NET ASSETS		149,544	126,424	151,655	155,795
CAPITAL AND RESERVES	19				
Paid-up capital		187,500	187,500	187,500	187,500
Reserves		(37,956)	(61,076)	(35,845)	(31,705)
TOTAL EQUITY		149,544	126,424	151,655	155,795

The accompanying notes form part of the Financial Information.

3 Combined statements of changes in equity

	Paid-up capital *RMB'000*	PRC statutory reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2013	187,500	—	(10,153)	177,347
Loss and total comprehensive income for the year	—	—	(27,803)	(27,803)
Balance at 31 December 2013	187,500	—	(37,956)	149,544
Balance at 1 January 2014	187,500	—	(37,956)	149,544
Loss and total comprehensive income for the year	—	—	(23,120)	(23,120)
Balance at 31 December 2014	187,500	—	(61,076)	126,424
Balance at 1 January 2015	187,500	—	(61,076)	126,424
Profit and total comprehensive income for the year	—	—	25,231	25,231
Appropriation to reserves	—	3,445	(3,445)	—
Balance at 31 December 2015	187,500	3,445	(39,290)	151,655
Balance at 1 January 2016	187,500	3,445	(39,290)	151,655
Profit and total comprehensive income for the period	—	—	4,140	4,140
Balance at 31 March 2016	187,500	3,445	(35,150)	155,795
Balance at 1 January 2015	187,500	—	(61,076)	126,424
Profit and total comprehensive income for the period (unaudited)	—	—	30,787	30,787
Balance at 31 March 2015 (Unaudited)	187,500	—	(30,289)	157,211

The accompanying notes form part of the Financial Information.

4 Combined statements of cash flows

	Section B Note	Year ended 31 December 2013	2014	2015	Three months ended 31 March 2015	2016
					(Unaudited)	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities						
(Loss)/profit before taxation		(36,520)	(28,074)	38,056	40,298	7,547
Adjustments for:						
Depreciation and amortisation	5(c)	927	1,284	1,156	350	233
Provision on other receivables	4	—	3,500	—	—	—
Interest income	3	(801)	(21,201)	(709)	(198)	(304)
Finance costs	5(a)	—	—	35,890	7,336	54
Changes in working capital:						
(Increase)/decrease in inventories		(283,547)	(512,089)	448,892	149,438	27,437
(Increase)/decrease in prepayments and other receivables		(37,197)	(108,422)	92,318	112,238	3,625
(Increase)/decrease in amount due from an intermediate holding company		—	—	(73,635)	(74,587)	413
(Increase)/decrease in amounts due from fellow subsidiaries		(380,000)	69,613	309,151	(103,093)	64
Increase/(decrease) in trade and other payables		38,002	116,651	(73,474)	38,844	(41,248)
Increase/(decrease) in advanced proceeds from customers		228,685	240,196	(309,411)	(317,152)	(4,914)
Increase in amount due to an intermediate holding company		—	200,804	—	—	—
Increase/(decrease) amounts due to fellow subsidiaries		107,974	(41,256)	(123,286)	40,420	(1,868)
Increase in restricted deposits		—	—	(17,758)	(240)	(15,069)
Cash (used in)/generated from operations		(362,477)	(78,994)	327,190	(106,346)	(24,030)
Income tax paid		—	—	(4,051)	(2,209)	(1,117)
Net cash (used in)/generated from operating activities		(362,477)	(78,994)	323,139	(108,555)	(25,147)
Cash flows from investing activities						
Purchase of property, plant and equipment		(1,741)	(468)	(221)	(44)	(5)
Purchase of intangible assets		—	(12)	(203)	(168)	—
Repayment from related parties		—	28,000	—	—	—
Loan to related parties		—	(28,000)	—	—	—
Interest received		801	21,201	709	198	304
Net cash (used in)/generated from investing activities		(940)	20,721	285	(14)	299
Cash flows from financing activities						
Proceeds from new bank and other borrowings		471,611	243,730	49,650	20,000	4,580
Repayment of bank and other borrowings		—	—	(471,611)	(471,611)	—
Increase/(decrease) in amount due to an intermediate holding company		—	—	71,046	353,710	(5,000)
Increase/(decrease) in amount due to immediate holding company		99,113	(40,598)	(14,628)	3,258	—
Interest paid		(9,113)	(68,496)	(100,970)	(57,345)	(4,636)
Net cash generated from/(used in) financing activities		561,611	134,636	(466,513)	(151,988)	(5,056)
Increase/(decrease) in cash and cash equivalents		198,194	76,363	(143,089)	(260,557)	(29,904)
Cash and cash equivalents at beginning of year/period	14	11,826	210,020	286,383	286,383	143,294
Cash and cash equivalents at end of year/period	14	210,020	286,383	143,294	25,826	113,390

B NOTES TO COMBINED FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Huizhou Project has adopted all applicable new and revised HKFRSs to each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2016 are set out in Note 26.

The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the three months ended 31 March 2015 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation and presentation

The combined financial information set out in this report comprises the aggregate historical financial information for the Relevant Periods of the following two entities:

Name of company	Place and date of establishment	Particulars of paid-up capital	Principal activities
Hui Dong Lai Yang Tian	The PRC 25 February 2011	RMB62,500,000	Property development
Hui Dong Lai Hai Tian	The PRC 25 February 2011	RMB125,000,000	Property development

The Huizhou Project was co-owned and managed by the Hui Dong Companies which are under common control of Top Spring International Holdings Limited during the Relevant Periods. The Huizhou Project has not historically formed a separate legal consolidated group and has not prepared or reported any combined or consolidated financial information. Therefore, the Financial Information of the Huizhou Project has been presented on a combined basis as the Huizhou Project was managed as a single project. The combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows as set out in Section A have been prepared to present an aggregation of the historical results of operations of the Hui Dong Companies for the Relevant Periods. The combined balance sheets as of 31 December 2013, 2014 and 2015 and 31 March 2016 have been prepared to present an aggregation of the historical state of affairs of the Hui Dong Companies at the respective dates. All intra-companies balances and transactions among the Hui Dong Companies have been eliminated in full on combination.

(c) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(d) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 24.

(e) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see Note 1(f)) and impairment losses (see Note 1(h)):

— furniture, fixtures and other equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(f) Depreciation of property, plant and equipment

Depreciation is calculated to write off the cost of furniture, fixtures and other equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 3 to 4 years.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Huizhou Project determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges

Where the Huizhou Project has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property or is held for development for sale (see Note 1(i)).

(h) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Huizhou Project about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Huizhou Project is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or Huizhou Project of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Properties held for/under development for sale

The cost of properties held for/under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see Note 1(s)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

(ii) Completed properties for sale

Cost is determined by apportionment of the total land and development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 1(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(n) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Huizhou Project participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Huizhou Project operate in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Huizhou Project has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(o) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

In all cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Huizhou Project has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Huizhou Project and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Huizhou Project considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties is net of business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the combined balance sheets as receipts in advance.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Huizhou Project if that person:

(i) has control or joint control over the Huizhou Project;

(ii) has significant influence over the Huizhou Project; or

(iii) is a member of the key management personnel of the Huizhou Project or the Huizhou Project's parent.

(b) An entity is related to the Huizhou Project if any of the following conditions applies:

(i) The entity and the Huizhou Project are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Huizhou Project or an entity related to the Huizhou Project.

(vi) The entity is controlled or jointly controlled by a person identified in (t)(a).

(vii) A person identified in (t)(a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Huizhou Project or to the Huizhou Project's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Revenue

Revenue represents income from sale of properties earned during the Relevant Periods, net of business tax and other sales related taxes and discounts allowed.

3 Other revenue

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank interest income	801	537	709	198	304
Interest income from amounts due from fellow subsidiaries	—	20,664	—	—	—
Others	—	—	730	189	303
	801	21,201	1,439	387	607

4 Other net loss

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provision on other receivables	—	(3,500)	—	—	—

5 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(a) Finance costs					
Interest on bank and other borrowings	52,922	68,351	55,806	12,182	4,582
Other borrowing costs	1,500	—	—	—	54
	54,422	68,351	55,806	12,182	4,636
Less: Amount capitalised (Note)	(54,422)	(68,351)	(19,916)	(4,846)	(4,582)
	—	—	35,890	7,336	54

Note: The borrowing costs for the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2015 and 2016 have been capitalised at rates ranging from 6.765% to 10.36%, 6.765% to 10.36%, 6.175%, 6.175% (unaudited) and 6.175% per annum, respectively.

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(b) Staff costs					
Salaries, wages and other benefits	5,589	6,108	10,130	1,554	3,133
Contributions to defined contribution retirement plans	341	435	586	104	200
	5,930	6,543	10,716	1,658	3,333

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(c) Other items					
Depreciation and amortisation	927	1,284	1,156	350	233
Cost of properties sold	—	—	574,012	285,363	55,661

6 Income tax

(a) Income tax in the combined statements of comprehensive income represents:

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current tax					
Provision for PRC Corporate Income Tax ("CIT")	—	—	1,137	1,137	—
Provision for Land Appreciation Tax ("LAT")	—	—	2,913	1,072	1,117
	—	—	4,050	2,209	1,117
Deferred tax					
Origination and reversal of temporary differences	(8,717)	(4,954)	8,775	7,302	2,290
	(8,717)	(4,954)	12,825	9,511	3,407

The provision for CIT is based on the applicable CIT rate on the estimated assessable profits of the Huizhou Project as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the Relevant Periods.

LAT is levied on properties developed by the Huizhou Project for sale in the PRC, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditure.

(b) Reconciliation between income tax (credit)/expense and accounting (loss)/profit at applicable tax rate:

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Loss)/profit before taxation	(36,520)	(28,074)	38,056	40,298	7,547
Notional tax on (loss)/profit before taxation calculated at 25%	(9,130)	(7,018)	9,514	10,075	1,887
Effect of non-deductible expenses	353	331	34	28	15
Effect of unused tax not recognised	60	1,733	2,304	276	1,040
LAT	—	—	2,913	1,072	1,117
Deferred tax effect on LAT	—	—	(728)	(268)	(279)
Others	—	—	(1,212)	(1,672)	(373)
Actual income tax (credit)/ expense	(8,717)	(4,954)	12,825	9,511	3,407

(c) Deferred tax assets recognised

The components of deferred tax assets recognised in the combined balance sheets and the movements during the Relevant Periods are as follows:

	Unused tax losses
	RMB'000
Deferred tax arising from:	
At 1 January 2013	—
Credited to profit or loss	8,717
At 31 December 2013 and 1 January 2014	8,717
Credited to profit or loss	4,954
At 31 December 2014 and 1 January 2015	13,671
Charged to profit or loss	(8,775)
At 31 December 2015 and 1 January 2016	4,896
Charged to profit or loss	(2,290)
At 31 March 2016	2,606

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Unused tax losses					
- PRC (Note (i))	872	7,804	17,020	8,908	21,180

Notes:

(i) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

Hui Dong Lai Hai Tian has not recognised deferred tax assets in respect of unused tax losses as it is not probable that sufficient future taxable profits will be available against which the unused tax losses can be utilised.

7 Directors' emoluments

The directors believe that the presentation of such information is not meaningful for the purpose of this report.

8 Individuals with highest emoluments

The directors believe that the presentation of such information is not meaningful for the purpose of this report.

9 Property, plant and equipment

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January	2,326	4,067	4,535	4,756
Addition for the year/period	1,741	468	221	5
At 31 December/31 March	4,067	4,535	4,756	4,761
Accumulated amortisation and depreciation:				
At 1 January	376	1,296	2,569	3,664
Charge for the year/period	920	1,273	1,095	215
At 31 December/31 March	1,296	2,569	3,664	3,879
Net book value:				
At 31 December/31 March	2,771	1,966	1,092	882

10 Properties held for/under development and completed properties for sale

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property development				
Properties held for/under development for sale	796,576	494,277	616,946	649,753
Completed properties for sale	—	882,739	331,094	275,432
	796,576	1,377,016	948,040	925,185

(a) The analysis of carrying value of properties is as follows:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
In the PRC				
- under medium-term leases	796,576	1,377,016	948,040	925,185
Including:				
- Properties expected to be completed after more than one year	311,523	494,277	430,457	438,047

(b) The Huizhou Project's certain properties under development for sale were pledged to secure bank and other borrowing, details of which are set out in Note 18.

11 Trade and other receivables

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits and other receivables	19,049	106,016	16,277	10,810

12 Amounts due from an intermediate holding company and fellow subsidiaries

Except the amounts due from fellow subsidiaries of RMB280,000,000 as at 31 December 2014 which were unsecured, interest-bearing at 7.38% per annum and had no fixed terms of repayment, the remaining amounts due from an intermediate holding company and fellow subsidiaries were unsecured, interest-free and had no fixed terms of repayment at the end of each reporting period. The balances are neither past due nor impaired.

13 Restricted deposits

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted deposits	—	—	17,758	32,827

The Huizhou Project is required to place certain amount of deposits for the mortgage guarantee at designated bank accounts. Such guarantee deposits will be released after the real estate mortgage registration by the purchaser has been completed.

14 Cash and cash equivalents

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and in hand	210,020	286,383	143,294	113,390

At 31 December 2013, 2014 and 2015 and 31 March 2016, cash at banks and in hand included proceeds from the pre-sale of properties totalling RMB37,143,000, RMB10,433,000, RMB Nil and RMB Nil placed in designated bank accounts by the Huizhou Project in accordance with relevant documents issued by local government authorities. The deposits can only be used for purchases of construction materials and the payments of construction costs of the relevant property development projects when approval from the designated bank is obtained. The deposits will be released after the completion of the pre-sale of the relevant properties.

15 Trade and other payables

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Creditors and accrued charges (Note (i))	101,083	229,365	111,454	66,873
Other deposits	2,108	674	1,110	1,292
Other payables	15,466	5,124	3,960	7,111
	118,657	235,163	116,524	75,276

Notes:

(i) All of the Huizhou Project's trade and other payables are expected to be settled within one year or are repayable on demand.

(ii) Included in trade and other payables are trade creditors with the following ageing analysis based on due date at the end of the reporting period:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due within 1 month or repayable on demand	55,773	184,200	111,454	66,873

16 Amounts due to immediate holding company and an intermediate holding company

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to immediate holding company (Note (i))	167,382	126,784	112,156	112,156
Amount due to an intermediate holding company (Note (ii))	—	200,804	271,850	266,850
	167,382	327,588	384,006	379,006

Notes:

(i) At 31 December 2013, 2014 and 2015 and 31 March 2016, amount due to immediate holding company of the Hui Dong Companies was unsecured, repayable on demand and interest bearing at 6.765%, 6.765%, 6.765% and Nil per annum respectively.

(ii) At 31 December 2014 and 2015 and 31 March 2016, amount due to an intermediate holding company of the Hui Dong Companies was unsecured, repayable on demand and interest bearing at Nil, 6.72% and Nil per annum respectively.

17 Amounts due to fellow subsidiaries

The amounts due to fellow subsidiaries of the Hui Dong Companies were unsecured, interest free and repayable on demand.

18 Bank and other borrowings

At the end of each reporting period, the bank and other borrowings were analysed as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans				
- Secured	471,611	715,341	293,380	297,960

At the end of each reporting period, bank and other borrowings were repayable as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year and included in current liabilities	—	471,611	87,944	89,288
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	471,611	73,119	205,436	208,672
After 2 year but within 5 years	—	170,611	—	—
	471,611	243,730	205,436	208,672
	471,611	715,341	293,380	297,960

Notes:

(i) At 31 December 2013, 2014 and 2015 and 31 March 2016, the bank and other borrowings were interest bearing at rates ranging from 10.36%, 7.995% to 10.36%, 6.175% and 6.175% per annum, respectively, and were secured by the following assets:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties held for/under development for sale	—	204,170	204,170	204,170

(ii) The bank and other borrowings were secured by the completed properties for sale held by Top Spring International (Yuhang) Zhiye Co., Limited, a fellow subsidiary of Hui Dong Lai Hai Tian and secured by 51% equity interest of Hui Dong Lai Yang Tian held by Shenzhen SZITIC Property Development Co., Limited, an immediate holding company of Hui Dong Companies.

19 Capital and reserves

(a) Paid-up capital

Paid-up capital of the Huizhou Project represents the aggregate amount of paid-up capital of Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian of RMB125,000,000 and RMB62,500,000, respectively.

(b) Nature and purpose of reserves

(i) PRC statutory reserves

PRC statutory reserves include general reserve, statutory surplus reserve and statutory public welfare fund.

(ii) General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

(iii) Statutory surplus reserve

According to the PRC Company Law, the Hui Dong Companies (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholders or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(c) Capital management

The Hui Dong Companies' primary objectives when managing capital are to safeguard the Huizhou Project's ability to continue as a going concern in order to fund the property development projects and provide returns for shareholders. As the Hui Dong Companies are part of a larger group, Huizhou Project's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Hui Dong Companies actively and regularly review and manage their capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Hui Dong Companies monitor their capital structure on the basis of a gearing ratio, which is net debts divided by total equity at the end of the reporting period. For this purpose, the Hui Dong Companies define net debts as total bank and other borrowings less restricted deposits and cash and cash equivalents.

The gearing ratios of the Huizhou Project as at 31 December 2013, 2014 and 2015 and 31 March 2016 were as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	471,611	715,341	293,380	297,960
Amounts due to immediate and an intermediate holding company (interest bearing)	167,382	126,784	384,006	—
	638,993	842,125	677,386	297,960
Less: Restricted deposits	—	—	(17,758)	(32,827)
Cash and bank equivalents	(210,020)	(286,383)	(143,294)	(113,390)
Net debts	428,973	555,742	516,334	151,743
Total equity	149,544	126,424	151,655	155,795
Gearing ratio	286.9%	439.6%	340.5%	97.4%

20 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Huizhou Project's business. The Huizhou Project exposes to these risks and the financial risk management policies and practices used by the Huizhou Project to manage these risks are described below.

(a) Credit risk

The Huizhou Project's credit risk is primarily attributable to bank deposits and trade and other receivables. The Huizhou Project maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Huizhou Project has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

Management considers that related parties are under influence of the Huizhou Project' controlling shareholder, hence no material credit risk exists to related companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheets. Except for the financial guarantees given by the Hui Dong Companies as set out in Note 22, the Hui Dong Companies do not provide any other guarantees which would expose the Hui Dong Companies or the Huizhou Project to credit risk.

(b) Liquidity risk

The Hui Dong Companies' policy is to regularly monitor current and expected liquidity requirements and their compliance with lending covenants, to ensure that the Huizhou Project maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Huizhou Project's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Huizhou Project can be required to pay:

	At 31 December 2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	48,837	475,545	—	—	524,382	471,611
Creditors and accrued charges	101,083	—	—	—	101,083	101,083
Amounts due to fellow subsidiaries	302,482	—	—	—	302,482	302,482
Amount due to immediate holding company	167,382	—	—	—	167,382	167,382
Other payables	15,466	—	—	—	15,466	15,466
	635,250	475,545	—	—	1,110,795	1,058,024

	At 31 December 2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	495,031	89,463	177,707	—	762,201	715,341
Creditors and accrued charges	229,365	—	—	—	229,365	229,365
Amounts due to fellow subsidiaries	261,226	—	—	—	261,226	261,226
Amount due to an intermediate holding company	200,804	—	—	—	200,804	200,804
Amount due to immediate holding company	126,784	—	—	—	126,784	126,784
Other payables	5,124	—	—	—	5,124	5,124
	1,318,334	89,463	177,707	—	1,585,504	1,538,644

	At 31 December 2015					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	103,141	212,036	—	—	315,177	293,380
Creditors and accrued charges	111,454	—	—	—	111,454	111,454
Amounts due to fellow subsidiaries	137,940	—	—	—	137,940	137,940
Amount due to an intermediate holding company	271,850	—	—	—	271,850	271,850
Amount due to immediate holding company	112,156	—	—	—	112,156	112,156
Other payables	3,960	—	—	—	3,960	3,960
	740,501	212,036	—	—	952,537	930,740

	At 31 March 2016					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	104,665	210,732	—	—	315,397	297,960
Creditors and accrued charges	66,873	—	—	—	66,873	66,873
Amounts due to fellow subsidiaries	136,072	—	—	—	136,072	136,072
Amount due to an intermediate holding company	266,850	—	—	—	266,850	266,850
Amount due to immediate holding company	112,156	—	—	—	112,156	112,156
Other payables	7,111	—	—	—	7,111	7,111
	693,727	210,732	—	—	904,459	887,022

(c) Interest rate risk

The Huizhou Project's interest rate risk arises primarily from cash and cash equivalents, restricted deposits and borrowings issued at variable rates.

The Huizhou Project does not anticipate significant impact to cash and cash equivalents and the restricted deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank and other borrowings of the Huizhou Project are disclosed in note 18. The Hui Dong Companies do not carry out any hedging activities to manage the Huizhou Project's interest rate exposure.

Sensitivity analysis

At 31 December 2013 and 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Huizhou Project's loss after tax and decrease/increase the Huizhou Project's total equity by approximately RMB Nil and RMB2,437,000 respectively in response to the general increase/decrease in interest rates.

At 31 December 2015 and 31 March 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Huizhou Project's profit after tax and decrease/increase the Huizhou Project's total equity by approximately RMB2,934,000 and RMB2,979,000 respectively in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date. The analysis is performed on the same basis for the Relevant Periods.

(d) Currency risk

The Huizhou Project is not subject to significant foreign currency risk as all the Huizhou Project's transactions are denominated in Renminbi.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Huizhou Project's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at the end of each reporting period.

21 Commitments

(a) Capital commitments outstanding at the end of the reporting periods not provided for in the Financial Information were as follows:

	As at 31 December			31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	289,219	653,443	501,148	556,128

Capital commitments mainly related to development expenditure for the Huizhou Project's properties under development.

(b) At the end of the reporting periods, the Hui Dong Companies' total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	192	211	—	—
After 1 year but within 5 years	405	194	—	—
	597	405	—	—

The Hui Dong Companies are the lessee in respect of a number of building facilities under operating leases. The leases typically run for an initial period of 2 to 3 years, with an option to renew the lease all terms are renegotiated. None of the leases includes contingent rentals.

22 Contingent liabilities

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees given by Hui Dong Companies to financial institutions for mortgage loan facilities granted to purchasers of the Huizhou Project's properties	—	200,099	237,119	232,926

23 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in the Financial Information, other material related party transactions entered by the Huizhou Project during the Relevant Periods are as follows:

		Year ended 31 December			Three months ended 31 March	
	Note	**2013**	**2014**	**2015**	**2015**	**2016**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest income receivable from fellow subsidiaries	(i)	—	20,664	—	—	—
Interest expense payable to immediate holding company and intermediate holding company	16	9,112	18,650	31,812	3,258	—
Property management and related services fee payable to fellow subsidiaries		4,311	7,141	6,250	2,512	—
Consulting fee payable to intermediate holding company		5,019	6,393	—	—	—

Note:

(i) Receivable from fellow subsidiaries were incurred and settled in 2014. Interest income receivable from fellow subsidiaries was calculated at 7.38% per annum.

24 Accounting judgements and estimates

The key sources of estimation uncertainty and critical accounting judgements in applying the Huizhou Project's accounting policies are described below.

(a) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of properties held for/under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(b) Recognition of deferred tax

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Huizhou Project and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future year/period.

(c) Impairment losses for bad and doubtful debts

The Huizhou Project estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Huizhou Project bases the estimates on the aging of the receivable balance, debtors' creditworthiness and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

25 Statutory audit

The statutory financial statements of the companies comprising the Hui Dong Companies for the years ended 31 December 2013, 2014 and 2015 were audited by the following auditors:

Name of company	Financial year	Statutory auditor
Hui Dong Lai Yang Tian	For the years ended 31 December 2013, 2014 and 2015	Huizhou zhengda certified public accountants Co., Ltd. 惠州市正大會計師事務所有限公司
Hui Dong Lai Hai Tian	For the years ended 31 December 2013, 2014 and 2015	Huizhou zhengda certified public accountants Co., Ltd. 惠州市正大會計師事務所有限公司

26 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to the Huizhou Project.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The Hui Dong Companies are in the process of making an assessment of what the impact of these standards is expected to be in the period of initial application. So far the Huizhou Project has concluded that the adoption of them is unlikely to have a significant impact on the Huizhou Project's financial position and results of operations, except for the following.

HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18, *Revenue*, HKAS 11, *Construction contracts* and HK(IFRIC) - Interpretation 13, *Customer Loyalty Programmes*. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

The Hui Dong Companies do not plan to early adopt the above new standards or amendments. With respect to HKFRS 15, given the Huizhou Project has not completed their assessment of its full impact on the Huizhou Project, its possible impact on the Huizhou Project's results of operations and financial position has not been quantified.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Hui Dong Companies in respect of any period subsequent to 31 March 2016. No dividend or distribution has been declared or made by the Hui Dong Companies in respect of any period subsequent to 31 March 2016.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

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

29 July 2016

The Directors
Sunac China Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Top Spring Zhiye (Fuyang) Co., Ltd. ("Top Spring Zhiye Fuyang") comprising the balance sheets of Top Spring Zhiye Fuyang as at 31 December 2013, 2014 and 2015 and 31 March 2016 and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"), for inclusion in the circular of Sunac China Holdings Limited (the "Company") dated 29 July 2016 (the "Circular") in connection with the proposed acquisition of Top Spring Zhiye Fuyang by the Company.

Top Spring Zhiye Fuyang was established in the People's Republic of China (the "PRC") on 21 December 2009, as a limited liability company under the Companies Law of the PRC. It is principally engaged in property development and owned the Hangzhou Hidden Valley project during the Relevant Periods.

Top Spring Zhiye Fuyang has adopted 31 December as their financial year end date. The statutory financial statements of the Company were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, and were audited by Fuyang Bojiananhua Certified Public Accountants (General Partnership) (富陽博嘉楠華會計師事務所(普通合夥)) for the years ended 31 December 2013, 2014 and 2015.

The directors of Top Spring Zhiye Fuyang have prepared the financial statements for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 were audited by KPMG Huazhen LLP Shenzhen Branch (畢馬威華振會計師事務所(特殊普通合夥)深圳分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of Top Spring Zhiye Fuyang in respect of any period subsequent to 31 Mach 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of Top Spring Zhiye Fuyang as at 31 December 2013, 2014 and 2015 and 31 March 2016 and of Top Spring Zhiye Fuyang's financial performance and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of Top Spring Zhiye Fuyang comprising the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2015, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A FINANCIAL INFORMATION OF TOP SPRING ZHIYE FUYANG

1 Statements of comprehensive income

	Section B Note	**Year ended 31 December**			**Three months ended 31 March**	
		2013	**2014**	**2015**	**2015**	**2016**
					(Unaudited)	
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	2	309,892	64,864	215,736	40,632	40,157
Direct costs		(300,137)	(58,625)	(250,620)	(62,247)	(38,331)
Gross profit/(loss)		9,755	6,239	(34,884)	(21,615)	1,826
Other revenue	3	3,121	14,249	1,132	57	568
Other net loss	4	—	(22,261)	(112,086)	(16,188)	—
Selling and marketing expenses		(13,784)	(16,298)	(11,454)	(2,442)	(1,121)
Administrative expenses		(7,632)	(6,144)	(6,431)	(643)	(551)
(Loss)/profit from operations		(8,540)	(24,215)	(163,723)	(40,831)	722
Finance costs	5(a)	(4,897)	(7,743)	(30,417)	(7,824)	(6,297)
Loss before taxation		(13,437)	(31,958)	(194,140)	(48,655)	(5,575)
Income tax	6	(10,001)	(1,705)	(5,370)	(1,293)	(1,632)
Loss and total comprehensive income for the year/period		(23,438)	(33,663)	(199,510)	(49,948)	(7,207)

The accompanying notes form part of the Financial Information.

2 Balance sheets

	Section B Note	As at 31 December 2013	2014	2015	As at 31 March 2016
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	9	885	488	764	738
Restricted and pledged deposits	12	—	3,583	—	—
		885	4,071	764	738
Current assets					
Properties under development for sale	10	1,927,964	1,732,474	1,706,667	1,706,667
Completed properties for sale	10	412,814	699,144	377,401	339,070
Trade and other receivables	11	12,273	15,749	4,128	4,084
Prepayments		10,549	10,144	10,056	7,381
Amounts due from fellow subsidiaries	16	136,645	148,272	118,272	118,272
Restricted and pledged deposits	12	42,366	35,367	60,949	46,473
Cash and bank balances	13	270,954	25,549	87,132	71,755
		2,813,565	2,666,699	2,364,605	2,293,702
Current liabilities					
Trade and other payables	14	109,259	108,659	74,387	50,757
Advanced proceeds from customers		121,293	146,564	92,780	64,773
Amount due to immediate holding company	17	612,839	612,839	612,839	612,839
Amount due to a shareholder	17	406	406	406	406
Amounts due to fellow subsidiaries	18	50,000	69,601	255,101	255,101
Bank borrowings	15	196,374	24,722	211,528	199,443
		1,090,171	962,791	1,247,041	1,183,319
Net current assets		1,723,394	1,703,908	1,117,564	1,110,383
Total assets less current liabilities		1,724,279	1,707,979	1,118,328	1,111,121
Non-current liabilities					
Amount due to a fellow subsidiary	18	180,000	180,000	—	—
Bank borrowings	15	192,778	210,141	—	—
		372,778	390,141	—	—
NET ASSETS		1,351,501	1,317,838	1,118,328	1,111,121
CAPITAL AND RESERVES	19				
Paid-up capital	19(b)	1,473,500	1,473,500	1,473,500	1,473,500
Accumulated losses		(121,999)	(155,662)	(355,172)	(362,379)
TOTAL EQUITY		1,351,501	1,317,838	1,118,328	1,111,121

The accompanying notes form part of the Financial Information.

3 Statements of changes in equity

	Paid-up capital *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2013	1,473,500	(98,561)	1,374,939
Loss and total comprehensive income for the year	—	(23,438)	(23,438)
Balance at 31 December 2013 and 1 January 2014	1,473,500	(121,999)	1,351,501
Loss and total comprehensive income for the year	—	(33,663)	(33,663)
Balance at 31 December 2014 and 1 January 2015	1,473,500	(155,662)	1,317,838
Loss and total comprehensive income for the year	—	(199,510)	(199,510)
Balance at 31 December 2015 and 1 January 2016	1,473,500	(355,172)	1,118,328
Loss and total comprehensive income for the period	—	(7,207)	(7,207)
Balance at 31 March 2016	1,473,500	(362,379)	1,111,121
Balance at 1 January 2015	1,473,500	(155,662)	1,317,838
Loss and total comprehensive income for the period (unaudited)	—	(49,948)	(49,948)
Balance at 31 March 2015 (Unaudited)	1,473,500	(205,610)	1,267,890

The accompanying notes form part of the Financial Information.

4 Statements of cash flows

	Section B Note	Year ended 31 December 2013	2014	2015	Three months ended 31 March 2015 (Unaudited)	2016
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities						
Loss before taxation		(13,437)	(31,958)	(194,140)	(48,655)	(5,575)
Adjustments for:						
Depreciation and amortisation	5(c)	494	414	174	99	26
Interest income	3	(2,483)	(13,852)	(1,132)	(57)	(100)
Provision on inventories	4	—	21,907	112,043	15,987	—
Finance costs	5(a)	4,897	7,743	30,417	7,824	6,297
		(10,529)	(15,746)	(52,638)	(24,802)	648
Changes in working capital:						
Decrease/(increase) in properties under development and completed properties for sales, net		53,460	(72,711)	235,507	54,001	38,331
(Increase)/decrease in trade and other receivables and prepayments		(2,353)	(4,315)	11,576	9,904	1,828
Decrease/(increase) in amounts due from fellow subsidiaries		91	—	(107,380)	(50)	—
(Decrease)/increase in trade and other payables		62,866	(600)	(34,272)	(31,856)	(25,660)
(Decrease)/increase in advanced proceeds from customers		(142,417)	25,271	(53,784)	(88)	(28,007)
Increase in amounts due to fellow subsidiaries		—	69,601	5,500	5,500	—
Cash (used in)/generated from operations		(38,882)	1,500	4,509	12,609	(12,860)
Income tax paid		(8,160)	(461)	(5,237)	(1,532)	(741)
Net cash (used in)/generated from operating activities		(47,042)	1,039	(728)	11,077	(13,601)
Cash flows from investing activities						
Payment for purchase of property, plant and equipment		(610)	(17)	(450)	—	—
Interest received		2,483	2,225	12,759	57	100
(Advance to)/repayments from fellow subsidiaries		(50,000)	—	125,753	—	—
(Increase)/decrease in restricted deposits		(1,431)	5,000	—	—	—
Increase in bank deposits with maturity over three months		—	—	(30,000)	—	—
Net cash (used in)/generated from investing activities		(49,558)	7,208	108,062	57	100
Cash flows from financing activities						
Proceeds from new bank borrowings		207,000	43,000	—	—	—
Repayment of bank borrowings		(62,500)	(200,000)	(25,000)	(12,500)	(12,500)
Advances from/(repayment to) a fellow subsidiary		50,000	(50,000)	—	—	—
Decrease/(increase) in pledged bank deposits		12,204	(1,584)	(21,999)	(9,151)	14,476
Interest paid		(38,341)	(45,068)	(28,752)	(7,413)	(3,852)
Net cash generated from/(used in) financing activities		168,363	(253,652)	(75,751)	(29,064)	(1,876)
Net increase/(decrease) in cash and cash equivalents		71,763	(245,405)	31,583	(17,930)	(15,377)
Cash and cash equivalents at beginning of year/period	13	199,191	270,954	25,549	25,549	57,132
Cash and cash equivalents at end of year/period	13	270,954	25,549	57,132	7,619	41,755

The accompanying notes form part of the Financial Information.

B NOTES TO FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, Top Spring Zhiye Fuyang has adopted all applicable new and revised HKFRSs to each of the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 (the "Relevant Periods"), except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2016 are set out in Note 24.

The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the three months ended 31 March 2015 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(c) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 23.

(d) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 1(e)) and impairment losses (see note 1(f)):

— furniture, fixtures and other equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(e) Depreciation of property, plant and equipment

Depreciation is calculated to write off the cost of furniture, fixtures and other equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 3 to 4 years.

(f) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of Top Spring Zhiye Fuyang about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When Top Spring Zhiye Fuyang is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of property, plant and equipment

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see note 1(q)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property

(ii) Completed properties for sale

Cost is determined by apportionment of the total land and development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(f)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of Top Spring Zhiye Fuyang participate in retirement plans (defined contribution retirement plans) managed by local governments of the municipalities in which Top Spring Zhiye Fuyang operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. Top Spring Zhiye Fuyang has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(m) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Top Spring Zhiye Fuyang has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Top Spring Zhiye Fuyang and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. Top Spring Zhiye Fuyang considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties is net of business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets as receipts in advance.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(r) Related parties

(a) A person, or a close member of that person's family, is related to Top Spring Zhiye Fuyang if that person:

(i) has control or joint control over Top Spring Zhiye Fuyang;

(ii) has significant influence over Top Spring Zhiye Fuyang; or

(iii) is a member of the key management personnel of Top Spring Zhiye Fuyang or Top Spring Zhiye Fuyang's parent.

(b) An entity is related to Top Spring Zhiye Fuyang if any of the following conditions applies:

(i) The entity and Top Spring Zhiye Fuyang are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Top Spring Zhiye Fuyang or an entity related to Top Spring Zhiye Fuyang.

(vi) The entity is controlled or jointly controlled by a person identified in (r)(a).

(vii) A person identified in (r)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Top Spring Zhiye Fuyang or to Top Spring Zhiye Fuyang's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Revenue

Revenue represents income from sale of properties during the Relevant Periods, net of business tax and other sales related taxes and discounts allowed.

3 Other revenue

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank interest income	2,483	2,225	1,132	57	100
Interest income from amounts due from fellow subsidiaries	—	11,627	—	—	—
Others	638	397	—	—	468
	3,121	14,249	1,132	57	568

4 Other net loss

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provision on completed properties for sale	—	(21,907)	(112,043)	(15,987)	—
Others	—	(354)	(43)	(201)	—
	—	(22,261)	(112,086)	(16,188)	—

5 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(a) Finance costs					
Interest on bank borrowings	20,736	28,759	16,194	4,687	3,087
Interest on amounts due to fellow subsidiaries	12,605	16,309	12,558	2,726	2,795
Other borrowing costs	3,243	2,711	1,665	411	415
	36,584	47,779	30,417	7,824	6,297
Less: Amount capitalised (Note)	(31,687)	(40,036)	—	—	—
	4,897	7,743	30,417	7,824	6,297

Note: The borrowing costs for the years ended 31 December 2013 and 2014 have been capitalised at rates ranging from 6.60% to 8.61% and 6.60% to 8.00% per annum, respectively.

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(b) Staff costs					
Salaries, wages and other benefits	3,825	1,171	1,165	304	217
Contributions to defined contribution retirement plans	248	179	227	60	37
	4,073	1,350	1,392	364	254

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(c) Other items					
Depreciation and amortisation	494	414	174	99	26
Cost of properties sold	300,137	58,625	250,620	62,247	38,331
Operating lease charges:					
- minimum lease payments forbuildings	186	86	22	22	—

6 Income tax

(a) Income tax in the statement of comprehensive income represents:

	Year ended 31 December			Three months ended 31 March	
	2013	2014	2015	2015	2016
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current tax					
Provision for Land Appreciation Tax ("LAT")	10,001	1,705	5,370	1,293	1,632

LAT is levied on properties developed by the Top Spring Zhiye Fuyang for sale in the PRC, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

The provision for PRC Corporate Income Tax ("CIT") is based on the applicable CIT rate on the estimated assessable profits of Top Spring Zhiye Fuyang as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the Relevant Periods.

No provision for CIT has been made as Top Spring Zhiye Fuyang sustained losses for taxation purpose during the Relevant Periods.

(b) Reconciliation between income tax expense and accounting loss at applicable tax rate:

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loss before taxation	(13,437)	(31,958)	(194,140)	(48,655)	(5,575)
Notional tax on loss before taxation, calculated at 25%	(3,359)	(7,990)	(48,535)	(12,164)	(1,394)
Effect of non-deductible expenses	3,576	79	1,838	2	—
Effect of deductible temporary difference and tax losses not recognised	—	7,911	46,697	12,162	1,394
Others	(217)	—	—	—	—
LAT	10,001	1,705	5,370	1,293	1,632
Actual income tax expense	10,001	1,705	5,370	1,293	1,632

(c) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	Year ended 31 December			Three months ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deductible temporary differences	—	10,976	120,592	35,377	124,396
Unused tax losses - PRC (Note (i))	48,274	68,942	146,114	93,189	147,886
	48,274	79,918	266,706	128,566	272,282

Note:

(i) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

Top Spring Zhiye Fuyang has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

7 Directors' emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

8 Individuals with highest emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

9 Property, plant and equipment

	Furniture, fixtures and other equipment			
	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January	1,624	2,234	2,251	2,701
Additions	610	17	450	—
At 31 December/31 March	2,234	2,251	2,701	2,701
Accumulated amortisation and depreciation:				
At 1 January	(855)	(1,349)	(1,763)	(1,937)
Charge for the year/period	(494)	(414)	(174)	(26)
At 31 December/31 March	(1,349)	(1,763)	(1,937)	(1,963)
Net book value:				
At 31 December/31 March	885	488	764	738

10 Properties under development for sale and completed properties for sale

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property development				
Properties under development for sale	1,927,964	1,732,474	1,706,667	1,706,667
Completed properties for sale	412,814	699,144	377,401	339,070
	2,340,778	2,431,618	2,084,068	2,045,737

(a) The analysis of carrying value of properties is as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
In the PRC				
- under long leases	2,340,778	2,431,618	2,084,068	2,045,737
Including:				
- Properties expected to be completed after more than one year	1,690,965	1,732,474	1,706,667	1,706,667

(b) Certain of Top Spring Zhiye Fuyang's properties under development for sale with carrying amount of RMB862,470,000, RMB571,346,000, RMB1,422,594,000 and RMB1,422,594,000 at 31 December 2013, 2014 and 2015 and 31 March 2016, respectively, were pledged to secure bank loans as of those dates (see note 15(i)) and a note payable of Top Spring International Holdings Limited ("Top Spring"), the ultimate holding company of Top Spring Zhiye Fuyang, at 31 December 2015 and 31 March 2016.

11 Trade and other receivables

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors (note (i))	7,539	10,039	—	—
Deposits and other receivables	4,207	5,710	4,128	4,084
Amount due from a related company (note (ii))	527	—	—	—
	12,273	15,749	4,128	4,084

Notes:

(i) All of Top Spring Zhiye Fuyang's trade debtors were not impaired, of which 100% and 25% at 31 December 2013 and 2014, respectively, was not past due or less than 1 year past due.

Receivables which were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

(ii) The balance is unsecured, interest-free and has no fixed terms of repayment.

(iii) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis based on due date at the end of the reporting periods:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current or under 1 month overdue	7,539	2,500	—	—
More than 1 month overdue and up to 3 months overdue	—	—	—	—
More than 3 months overdue and up to 6 months overdue	—	—	—	—
More than 6 months overdue and up to 1 year overdue	—	—	—	—
More than 1 year overdue	—	7,539	—	—
	7,539	10,039	—	—

12 Restricted and pledged deposits

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted deposits (Note (i))	40,367	35,367	35,367	35,367
Pledged deposits (Note (ii))	1,999	3,583	25,582	11,106
	42,366	38,950	60,949	46,473
Less: Non-current portion	—	(3,583)	—	—
Current portion	42,366	35,367	60,949	46,473

Notes:

(i) In accordance with relevant construction contracts, Top Spring Zhiye Fuyang is required to place at designated bank accounts certain amount of deposits for potential default in payment of construction costs payables. Such guarantee deposits will be released after the settlement of the construction costs payables.

(ii) Pledged deposits represent deposits pledged to banks to secure banking facilities granted to Top Spring Zhiye Fuyang. Except the deposits amounting to RMB3,583,000 at 31 December 2014 which had been pledged to secure long-term bank borrowings and are therefore classified as non-current assets, all the other amounts have been pledged to secure short-term bank borrowings and are therefore classified as current assets.

13 Cash and bank balances

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank deposits with maturity over three months	—	—	30,000	30,000
Cash at banks and in hand	270,954	25,549	57,132	41,755
Cash and bank balances in balance sheets	270,954	25,549	87,132	71,755
Less: Bank deposits with maturity over three months	—	—	(30,000)	(30,000)
Cash and cash equivalents in statements of cash flows	270,954	25,549	57,132	41,755

14 Trade and other payables

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade creditors (Note (i))	5,000	17,666	10,292	11,926
Other payables	5,656	5,755	3,901	1,117
Accrued charges	98,603	85,238	60,194	37,714
	109,259	108,659	74,387	50,757

Notes:

(i) All of Top Spring Zhiye Fuyang's trade creditors are expected to be settled within one year or are repayable on demand.

(ii) Included in trade and other payables are trade creditors with the following ageing analysis based on due date at the end of the reporting period:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due within 1 month or on demand	5,000	17,666	10,292	11,926

15 Bank borrowings

At the end of each reporting period, the bank borrowings were analysed as follows:

	As at 31 December			As at 31 March
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans				
- Secured	389,152	234,863	211,528	199,443

At the end of each reporting period, bank borrowings were repayable as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year and included in current liabilities	196,374	24,722	211,528	199,443
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	19,840	210,141	—	—
After 2 years but within 5 years	172,938	—	—	—
	192,778	210,141	—	—
	389,152	234,863	211,528	199,443

Notes:

(i) The bank loans bore interest at rates of 8.00% to 8.61%, 8.00%, 6.18% and 6.18% per annum at 31 December 2013, 2014 and 2015 and 31 March 2016, respectively, and were secured by the following assets:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development for sale	862,470	571,346	562,835	562,835
Pledged deposits	1,999	3,583	25,582	11,106
Total	864,469	574,929	588,417	573,941

(ii) Top Spring provided guarantee to the lender of Top Spring Zhiye Fuyang's bank loans for the outstanding principal obligation totalling RMB394,000,000, RMB237,500,000, RMB212,500,000 and RMB200,000,000 at 31 December 2013, 2014 and 2015 and 31 March 2016, respectively.

16 Amounts due from fellow subsidiaries

Except the amounts due from fellow subsidiaries of RMB148,272,000 as at 31 December 2014 which were unsecured, interest-bearing at 7.38% per annum and had no fixed terms of repayment, the remaining amounts due from fellow subsidiaries were unsecured, interest-free and had no fixed terms of repayment at the end of each reporting period.

17 Amounts due to immediate holding company and a shareholder

The amounts due to immediate holding company and a shareholder were unsecured, interest-free and had no fixed terms of repayment at the end of the reporting period.

18 Amounts due to fellow subsidiaries

Except (i) the amount due to a fellow subsidiary of RMB180,000,000 at 31 December 2013, 2014 and 2015 which was unsecured, interest-bearing at 6.90% per annum and repayable on 31 March 2016; (ii) the amount due to a fellow subsidiary of RMB180,000,000 at 31 March 2016 which was unsecured, interest-bearing at 6.90% per annum and repayable on 31 March 2017; and (iii) the amount due to a fellow subsidiary of RMB50,000,000 as at 31 December 2013 which was unsecured, interest-bearing at 6.60% per annum and repayable within a year, the remaining amounts due to fellow subsidiaries were unsecured, interest-free and had no fixed terms of repayment at the end of each reporting period.

19 Capital and reserves

(a) Movements in components of equity

The opening and closing balances of each component of Top Spring Zhiye Fuyang's equity is set out in the statements of changes in equity.

(b) Paid-up capital

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	1,473,500	1,473,500	1,473,500	1,473,500

The registered capital of Top Spring Zhiye Fuyang is USD221,480,000, equivalent to RMB1,473,500,000.

(c) Capital management

Top Spring Zhiye Fuyang's primary objectives when managing capital are to safeguard Top Spring Zhiye Fuyang's ability to continue as a going concern in order to fund its property development projects and provide returns for shareholders. As Top Spring Zhiye Fuyang is part of a larger group, Top Spring Zhiye Fuyang's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

Top Spring Zhiye Fuyang actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, Top Spring Zhiye Fuyang monitors its capital structure on the basis of a gearing ratio, which is net debt divided by total equity at the end of the reporting period. For this purpose, Top Spring Zhiye Fuyang defines net debts as total bank and other borrowings less restricted and pledged deposits and cash and bank balances.

The gearing ratios of Top Spring Zhiye Fuyang as at 31 December 2013, 2014 and 2015 and 31 March 2016 were as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	389,152	234,863	211,528	199,443
Amounts due to fellow subsidiaries (interest bearing)	230,000	180,000	180,000	180,000
	619,152	414,863	391,528	379,443
Less: Restricted and pledged deposits	(42,366)	(38,950)	(60,949)	(46,473)
Cash and bank balances	(270,954)	(25,549)	(87,132)	(71,755)
Net debts	305,832	350,364	243,447	261,215
Total equity	1,351,501	1,317,838	1,118,328	1,111,121
Gearing ratio	22.6%	26.6%	21.8%	23.5%

20 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of Top Spring Zhiye Fuyang's business. Top Spring Zhiye Fuyang's exposure to these risks and the financial risk management policies and practices used by Top Spring Zhiye Fuyang to manage these risks are described below.

(a) Credit risk

Top Spring Zhiye Fuyang's credit risk is primarily attributable to bank deposits and trade and other receivables. Top Spring Zhiye Fuyang maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and Top Spring Zhiye Fuyang has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Top Spring Zhiye Fuyang has no concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. Top Spring Zhiye Fuyang does not provide any guarantees which would expose Top Spring Zhiye Fuyang to credit risk.

Further quantitative disclosures in respect of Top Spring Zhiye Fuyang's exposure to credit risk arising from trade and other receivables are set out in note 11.

(b) Liquidity risk

Top Spring Zhiye Fuyang's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the each reporting period of Top Spring Zhiye Fuyang's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Top Spring Zhiye Fuyang can be required to pay:

	As at 31 December 2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	223,484	37,445	184,693	—	445,622	389,152
Creditors, accrued charges and other payables	109,259	—	—	—	109,259	109,259
Amount due to immediate holding company	612,839	—	—	—	612,839	612,839
Amount due to a shareholder	406	—	—	—	406	406
Amounts due to fellow subsidiaries	64,859	12,420	183,105	—	260,384	230,000
	1,010,847	49,865	367,798	—	1,428,510	1,341,656

As at 31 December 2014

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	43,720	222,513	—	—	266,233	234,863
Creditors, accrued charges and other payables	108,659	—	—	—	108,659	108,659
Amount due to immediate holding company	612,839	—	—	—	612,839	612,839
Amount due to a shareholder	406	—	—	—	406	406
Amounts due to fellow subsidiaries	82,021	183,105	—	—	265,126	249,601
	847,645	405,618	—	—	1,253,263	1,206,368

As at 31 December 2015

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	219,931	—	—	—	219,931	211,528
Creditors, accrued charges and other payables	74,387	—	—	—	74,387	74,387
Amount due to immediate holding company	612,839	—	—	—	612,839	612,839
Amount due to a shareholder	406	—	—	—	406	406
Amounts due to fellow subsidiaries	258,206	—	—	—	258,206	255,101
	1,165,769	—	—	—	1,165,769	1,154,261

	As at 31 March 2016 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	204,151	—	—	—	204,151	199,443
Creditors, accrued charges and other payables	50,757	—	—	—	50,757	50,757
Amount due to immediate holding company	612,839	—	—	—	612,839	612,839
Amount due to a shareholder	406	—	—	—	406	406
Amounts due to fellow subsidiaries	267,521	—	—	—	267,521	255,101
	1,135,674	—	—	—	1,135,674	1,118,546

(c) Interest rate risk

Top Spring Zhiye Fuyang's interest rate risk arises primarily from cash and bank balances, restricted and pledged deposits and bank borrowings issued at variable rates.

Top Spring Zhiye Fuyang does not anticipate significant impact to cash and bank balances and the restricted and pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank borrowings of Top Spring Zhiye Fuyang are disclosed in note 15. Top Spring Zhiye Fuyang does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2013, 2014 and 2015 and 31 March 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease Top Spring Zhiye Fuyang's loss after tax and decrease/increase Top Spring Zhiye Fuyang's total equity by approximately RMB3,945,000, RMB2,375,000, RMB2,125,000, RMB2,000,000, respectively, in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date. The analysis is performed on the same basis for the Relevant Periods.

(d) Currency risk

Top Spring Zhiye Fuyang is not subject to significant foreign currency risk as all Top Spring Zhiye Fuyang's transactions are denominated in Renminbi.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of Top Spring Zhiye Fuyang's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at the end of each reporting period.

21 Commitments

(a) Capital commitments outstanding at the end of the reporting periods not provided for in the Financial Information were as follows:

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	70,325	76,349	36,758	35,439
Authorised but not contracted for	38,987	—	—	—
	109,312	76,349	36,758	35,439

Capital commitments solely related to development expenditure for Top Spring Zhiye Fuyang's properties under development.

22 Material related party transactions

In addition to the transaction and balances disclosed elsewhere in the Financial Information, other material related party transactions entered by Top Spring Zhiye Fuyang during the Relevant Periods are as follows:

		Year ended 31 December			Three months ended 31 March	
	Note	**2013**	**2014**	**2015**	**2015**	**2016**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest income receivable from fellow subsidiaries	(a)	—	11,627	—	—	—
Interest expenses payable to fellow subsidiaries	(b)	12,605	16,309	12,558	2,726	2,795

Notes:

(a) Interest income receivable from fellow subsidiaries were calculated at 7.38% per annum.

(b) Interest expenses payable to fellow subsidiaries were charged at a fixed interest rate of 6.60% or 6.90% per annum.

23 Accounting judgements and estimates

The key sources of estimation uncertainty and critical accounting judgements in applying the accounting policies are described below.

Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of properties held for/under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

24 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to date of issue of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to Top Spring Zhiye Fuyang.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

Top Spring Zhiye Fuyang is in the process of making an assessment of what the impact of these new standards is expected to be in the period of initial application. So far Top Spring Zhiye Fuyang has concluded that the adoption of them is unlikely to have a significant impact on Top Spring Zhiye Fuyang's financial position and results of operations, except for the following.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18, *Revenue*, HKAS 11, *Construction contracts* and HK(IFRIC) - Interpretation 13, *Customer Loyalty Programmes*. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

Top Spring Zhiye Fuyang does not plan to early adopt the above new standards or amendments. With respect to HKFRS 15, given Top Spring Zhiye Fuyang has not completed its assessment of its full impact on Top Spring Zhiye Fuyang, its possible impact on Top Spring Zhiye Fuyang's results of operations and financial position has not been quantified.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by Top Spring Zhiye Fuyang in respect of any period subsequent to 31 March 2016. No dividend or distribution has been declared or made by Top Spring Zhiye Fuyang in respect of any period subsequent to 31 March 2016.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

Set out below is the management discussion and analysis on the Target Companies for the years ended 31 December 2013, 2014, 2015 and the three-month financial period ended 31 March 2016. The following financial information is based on the audited financial information of the Target Group as set out in Appendix II to this circular.

BUSINESS OVERVIEW OF THE TARGET GROUP

(i) Shanghai Huan Jian

Shanghai Huan Jian a limited liability company established in the PRC, and 85% indirectly owned by Top Spring and 15% owned by Party A, an Independent Third Party. The principal business activity of Shanghai Huan Jian is investment holding.

(ii) Shanghai Li Te Man

Shanghai Li Te Man is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of Shanghai Li Te Man is property leasing.

(iii) Nanjing Top Spring Metropolitan

Nanjing Top Spring Metropolitan is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of Nanjing Top Spring Metropolitan is property development.

(iv) Shenzhen Panye

Shenzhen Panye is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of Shenzhen Panye is property development.

(v) Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian

Each of Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of each of Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian is property development.

(vi) Top Spring Zhiye Fuyang

Top Spring Zhiye Fuyang is a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Top Spring. The principal business activity of Top Spring Zhiye Fuyang is property development.

Further references are made to the details of the Target Companies as set out in the section headed “LETTER FROM THE BOARD” in this circular.

SHANGHAI HUAN JIAN

FINANCIAL OVERVIEW

Project Portfolio

Up to 31 March 2016, the construction of the Shanghai Puxing Project has yet commenced. According to the development plan of the project, the construction of the project will commence in June 2016 and the pre-sales of the properties will commence in October 2016. The construction of the properties will be completed in December 2017. According to the development plan, the type of property product of the Shanghai Puxing Project will cover apartments, retail properties and car parks.

Revenue

Shanghai Huan Jian did not record any revenue from sales of properties during the period from 13 March to 31 December 2014 because the construction of the properties had yet commenced during the period, nor for the year ended 31 December 2015 and the three-month period ended 31 March 2016 because the properties were still in the construction stage.

Cost of sales

Cost of sales during the period comprised the costs incurred in relation to direct development activities for the properties delivered during the period, such as land use rights costs, construction costs, capitalized costs and business tax. Shanghai Huan Jian did not record any cost of sales from sales of properties during the period from 13 March to 31 December 2014 because the construction of the properties had yet commenced during the period, nor for the year ended 31 December 2015 and the three-month ended 31 March 2016 because the properties were still in the construction stage.

Selling and marketing costs

The selling and marketing costs of Shanghai Huan Jian comprised primarily the advertisement and promotion costs relating to the pre-sale of properties, sales and marketing staff costs, travel expenses, office expenses and other expenses relating to pre-sales and marketing activities. The advertisement and promotion costs were recorded as expenses immediately in the period when they took place.

The selling and marketing costs of Shanghai Huan Jian amounted to RMB0 million, RMB0.4 million, RMB0 million and RMB0.4 million for the period from 13 March to 31 December 2014, the year ended 31 December 2015 and the two three-month period ended 31 March 2015 and 2016 respectively. The selling and marketing costs were small during the periods/years due to the pre-sale of the properties had yet commenced.

Administrative expenses

The administrative expenses of Shanghai Huan Jian during the period mainly included administrative staff costs, office and travel expenses, consulting expenses, taxes and other general and administrative expenses.

The administrative expenses of Shanghai Huan Jian amounted to RMB41.3 million, RMB27.4 million, RMB15.3 million and RMB0.4 million for the period from 13 March to 31 December 2014, the year ended 31 December 2015 and the two three-month period ended 31 March 2015 and 2016 respectively. The fluctuation of the administrative expenses was mainly due to the penalty charges incurred during the period from 13 March to 31 December 2014 and the three-month period ended 31 March 2015 which was due to the delayed payment of land premium.

Headcount and policy of employee remuneration

As at 31 December 2014 and 2015 and 31 March 2016, the number of employees in Shanghai Huan Jian was approximately 8, 10 and 7 respectively.

Shanghai Huan Jian is required to make contribution to the social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees according to the relevant regulations in the PRC.

Finance costs

	Period from 13 March to 31 December 2014	**Year ended 31 December 2015**	**Period ended 31 March 2015**	**Period ended 31 March 2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance costs				
Interest expenses on				
Bank borrowings	—	56,750	10,250	15,350
Other borrowings	6,429	42,253	7,424	8,286
	6,429	**99,003**	**17,674**	**23,636**
Less: Capitalized finance costs	—	(99,003)	(17,674)	(23,636)
	6,429	**—**	**—**	**—**

The fluctuations of finance costs during the years/periods were mainly due to the changes of financing structure of borrowings from different sources in line with the funding demands in different stages of the project development and fluctuation of capitalized financial costs during the construction periods.

Borrowings and collateral

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Secured:			
Bank borrowings	—	40,000	—
Current			
Secured:			
Bank borrowings	—	360,000	—
	—	**400,000**	**—**

Shanghai Huan Jian's borrowing of RMB400 million as at 31 December 2015 was secured by the properties under development for sale amounting to RMB799.0 million.

Charges on the assets

As at 31 December 2014 and 2015 and 31 March 2016, properties under development for sale of Shanghai Huan Jian amounting to RMB0, RMB799.0 million and RMB0 was pledged as collateral for its bank borrowings.

Cash position

As at 31 December 2014 and 2015 and 31 March 2016, the total balances of cash and cash equivalents and restricted cash of Shanghai Huan Jian were RMB0.02 million, RMB26.9 million and RMB49.9 million, respectively.

Foreign exchange risk

Shanghai Huan Jian mainly operates in the PRC. All transactions are principally conducted in RMB and the assets and liabilities are all denominated in RMB. Therefore, it is not exposed to material foreign exchange risk.

Interest rate of borrowings

All the borrowings of Shanghai Huan Jian were interests bearing at fixed interest rate, any change in market interest rate did not have impact on Shanghai Huan Jian's loss after tax and equity.

Shanghai Huan Jian did not use any interest rate swaps to hedge its exposure against interest rate risk during the period from 13 March to 31 December 2014, nor for the year ended 31 December 2015 and the three-month period ended 31 March 2016, respectively.

Gearing ratios

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings) less restricted cash and cash and cash equivalent. Total capital is calculated as total equity plus net debt. As at 31 December 2014 and 2015 and 31 March 2016, Shanghai Huan Jian's gearing ratios were 0%, 119% and 0%, respectively.

The project development of Shanghai Huan Jian was mainly financed by capital contribution from shareholders and borrowings from banks and non-bank financial institutions. The fluctuations of the gearing ratio during the periods were due to the changes of financing structure in line with different stages of project development.

Contingent liabilities

For the two years ended 31 December 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively, Shanghai Huan Jian did not have any contingent liability in respect of financial guarantees on mortgage facilities.

Material acquisition and disposal

Shanghai Huan Jian did not have any material acquisition and disposal of subsidiaries and associated companies for each of the two years ended 31 December 2014 and 2015 and and the two three-month periods ended 31 March 2015 and 2016.

Significant investments held and their performance

As at 31 December 2014 and 2015 and 31 March 2016, Shanghai Huan Jian did not hold any investment.

Business prospects

Shanghai Huan Jian has been engaged in property development and investment in the PRC. It is expected that the completion of the Transactions would not have any significant impact to the daily operation and administration of Shanghai Huan Jian, and Shanghai Huan Jian will continue to be operated and managed by the existing management team. Based on the forecast on the foreseeable future of the projects, it is believed that the project developed by Shanghai Huan Jian will continue to be developed as planned with a profitable outcome and positive cash flow.

Future plans for capital assets

Shanghai Huan Jian will continue to engage in the business of development of real estate properties upon completion of the Transaction. The present properties under development will continue to be developed as planned.

Expected sources of funding

The future operation of Shanghai Huan Jian will be mainly financed by the proceeds from pre-sale of properties developed by Shanghai Huan Jian.

SHANGHAI LI TE MAN

FINANCIAL OVERVIEW

Project Portfolio

The Shanghai Grand Pujian Residence project was all completed in 1998. Up to 31 March 2016, the whole properties were used for leasing and the occupancy rate of the property was approximately 96%. The type of property product of the Shanghai Grand Pujian Residence project covers serviced apartments, retail and office properties and car parks.

Revenue

Shanghai Li Te Man recorded a total revenue of RMB0.01 million, RMB16.4 million, RMB31.2 million, RMB7.6 million and RMB8.5 million for the period from 23 January to 31 December 2013, the two years ended 31 December 2014 and 2015 and the two three-month period ended 31 March 2015 and 2016 respectively, which were attributable to the rental income.

The increase of revenue through periods/years was due to the increasing of the leasing business scale as the new areas of the properties were gradually put in use.

Cost of sales

Cost of sales comprised the costs incurred in relation to leasing activities during the period, such as staff costs, maintenance costs and energy costs. For the period from 23 January to 31 December 2013, the two years ended 31 December 2014 and 2015 and the three-month periods ended 31 March 2015 and 2016 respectively, the cost of sales of Shanghai Li Te Man amounted to RMB0.8 million, RMB6.3 million, RMB6.7 million, RMB1.7 million and RMB1.7 million respectively.

Gross profit

For the period from 23 January to 31 December 2013, the two years ended 31 December 2014 and 2015 and the three-month periods ended 31 March 2015 and 2016 respectively, the gross profit amounted to RMB-0.8 million, RMB10.0 million, RMB24.5 million, RMB5.9 million and RMB6.8 million with the gross profit margin of -7218%, 61%, 79%, 78% and 80%, respectively. The increase of the gross profit margin through periods/years was mainly due to the increase of the revenue since the cost of sales of Shanghai Li Te Man are mainly fixed costs.

Selling and marketing costs

The selling and marketing costs of Shanghai Li Te Man comprised primarily the advertisement and promotion costs relating to sales and marketing staff costs, travel expenses, agency fees and other expenses relating to rental activities. The advertisement and promotion costs were recorded as expenses immediately in the period when they took place.

The selling and marketing costs of Shanghai Li Te Man amounted to RMB0.1 million, RMB0.4 million, RMB0.3 million, RMB0.1 million and RMB0.1 million for the period from 23 January to 31 December 2013, the two years ended 31 December 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively.

Administrative expenses

The administrative expenses of Shanghai Li Te Man during the period mainly included administrative staff costs, property management fees, office and travel expenses, consulting expenses, taxes and other general and administrative expenses.

The administrative expenses of Shanghai Li Te Man amounted to RMB6.3 million, RMB15.0 million, RMB14.1 million, RMB3.6 million and RMB4.0 million for the period from 23 January to 31 December 2013, the two years ended 31 December 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively. The increase of administrative expenses for the year ended 31 December 2014 comparing with that for the period from 23 January to 31 December 2013 was in line with the expansion of business scale of Shanghai Li Te Man.

Headcount and policy of employee remuneration

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the number of employees in Shanghai Li Te Man was approximately 26, 35, 33 and 34 respectively.

Shanghai Li Te Man is required to make contribution to the social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees according to the relevant regulations in the PRC.

Finance costs

	Period from 23 January to 31 December	**Year ended 31 December**		**Period ended 31 March**	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finance costs					
Interest expenses on					
Bank borrowings	8,011	17,659	14,992	4,227	3,150
Other borrowings	863	1,150	1,150	287	287
	8,874	**18,809**	**16,142**	**4,514**	**3,437**
Less: Capitalized finance costs	—	—	—	—	—
	8,874	**18,809**	**16,142**	**4,514**	**3,437**

The increase of financial costs for the year ended 31 December 2014 comparing with that for the period from 23 January to 31 December 2013 was in line with the increase in funding demand which was caused by the expansion of business scale of Shanghai Li Te Man.

Borrowings and collateral

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Secured:				
Bank borrowings	214,170	225,763	225,462	225,350
Current				
Secured:				
Bank borrowings	—	—	300	375
	214,170	**225,763**	**225,762**	**225,725**

Shanghai Li Te Man's borrowings of RMB214.2 million, RMB225.8 million, RMB225.8 million and RMB225.8 million as at 31 December 2013, 2014 and 2015 and 31 March 2016 were secured by the Company's investment properties amounting to RMB731.0 million, RMB730.0 million, RMB803.0 million and RMB810.0 million and trade debtors amounting to RMB0, RMB2.0 million, RMB3.0 million and RMB3.2 million, respectively.

Charges on the assets

As at 31 December 2013, 2014 and 2015 and 31 March 2016, investment properties of Shanghai Li Te Man amounting to RMB731.0 million, RMB730.0 million, RMB803.0 million and RMB810.0 million, and trade debtors of Shanghai Li Te Man amounting to RMB0, RMB2.0 million, RMB3.0 million and RMB3.2 million were pledged as collateral for its bank borrowings.

Cash position

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the total balances of cash and cash equivalents and restricted cash of Shanghai Li Te Man were RMB7.8 million, RMB11.2 million, RMB12.6 million and RMB10.9 million, respectively.

Foreign exchange risk

Shanghai Li Te Man mainly operates in the PRC. All transactions are principally conducted in RMB and the assets and liabilities are all denominated in RMB. Therefore, it is not exposed to material foreign exchange risk.

Interest rate of borrowings

	Floating rates			Fixed rates			
	Less than 1 year	**1 to 5 years**	**Sub-total**	**Less than 1 year**	**1 to 5 years**	**Sub-total**	**Total**
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*
Borrowings							
At 31 December 2013	—	214.2	**214.2**	—	—	**—**	**214.2**
At 31 December 2014	—	225.8	**225.8**	—	—	**—**	**225.8**
At 31 December 2015	0.3	225.5	**225.8**	—	—	**—**	**225.8**
At 31 March 2016	0.4	225.4	**225.8**	—	—	**—**	**225.8**

The fluctuations in the interest rate between the financial years were mainly due to different sources of borrowings taken out and changes in the bank benchmark interest rate.

Shanghai Li Te Man did not use any interest rate swaps to hedge its exposure against interest rate risk during the three years ended 31 December 2013, 2014 and 2015 and the three-month period ended 31 March 2016.

Gearing ratios

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings) less restricted cash and cash and cash equivalent. Total capital is calculated as total equity plus net debt. As at 31 December 2013, 2014 and 2015 and 31 March 2016, Shanghai Li Te Man's gearing ratios were 31%, 31%, 29% and 29%, respectively.

The rental business of Shanghai Li Te Man was mainly financed by capital contribution from shareholders and borrowings from banks and non-bank financial institutions. The gearing ratio of Shanghai Li Te Man was stable during the periods/years.

Contingent liabilities

For the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, Shanghai Li Te Man did not have any contingent liability.

Material acquisition and disposal

Shanghai Li Te Man did not have any material acquisition and disposal of subsidiaries and associated companies for each of the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016.

Significant investments held and their performance

As at 31 December 2013, 2014 and 2015 and 31 March 2016, Shanghai Li Te Man did not hold any investment.

Business prospects

Shanghai Li Te Man has been engaged in property holding and investment in the PRC. It is expected that the completion of the Transactions would not have any significant impact to the daily operation and administration of Shanghai Li Te Man, and Shanghai Li Te Man will continue to be operated and managed by the existing management team. Based on the forecast on the foreseeable future of the projects, it is believed that the project developed by Shanghai Li Te Man will continue to be operated for leasing with current rental price and occupancy rate resulting a profitable outcome and positive cash flow.

Future plans for capital assets

Shanghai Li Te Man will continue to engage in holding the investment properties and leasing business.

Expected sources of funding

The future operation of Shanghai Li Te Man will be mainly financed by the rental income from the investment properties held by Shanghai Li Te Man.

NANJING TOP SPRING METROPOLITAN

FINANCIAL OVERVIEW

Project Portfolio

Up to 31 March 2016, the Nanjing Fashion Mark project was at the construction stage and the pre-sales of the properties of the project commenced in August 2015. The construction of the properties will be completed in July 2017. According to the development plan, the type of property product of the Nanjing Fashion Mark project will cover apartments and retail properties.

Revenue

For three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, Nanjing Top Spring Metropolitan did not record any revenue from sales of properties because the project was still in the construction stage.

Cost of sales

Cost of sales comprised the costs incurred in relation to direct development activities for the properties delivered during the period, such as land use rights costs, construction costs, capitalized costs and business tax. For three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, Nanjing Top Spring Metropolitan did not record any cost of sales because the project was still in the construction stage.

Selling and marketing costs

The selling and marketing costs of Nanjing Top Spring Metropolitan comprised primarily the advertisement and promotion costs relating to the pre-sale of properties, sales and marketing staff costs, travel expenses, office expenses and other expenses relating to pre-sales and marketing activities. The advertisement and promotion costs were recorded as expenses immediately in the period when they took place.

The selling and marketing costs of Nanjing Top Spring Metropolitan amounted to RMB0 million, RMB0.5 million, RMB5.1 million, RMB0.1 million and RMB2.8 million for the three years ended 31 December 2013, 2014 and 2015 and the two periods ended 31 March 2015 and 2016 respectively. The increase of the selling and marketing costs for the year ended 31 December 2015 comparing with that for the year ended 31 December 2014 and for the three-month period ended 31 March 2016 comparing with that for the three-month period ended 31 March 2015 was due to the pre-sale of the properties of Nanjing Top Spring Metropolitan commenced in the middle of the year ended 31 December 2015.

Administrative expenses

The administrative expenses of Nanjing Top Spring Metropolitan during the period mainly included administrative staff costs, office and travel expenses, consulting expenses, taxes and other general and administrative expenses.

The administrative expenses of Nanjing Top Spring Metropolitan amounted to RMB4.5 million, RMB1.5 million, RMB2.2 million, RMB0.2 million and RMB1.7 million for the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively. The decrease of the administrative expenses for the year ended 31 December 2014 comparing with that for the year ended 31 December 2013 was mainly due to the stricter control implemented by management of Nanjing Top Spring Metropolitan on entertainment expenses, travel expenses and other expenses. The increase of the administrative expenses for the three-month period ended 31 March 2016 comparing with that for the three-month period ended 31 March 2015 was due to the increase of headcount of Nanjing Top Spring Metropolitan.

Headcount and policy of employee remuneration

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the number of employees in Nanjing Top Spring Metropolitan was approximately 30, 23, 22 and 49 respectively.

Nanjing Top Spring Metropolitan is required to make contribution to the social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees according to the relevant regulations in the PRC.

Finance costs

	Year ended 31 December			Period ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finance costs					
Interest expenses on bank borrowings	—	—	6,022	182	7,798
	—	**—**	**6,022**	**182**	**7,798**
Less: Capitalised finance costs	—	—	(6,022)	(182)	(7,798)
	—	**—**	**—**	**—**	**—**

The fluctuations of finance costs during the years/periods were mainly due to the changes of financing structure of borrowings from different sources in line with the funding demands in different stages of the project development and fluctuation of capitalized financial costs during the construction periods.

Borrowings and collateral

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Secured:				
Bank borrowings	—	—	60,000	99,000
Current				
Secured:				
Bank borrowings	—	—	60,000	60,000
	—	**—**	**120,000**	**159,000**

Nanjing Top Spring Metropolitan's loans of RMB120.0 million and RMB159.0 million as at 31 December 2015 and 31 March 2016 were secured by Nanjing Top Spring Metropolitan's properties under development for sales amounting to RMB337.4 million and RMB350.5 million.

Charges on the assets

As at 31 December 2013, 2014 and 2015 and 31 March 2016, properties under development for sale of Nanjing Top Spring Metropolitan amounting to RMB0, RMB0, RMB337.4 million and RMB350.5 million were pledged as collateral for its bank borrowings.

Cash position

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the total balances of cash and cash equivalents and restricted cash of Nanjing Top Spring Metropolitan were RMB13.7 million, RMB18.1 million, RMB46.1 million and RMB97.1 million, respectively.

Foreign exchange risk

Nanjing Top Spring Metropolitan mainly operates in the PRC. All transactions are principally conducted in RMB and the assets and liabilities are all denominated in RMB. Therefore, it is not exposed to material foreign exchange risk.

Interest rate of borrowings

The table below sets out Nanjing Top Spring Metropolitan's exposure to interest rate risks, including the liabilities at carrying amounts (categorized by maturity dates).

	Floating rates			Fixed rates			
	Less than 1 year	**1 to 5 years**	**Sub-total**	**Less than 1 year**	**1 to 5 years**	**Sub-total**	**Total**
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*
Borrowings							
At 31 December 2013	—	—	**—**	—	—	**—**	**—**
At 31 December 2014	—	—	**—**	—	—	**—**	**—**
At 31 December 2015	60.0	60.0	**120.0**	—	—	**—**	**120.0**
At 31 March 2016	60.0	99.0	**159.0**	—	—	**—**	**159.0**

The fluctuations in the interest rate between the financial years were mainly due to different sources of borrowings taken out by different projects, which were affected by factors such as profitability of the projects, the market conditions, as well as the timing of the funds.

Nanjing Top Spring Metropolitan did not use any interest rate swaps to hedge its exposure against interest rate risk during the three years ended 31 December 2013, 2014 and 2015 and the three-month period ended 31 March 2016.

Gearing ratios

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings) less restricted cash and cash and cash equivalent. Total capital is calculated as total equity plus net debt. As at 31 December 2013, 2014 and 2015 and 31 March 2016, Nanjing Top Spring Metropolitan's gearing ratios were 0%, 0%, 27% and 24%, respectively.

The project development of Nanjing Top Spring Metropolitan was mainly financed by capital contribution from shareholders and borrowings from banks and non-bank financial institutions. The fluctuations of the gearing ratio during the periods were due to the changes of financing structure in line with different stages of project development.

Contingent liabilities

For the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, Nanjing Top Spring Metropolitan did not have any contingent liability in respect of financial guarantees on mortgage facilities.

Significant investments held and their performance

As at 31 December 2013, 2014 and 2015 and 31 March 2016, Nanjing Top Spring Metropolitan did not hold any investment.

Material acquisition and disposal

Nanjing Top Spring Metropolitan did not have any material acquisition and disposal of subsidiaries and associated companies for each of the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016.

Business prospects

Nanjing Top Spring Metropolitan has been engaged in property development and investment in the PRC. It is expected that the completion of the Transactions would not have any significant impact to the daily operation and administration of Nanjing Top Spring Metropolitan, and Nanjing Top Spring Metropolitan will continue to be operated and managed by the existing management team. Based on the forecast on the foreseeable future of the projects, it is believed that the project developed by Nanjing Top Spring Metropolitan will continue to be developed as planned with a profitable outcome and positive cash flow.

Future plans for capital assets

Nanjing Top Spring Metropolitan will continue to engage in the business of development of real estate properties upon completion of the Transaction. The present properties under development will continue to be developed as planned.

Expected sources of funding

The future operation of Nanjing Top Spring Metropolitan will be mainly financed by the proceeds from pre-sale of properties developed by Nanjing Top Spring Metropolitan.

SHENZHEN PANYE

FINANCIAL OVERVIEW

Project Portfolio

Up to 31 March 2016, the Shenzhen Smart Venture Valley project was at the construction stage and the pre-sale of the properties of the project will commence in October 2016. The construction of the properties will be completed in December 2017. According to the development plan, the type of property product of the Shenzhen Smart Venture Valley project will cover apartments, retail and office properties and car parks.

Revenue

During the period from 15 August to 31 December 2013 and two years ended 31 December 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, Shenzhen Panye did not record any revenue from sales of properties because the project was still in the construction stage.

Cost of sales

Cost of sales comprised the costs incurred in relation to direct development activities for the properties delivered during the period, such as land use rights costs, construction costs, capitalized costs and business tax. During the period from 15 August to 31 December 2013 and two years ended 31 December 2014 and 2015 and two three-month periods ended 31 March 2015 and 2016, Shenzhen Panye did not record any cost of sales because the project was still in the construction stage.

Selling and marketing costs

The selling and marketing costs of Shenzhen Panye comprised primarily the advertisement and promotion costs relating to the pre-sale of properties, sales and marketing staff costs, travel expenses, office expenses and other expenses relating to pre-sales and marketing activities. The advertisement and promotion costs were recorded as expenses immediately in the period when they took place.

The selling and marketing costs of Shenzhen Panye amounted to RMB0 million, RMB0 million, RMB2.5 million, RMB0.1 million and RMB0.6 million for the period from 15 August to 31 December 2013 and two years ended 31 December 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively. Shenzhen Panye started to incur selling and marketing costs during the year ended 31 December 2015 since it began to prepare for the pre-sale of the properties in 2016.

Administrative expenses

The administrative expenses of Shenzhen Panye during the period mainly included administrative staff costs, office and travel expenses, consulting expenses, taxes and other general and administrative expenses.

The administrative expenses of Shenzhen Panye amounted to RMB1.5 million, RMB5.0 million, RMB5.3 million, RMB3.2 million and RMB1.0 million for the period from 15 August to 31 December 2013 and two years ended 31 December 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016. The administrative expenses for period from 15 August to 31 December 2013was smaller due to it only represented the expenses incurred during a period less than a full year. The administrative expenses for the three-month period ended 31 March 2015 was larger in proportion comparing with that for the year ended 31 December 2015 due to a one-off tax consulting fees amounting to RMB3.0 million incurred in February 2015.

Headcount and policy of employee remuneration

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the number of employees in Shenzhen Panye was approximately 3, 8, 21 and 21 respectively.

Shenzhen Panye is required to make contribution to the social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees according to the relevant regulations in the PRC.

Finance costs

	Period from 15 August to 31 December	**Year ended 31 December**		**Period ended 31 March**	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finance costs					
Interest expenses on bank borrowings and other borrowings	—	—	7,768	—	7,084
Other borrowing cost	—	—	50	—	—
	—	**—**	**7,818**	**—**	**7,084**
Less: Capitalised finance costs	—	—	(7,768)	—	(7,084)
	—	**—**	**50**	**—**	**—**

The fluctuations of finance costs during the years/periods were mainly due to the changes of financing structure of borrowings from different sources in line with the funding demands in different stages of the project development and fluctuation of capitalized financial costs during the construction periods.

Borrowings and collateral

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Secured:				
Bank borrowings	—	—	75,000	375,000
Unsecured:				
Other borrowings	—	—	17,370	17,370
	—	**—**	**92,370**	**392,370**
Current				
Secured:				
Bank borrowings	—	—	145,000	45,000
	—	**—**	**237,370**	**437,370**

Shenzhen Panye's borrowings of RMB220.0 million as at 31 December 2015 were secured by the guarantee from the related parties of the Company and certain equity interest of Shenzhen Panye. Its borrowings of RMB420.0 million as at 31 March 2016 were secured by the guarantee from the related parties of it and its leasehold land held for development for sale amounting to RMB313.4 million.

Charges on the assets

As at 31 December 2013, 2014 and 2015 and 31 March 2016, leasehold land held for development of Shenzhen Panye amounting to RMB0, RMB0, RMB0 and RMB313.4 million were pledged as collateral for its bank borrowings.

Cash position

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the total balances of cash and cash equivalents and restricted cash of Shenzhen Panye were RMB30.8 million, RMB18.8 million, RMB27.8 million and RMB31.4 million, respectively.

Foreign exchange risk

Shenzhen Panye mainly operates in the PRC. All transactions are principally conducted in RMB and the assets and liabilities are all denominated in RMB. Therefore, it is not exposed to material foreign exchange risk.

Interest rate of borrowings

The table below sets out Shenzhen Panye's exposure to interest rate risks, including the liabilities at carrying amounts (categorized by maturity dates).

	Floating rates			Fixed rates			
	Less than 1 year	**1 to 5 years**	**Sub-total**	**Less than 1 year**	**1 to 5 years**	**Sub-total**	**Total**
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*
Borrowings							
At 31 December 2013	—	—	**—**	—	—	**—**	**—**
At 31 December 2014	—	—	**—**	—	—	**—**	**—**
At 31 December 2015	145	92.4	**237.4**	—	—	**—**	**237.4**
At 31 March 2016	45	392.4	**437.4**	—	—	**—**	**437.4**

The fluctuations in the interest rate between the financial years were mainly due to different sources of borrowings taken out by different projects, which were affected by factors such as profitability of the projects, the market conditions, as well as the timing of the funds.

Shenzhen Panye did not use any interest rate swaps to hedge its exposure against interest rate risk during the three years ended 31 December 2013, 2014 and 2015 and the three-month period ended 31 March 2016.

Gearing ratios

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings) less restricted cash and cash and cash equivalent. Total capital is calculated as total equity plus net debt. As at 31 December 2013, 2014 and 2015 and 31 March 2016, its gearing ratios were 0%, 0%, 50% and 66%, respectively.

The project development of Shenzhen Panye was mainly financed by capital contribution from shareholders and borrowings from banks and non-bank financial institutions. The fluctuations of the gearing ratio during the periods were due to the changes of financing structure in line with different stages of project development.

Contingent liabilities

For the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, Shenzhen Panye did not have any contingent liability in respect of financial guarantees on mortgage facilities.

Significant investments held and their performance

As at 31 December 2013, 2014 and 2015 and 31 March 2016, Shenzhen Panye did not hold any investment.

Material acquisition and disposal

Shenzhen Panye did not have any material acquisition and disposal of subsidiaries and associated companies for each of the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016.

Business prospects

Shenzhen Panye has been engaged in property development and investment in the PRC. It is expected that the completion of the Transactions would not have any significant impact to the daily operation and administration of Shenzhen Panye, and Shenzhen Panye will continue to be operated and managed by the existing management team. Based on the forecast on the foreseeable future of the projects, it is believed that the project developed by Shenzhen Panye will continue to be developed as planned with a profitable outcome and positive cash flow.

Future plans for capital assets

Shenzhen Panye will continue to engage in the business of development of real estate properties upon completion of the Transaction. The present properties under development will continue to be developed as planned.

Expected sources of funding

The future operation of Shenzhen Panye will be mainly financed by the proceeds from pre-sale of properties developed by it.

HUI DONG LAI HAI TIAN AND HUI DONG LAI YANG TIAN (the "Hui Dong Companies")

FINANCIAL OVERVIEW

Project Portfolio

Up to 31 March 2016, approximately 10% of the total undelivered gross floor area ("GFA") of Huizhou Hidden Bay project was completed properties, approximately 15% of the total undelivered GFA of the project was at the construction stage and the remaining approximately 75% of the total undelivered GFA of the project was just undeveloped land. According to the development plan of the project, the construction of the undeveloped land will commence in December 2016 and the pre-sales of the properties will commence in August 2017. The construction of the undeveloped land will be completed during the period from October 2019 to May 2022. According to the development plan, the type of property product of the Huizhou Hidden Bay project will cover apartments, villas, retail properties and car parks.

Revenue

The Hui Dong Companies recorded a total revenue of RMB700.7 million, RMB347.0 million and RMB70.7 million for the year ended 31 December 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively, which were attributable to the delivery of properties developed by the Hui Dong Companies. For two years ended 31 December 2013 and 2014, the Hui Dong Companies did not record any revenue from sales of properties because the properties were still in the construction stage.

The decrease of revenue for the three-month period ended 31 March 2016 comparing with that for the three-month period ended 31 March 2015 was mainly due to the decrease of gross floor areas of properties delivered.

Cost of sales

Cost of sales comprised the costs incurred in relation to direct development activities for the properties delivered during the period, such as land use rights costs, construction costs, capitalized costs and business tax. For the year ended 31 December 2015 and the two three-month periods ended 31 March 2015 and 2016, the cost of sales of the Hui Dong Companies amounted to RMB574.0 million, RMB285.4 million and RMB55.7 million respectively. For two years ended 31 December 2013 and 2014, the Hui Dong Companies did not record any cost of sales of properties because the properties were still in the construction stage.

Gross profit

For the year ended 31 December 2015 and the two three-month periods ended 31 March 2015 and 2016, the gross profit amounted to RMB126.7 million, RMB61.7 million and RMB15.0 million with the gross profit margin of 18%, 18% and 21% respectively. The gross profit margin of the Hui Dong Companies was stable during the periods/years.

Selling and marketing costs

The selling and marketing costs of the Hui Dong Companies comprised primarily the advertisement and promotion costs relating to the pre-sale of properties, sales and marketing staff costs, travel expenses, office expenses and other expenses relating to pre-sales and marketing activities. The advertisement and promotion costs were recorded as expenses immediately in the period when they took place.

The selling and marketing costs of the Hui Dong Companies amounted to RMB27.2 million, RMB31.6 million, RMB42.5 million, RMB12.2 million and RMB5.5 million for the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively. The increase of selling and marketing costs through the three years ended 31 December 2013, 2014 and 2015 was mainly due to the enhancement of promotion and marketing activities to support the increasing pre-sale of the properties through years. The decrease of selling and marketing costs for the three-month period ended 31 March 2016 comparing with that for the three-month period ended 31 March 2015 was in line with the decrease of revenue.

Administrative expenses

The administrative expenses of the Hui Dong Companies during the period mainly included administrative staff costs, office and travel expenses, consulting expenses, taxes and other general and administrative expenses.

The administrative expenses of the Hui Dong Companies amounted to RMB10.1 million, RMB14.2 million, RMB11.7 million, RMB2.2 million and RMB2.5 million for the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively. The increase of administrative expenses for the year ended 31 December 2014 comparing with that for the year ended 31 December 2013 was mainly due to the payment of land use tax and property tax for prior year. Apart from that, the administrative expenses during the periods/years were stable.

Headcount and policy of employee remuneration

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the number of employees in the Hui Dong Companies was approximately 102, 102, 97 and 95 respectively.

The Hui Dong Companies are required to make contribution to the social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees according to the relevant regulations in the PRC.

Finance costs

	Year ended 31 December			Period ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finance costs					
Interest expenses on bank borrowings	52,922	68,351	55,806	12,182	4,582
Other borrowing costs	1,500	—	—	—	54
	54,422	**68,351**	**55,806**	**12,182**	**4,636**
Less: Capitalised finance costs	(54,422)	(68,351)	(19,916)	(4,846)	(4,582)
	—	**—**	**35,890**	**7,336**	**54**

The fluctuations of finance costs during the years/periods were mainly due to the changes of financing structure of borrowings from different sources in line with the funding demands in different stages of the project development and fluctuation of capitalized financial costs during the construction periods.

Borrowings and collateral

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Secured:				
Bank borrowings	471,611	243,730	205,436	208,672
Current				
Secured:				
Bank borrowings	—	471,611	87,944	89,288
	471,611	**715,341**	**293,380**	**297,960**

The Hui Dong Companies' borrowings of RMB471.6 million, RMB715.3 million, RMB293.4 million and RMB298.0 million as at 31 December 2013, 2014 and 2015 and 31 March 2016 were secured by the Hui Dong Companies' properties held for and under development for sales amounting to RMB0 million, RMB204.2 million, RMB204.2 million and RMB204.2 million and certain equity interest of the Hui Dong Companies.

Charges on the assets

As at 31 December 2013, 2014 and 2015 and 31 March 2016, properties under development for sale of the Hui Dong Companies amounting to RMB0, RMB204.2 million, RMB204.2 million and RMB204.2 million were pledged as collateral for its bank borrowings.

Cash position

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the total balances of cash and cash equivalents and restricted cash of the Hui Dong Companies were RMB210.0 million, RMB286.4 million, RMB161.1 million and RMB146.2 million, respectively.

Foreign exchange risk

The Hui Dong Companies mainly operates in the PRC. All transactions are principally conducted in RMB and the assets and liabilities are all denominated in RMB. Therefore, it is not exposed to material foreign exchange risk.

Interest rate of borrowings

The table below sets out the Hui Dong Companies' exposure to interest rate risks, including the liabilities at carrying amounts (categorized by maturity dates).

	Floating rates			**Fixed rates**			
	Less than 1 year	**1 to 5 years**	**Sub-total**	**Less than 1 year**	**1 to 5 years**	**Sub-total**	**Total**
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*
Borrowings							
At 31 December 2013	—	—	**—**	—	471.6	**471.6**	**471.6**
At 31 December 2014	—	243.7	**243.7**	471.6	—	**471.6**	**715.3**
At 31 December 2015	87.9	205.4	**293.4**	—	—	**—**	**293.4**
At 31 March 2016	89.3	208.7	**298.0**	—	—	**—**	**298.0**

The fluctuations in the interest rate between the financial years were mainly due to different sources of borrowings taken out by different projects, which were affected by factors such as profitability of the projects, the market conditions, as well as the timing of the funds.

The Hui Dong Companies did not use any interest rate swaps to hedge its exposure against interest rate risk during the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016.

Gearing ratios

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings) less restricted cash and cash and cash equivalent. Total capital is calculated as total equity plus net debt. As at 31 December 2013, 2014 and 2015 and 31 March 2016, the Hui Dong Companies' gearing ratios were 64%, 77%, 47% and 49%, respectively.

The project development of the Hui Dong Companies was mainly financed by capital contribution from shareholders and borrowings from banks and non-bank financial institutions. The fluctuations of the gearing ratio during the periods were due to the changes of financing structure in line with different stages of project development.

Contingent liabilities

For the year ended 31 December 2013, the Hui Dong Companies did not have any contingent liability in respect of financial guarantees on mortgage facilities.

The contingent liabilities of the Hui Dong Companies amounted to RMB200.1 million, RMB237.1 million and RMB232.9 million as at 31 December 2014 and 2015 and 31 March 2016 respectively. The contingent liabilities were related to the guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Hui Dong Companies' properties.

Material acquisition and disposal

The Hui Dong Companies did not have any material acquisition and disposal of subsidiaries and associated companies for each of the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016.

Significant investments held and their performance

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the Hui Dong Companies did not hold any investment.

Business prospects

The Hui Dong Companies have been engaged in property development and investment in the PRC. It is expected that the completion of the Transactions would not have any significant impact to the daily operation and administration of The Hui Dong Companies, and The Hui Dong Companies will continue to be operated and managed by the existing management team. Based on the forecast on the foreseeable future of the projects, it is believed that the project developed by the Hui Dong Companies will continue to be developed as planned with a profitable outcome and positive cash flow.

Future plans for capital assets

The Hui Dong Companies will continue to engage in the business of development of real estate properties upon completion of the Transaction. The present properties under development will continue to be developed as planned.

Expected sources of funding

The future operation of the Hui Dong Companies will be mainly financed by the proceeds from pre-sale of properties developed by the Hui Dong Companies.

TOP SPRING ZHIYE FUYANG

FINANCIAL OVERVIEW

Project Portfolio

Up to 31 March 2016, approximately 10% of the total undelivered gross floor area ("GFA") of Hangzhou Hidden Valley project was completed properties and the remaining approximately 90% of the total undelivered GFA of the project was just undeveloped land. Among the total completed GFA of Hangzhou Hidden Valley project, including those have been delivered to the buyers of the properties, approximately 70% have been sold with an averaged selling price of RMB17,800 per squared meter. According to the development plan of the project, the construction of the undeveloped land will commence in December 2016 and the pre-sales of the properties will commence in April 2017. The construction of the undeveloped land will be completed during the period from September 2018 to May 2019. According to the development plan, the type of property product of the Hangzhou Hidden Valley project will cover apartments, villas, retail properties and car parks.

Revenue

Top Spring Zhiye Fuyang recorded a total revenue of RMB309.9 million, RMB64.9 million, RMB215.7 million, RMB40.6 million and RMB40.2 million for the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively, which were attributable to the delivery of properties developed by the Company.

The fluctuation of the revenue during the periods/years was mainly due to the fluctuation of the gross floor areas of properties delivered which was due to the change of the sales mix.

Cost of sales

Cost of sales comprised the costs incurred in relation to direct development activities for the properties delivered during the period, such as land use rights costs, construction costs, capitalized costs and business tax. For the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, the cost of sales of Top Spring Zhiye Fuyang amounted to RMB300.1 million, RMB58.6 million, RMB250.6 million, RMB62.2 million and RMB38.3 million respectively.

Gross profit

For the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, the gross profit amounted to RMB9.8 million, RMB6.2 million, RMB-34.9 million, RMB-21.6 million and RMB1.8 million with the gross profit margin of 3%, 10%, -16%, -53% and 5%, respectively. The fluctuation of the gross profit margin through the years/periods was mainly due to the fluctuation of the unit selling price of the properties which was in line with the change of the condition of the real estate market.

Selling and marketing costs

The selling and marketing costs of Top Spring Zhiye Fuyang during the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 comprised primarily the advertisement and promotion costs relating to the pre-sale of properties, sales and marketing staff costs, travel expenses, office expenses and other expenses relating to pre-sales and marketing activities. The advertisement and promotion costs were recorded as expenses immediately in the period when they took place.

The selling and marketing costs of Top Spring Zhiye Fuyang amounted to RMB13.8 million, RMB16.3 million, RMB11.5 million, RMB2.4 million and RMB1.1 million for the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively. The increase of selling and marketing costs for the year ended 31 December 2014 comparing with that for the year ended 31 December 2013 was mainly due to the enhancement of promotion activities for the Phase 2 of Hangzhou Hidden Valley Project, pre-sale of which commenced during the year ended 31 December 2014. The decrease of selling and marketing costs for the year ended 31 December 2015 comparing with that for the year ended 31 December 2014 was mainly due to the decrease of advertisement and promotion costs which were caused by the slowdown of the promotion effort due to the undesirable market condition.

Administrative expenses

The administrative expenses of Top Spring Zhiye Fuyang during the period mainly included administrative staff costs, office and travel expenses, consulting expenses, taxes and other general and administrative expenses.

The administrative expenses of Top Spring Zhiye Fuyang amounted to RMB7.6 million, RMB6.1 million, RMB6.4 million, RMB0.6 million and RMB0.6 million for the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016 respectively. The decrease of administrative expenses for the year ended 31 December 2014 comparing with that for the year ended 31 December 2013 was mainly due to the decrease of headcount. Apart from that, the administrative expenses during the periods/years were stable.

Headcount and policy of employee remuneration

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the number of employees in Top Spring Zhiye Fuyang was approximately 41, 25, 22 and 18 respectively.

Top Spring Zhiye Fuyang is required to make contribution to the social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees according to the relevant regulations in the PRC.

Finance costs

	Year ended 31 December			Period ended 31 March	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Finance costs					
Interest expenses on					
Bank borrowings	20,736	28,759	16,194	4,687	3,087
Amounts due to fellow subsidiaries	12,605	16,309	12,558	2,726	2,795
Other borrowings	3,243	2,711	1,665	411	415
	36,584	**47,779**	**30,417**	**7,824**	**6,297**
Less: Capitalised finance costs	(31,687)	(40,036)	—	—	—
	4,897	**7,743**	**30,417**	**7,824**	**6,297**

The fluctuations of finance costs during the years/periods were mainly due to the changes of financing structure of borrowings from different sources in line with the funding demands in different stages of the project development and fluctuation of capitalized financial costs during the construction periods.

Borrowings and collateral

	As at 31 December			As at 31 March
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Secured:				
Bank borrowings	192,778	210,141	—	—
Current				
Secured:				
Bank borrowings	196,374	24,722	211,528	199,443
	389,152	**234,863**	**211,528**	**199,443**

Top Spring Zhiye Fuyang's borrowings of RMB389.2 million, RMB234.9 million, RMB211.5 million and RMB199.4 million as at 31 December 2013, 2014 and 2015 and 31 March 2016 were secured by its properties under development and completed properties held for sales and pledged deposits amounting to RMB864.5 million, RMB574.9 million, RMB588.4 million and RMB573.9 million, respectively.

Charges on the assets

As at 31 December 2013, 2014 and 2015 and 31 March 2016, properties under development and completed properties held for sales and pledged deposits of Top Spring Zhiye Fuyang amounting to RMB864.5 million, RMB574.9 million, RMB588.4 million and RMB573.9 million were pledged as collateral for its bank borrowings.

Cash position

As at 31 December 2013, 2014 and 2015 and 31 March 2016, the total balances of cash and cash equivalents and restricted cash of Top Spring Zhiye Fuyang were RMB313.3 million, RMB64.5 million, RMB148.1 million and RMB118.2 million, respectively.

Foreign exchange risk

Top Spring Zhiye Fuyang mainly operates in the PRC. All transactions are principally conducted in RMB and the assets and liabilities are all denominated in RMB. Therefore, it is not exposed to material foreign exchange risk.

Interest rate of borrowings

The table below sets out Top Spring Zhiye Fuyang's exposure to interest rate risks, including the liabilities at carrying amounts (categorized by maturity dates).

	Floating rates			**Fixed rates**			
	Less than 1 year	**1 to 5 years**	**Sub-total**	**Less than 1 year**	**1 to 5 years**	**Sub-total**	**Total**
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*
Borrowings							
At 31 December 2013	196.4	192.8	**389.2**	—	—	**—**	**389.2**
At 31 December 2014	24.7	210.2	**234.9**	—	—	**—**	**234.9**
At 31 December 2015	211.5	—	**211.5**	—	—	**—**	**211.5**
At 31 March 2016	199.4	—	**199.4**	—	—	**—**	**199.4**

The fluctuations in the interest rate between the financial years were mainly due to different sources of borrowings taken out by different projects, which were affected by factors such as profitability of the projects, the market conditions, as well as the timing of the funds.

Top Spring Zhiye Fuyang did not use any interest rate swaps to hedge its exposure against interest rate risk during the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016.

Gearing ratios

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings) less restricted cash and cash and cash equivalent. Total capital is calculated as total equity plus net debt. As at 31 December 2013, 2014 and 2015 and 31 March 2016, its gearing ratios were 5%, 11%, 5% and 7%, respectively.

The project development of Top Spring Zhiye Fuyang was mainly financed by capital contribution from shareholders and borrowings from banks and non-bank financial institutions. The fluctuations of the gearing ratio during the periods were due to the changes of financing structure in line with different stages of project development.

Contingent liabilities

For the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016, Top Spring Zhiye Fuyang did not have any contingent liability in respect of financial guarantees on mortgage facilities.

Material acquisition and disposal

Top Spring Zhiye Fuyang did not have any material acquisition and disposal of subsidiaries and associated companies for each of the three years ended 31 December 2013, 2014 and 2015 and the two three-month periods ended 31 March 2015 and 2016.

Significant investments held and their performance

As at 31 December 2013, 2014 and 2015 and 31 March 2016, Top Spring Zhiye Fuyang did not hold any investment.

Business prospects

Top Spring Zhiye Fuyang has been engaged in property development and investment in the PRC. It is expected that the completion of the Transactions would not have any significant impact to the daily operation and administration of Top Spring Zhiye Fuyang, and Top Spring Zhiye Fuyang will continue to be operated and managed by the existing management team. Based on the forecast on the foreseeable future of the projects, it is believed that the project developed by Top Spring Zhiye Fuyang will continue to be developed as planned with a profitable outcome and positive cash flow.

Future plans for capital assets

Top Spring Zhiye Fuyang will continue to engage in the business of development of real estate properties upon completion of the Transaction. The present properties under development will continue to be developed as planned.

Expected sources of funding

The future operation of Top Spring Zhiye Fuyang will be mainly financed by the proceeds from pre-sale of properties developed by it.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2015 (the "Unaudited Pro Forma Financial Information") which has been prepared based on the basis of the notes set out below for the purpose of illustrating the effect of the proposed acquisitions of the entire equity interests of Shanghai Huan Jian, Shanghai Li Te Man, Nanjing Top Spring Metropolitan, Shenzhen Panye, Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian and Top Spring Zhiye Fuyang (the "Target Companies") (the "Transactions"), as if the Transactions had been taken place on 31 December 2015. This pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Transactions been completed as at 31 December 2015 or at any future date.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2015	Pro forma adjustments: Audited assets and liabilities of Target Companies as at 31 March 2016	Other pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2015
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets					
Non-current assets					
Investment properties	—	810,000	—	—	810,000
Property, plant and equipment	68,959	9,105	—	—	78,064
Intangible assets	230,269	273	—	—	230,542
Investments accounted for using the equity method	15,260,581	—	—	—	15,260,581
Prepayment for equity investments	4,722,036	—	—	—	4,722,036
Deferred income tax assets	1,502,429	7,354	—	—	1,509,783
	21,784,274	826,732	—	—	22,611,006
Current assets					
Properties under development (the "PUD")	34,142,659	5,117,923	(557,923)	—	38,702,659
Completed properties held for sale (the "CP")	15,727,129	614,502	242,498	—	16,584,129
Trade and other receivables	970,481	30,606	—	—	1,001,087
Amounts due from related companies	11,660,049	—	—	—	11,660,049
Amounts due from Top Spring Group	—	592,414	(592,414)	—	—
Prepayments	4,166,080	52,003	—	—	4,218,083
Restricted cash	4,371,010	99,307	—	—	4,470,317
Cash and cash equivalents	22,687,280	354,447	(4,225,230)	(4,100)	18,886,245
			73,848 3(a)		
	93,724,688	6,861,202	(5,059,221)	(4,100)	95,522,569
Total assets	**115,508,962**	**7,687,934**	**(5,059,221)**	**(4,100)**	**118,133,575**

	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2015	Audited assets and liabilities of Target Companies as at 31 March 2016	Pro forma adjustments: Other pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2015
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*
Liability						
Non-current liabilities						
Borrowings	27,214,240	925,392	—		—	28,139,632
Deferred income tax liabilities	4,379,412	64,021	223,221		—	4,666,654
	31,593,652	989,413	223,221		—	32,806,286
Current liabilities						
Trade and other payables	10,943,950	1,224,578	(912,797)	3(b)	—	11,255,731
Advanced proceeds from customers	13,420,386	299,604	—		—	13,719,990
Amounts due to related companies	18,212,922	—	—		—	18,212,922
Amounts due to Top Spring Group	—	2,510,068	(2,510,068)		—	—
Amounts due to Party A	—	132,688	(132,688)		—	—
Current income tax liabilities	7,333,489	—	—		—	7,333,489
Borrowings	14,584,393	394,106	—		—	14,978,499
	64,495,140	4,561,044	(3,555,553)		—	65,500,631
Total liabilities	**96,088,792**	**5,550,457**	**(3,332,332)**		**—**	**98,306,917**
Net assets	**19,420,170**	**2,137,477**	**(1,726,889)**		**(4,100)**	**19,826,658**

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

1. The balances are extracted from the audited consolidated balance sheet of the Company as at 31 December 2015 as set out in the Company's published annual report for the year ended 31 December 2015.

2. The balances are extracted from the audited balance sheet of each of the Target Companies as at 31 March 2016 as set out in the accountant's reports of Target Companies included in Appendix II to this circular, as illustrated below:

Summary of audited assets and liabilities of the Target Companies as at 31 March 2016:

	Shanghai Huan Jian	Shanghai Li Te Man	Nanjing Top Spring Metropolitan	Shenzhen Panye	Hui Dong Lai Hai Tian and Hui Dong Lai Yang Tian	Top Spring Zhiye Fuyang	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets							
Non-current assets							
Investment properties	—	810,000	—	—	—	—	810,000
Property, plant and equipment	387	6,203	309	586	882	738	9,105
Intangible assets	70	69	—	—	134	—	273
Deferred income tax assets	—	—	4,748	—	2,606	—	7,354
	457	816,272	5,057	586	3,622	738	826,732
Current assets							
Properties under development	827,993	—	350,459	1,583,051	649,753	1,706,667	5,117,923
Completed properties held for sale	—	—	—	—	275,432	339,070	614,502
Trade and other receivables	7,191	4,795	3,286	440	10,810	4,084	30,606
Amounts due from Top Spring Group	—	—	100,222	299,526	74,394	118,272	592,414
Prepayments	—	8	6,177	—	38,437	7,381	52,003
Restricted cash	20,007	—	—	—	32,827	46,473	99,307
Cash and cash equivalents	29,892	10,932	97,051	31,427	113,390	71,755	354,447
	885,083	15,735	557,195	1,914,444	1,195,043	2,293,702	6,861,202
Total assets	**885,540**	**832,007**	**562,252**	**1,915,030**	**1,198,665**	**2,294,440**	**7,687,934**
Liability							
Non-current liabilities							
Borrowings current	—	225,350	99,000	392,370	208,672	—	925,392
Deferred income tax liabilities	—	64,021	—	—	—	—	64,021
	—	289,371	99,000	392,370	208,672	—	989,413
Current liabilities							
Trade and other payables	47,039	10,426	36,303	1,004,777	75,276	50,757	1,224,578
Advanced proceeds from customers	—	—	80,275	—	154,556	64,773	299,604
Amounts due to Top Spring Group	766,901	—	93,600	266,143	515,078	868,346	2,510,068
Amounts due to Party A	132,688	—	—	—	—	—	132,688
Borrowings non-current	—	375	60,000	45,000	89,288	199,443	394,106
	946,628	10,801	270,178	1,315,920	834,198	1,183,319	4,561,044
Total liabilities	**946,628**	**300,172**	**369,178**	**1,708,290**	**1,042,870**	**1,183,319**	**5,550,457**
Net assets	**(61,088)**	**531,835**	**193,074**	**206,740**	**155,795**	**1,111,121**	**2,137,477**

3. Upon the Completion of the Transactions, the Target Companies will become wholly-owned subsidiaries of the Company and the identifiable assets and liabilities of the Target Companies will be accounted for in the Enlarged Group at their fair values using the acquisition accounting method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" issued by the Hong Kong Institute of Certified Public Accountants.

The adjustments represent the income recognized from the Transactions of approximately RMB410,588,000 arising from the Transactions, being the excess amount of the fair value of the acquired identifiable net assets of the Target Companies over the total consideration, which is calculated as follows:

	(Note)	*RMB'000*
Total cash consideration for the Sale Shares and Intercompany Loans per Agreements	*(a)*	4,225,230
Adjustment to the consideration for Intercompany Loans		(73,848)
Adjusted cash consideration		**4,151,382**
Less: Fair value of identifiable assets and liabilities		**(4,561,970)**
Including:		
Carrying amount of net assets of the Target Companies		2,137,477
Carrying amount of Intercompany loans		2,050,342
Adjustment of trade and other payables	*(b)*	912,797
Valuation adjustments on the identifiable assets and liabilities	*(c)*	
— Properties under development		(557,923)
— Completed properties held for sale		242,498
Less: Deferred income tax liabilities	*(d)*	(223,221)
Income to be recognized from the Transactions		**(410,588)**

(a) In accordance with the Framework Agreement and Supplemental Agreements entered into between the Company and Top Spring on 19 May 2016 and 22 July 2016, the total cash consideration of the Transactions is RMB4,225,230,000, which includes the consideration for the acquisitions of the Sale Shares of RMB2,119,130,000 and the adjusted consideration for the assignment of the Intercompany Loans of RMB2,106,100,000.

Pursuant to the Framework Agreement and Supplemental Agreements, the Company is only responsible for the principal portion of the Intercompany Loans. Therefore, for the purpose of this unaudited pro forma financial information, the interest portion of Intercompany Loans amounting to RMB18,090,000 is adjusted. Also, the consideration is adjusted by RMB73,848,000 which represents the difference between the adjusted Intercompany Loans balance of RMB2,032,252,000 as at 31 March 2016 and the consideration for the assignment of the Intercompany Loans of RMB2,106,100,000 per the Framework Agreement and Supplemental Agreements.

(b) In the Shenzhen Smart Venture Valley Project which is currently being developed by Shenzhen Panye, Shenzhen Panye had agreed a flat-for-flat arrangement with the original occupier of the land. The interest of the related properties under development attributable to the original occupier are excluded from the valuation report prepared by the independent valuer, DTZ Cushman & Wakefield Limited. For the purpose of this Unaudited Pro Forma Financial Information, both the related properties under development and the payables are adjusted downward by RMB912,797,000.

(c) The Directors of the Company have determined the fair values of the identifiable assets and liabilities of the Target Companies as at 31 March 2016 with reference to the valuation report. The fair values of the identifiable assets and liabilities of the Target Companies, which mainly include investment properties, properties under development and completed properties held for sale valued under the market approach.

(d) Deferred corporate income tax liabilities arose from the difference between the tax base and fair value of properties under development and completed properties held for sale. Tax rate of 25% was used to calculate deferred corporate income tax liabilities as it is the tax rate expected to be applied to the Target Companies in the period when the liabilities are settled.

		Properties under development ("PUD")	**Completed properties held for sale**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
Valuation Adjustments		(557,923)	242,498	(315,425)
Adjust for: PUD attributable to the original occupier		912,797	—	912,797
Less: Valuation decrease		217,746	—	217,746
Valuation surplus		**572,620**	**242,498**	**815,118**
Less: Land appreciation taxes		(16,066)	(9,856)	(25,922)
Net valuation surplus	A	**556,554**	**232,642**	**789,196**
Multiply by the corporate income tax rate	B	25%	25%	25%
Deferred corporate income tax liabilities	A*B	**139,139**	**58,160**	**197,299**
Add: Deferred land appreciation taxes		16,066	9,856	25,922
Total deferred income tax liabilities		**155,205**	**68,016**	**223,221**

(e) For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group, fair values of the identifiable assets and liabilities of Target Companies as at 31 March 2016 were used to determine the income or goodwill arising from the Transactions. Upon completion of the Transactions, the fair values of the net assets of Target Companies as at the date of completion will be used to determine the actual amount of the income or goodwill arising from the Transactions. Such difference between the actual amount and the valuation as at 31 March 2016 may be significant.

(f) Pursuant to the Supplemental Agreement 2, the Company and Top Spring further agreed that if the project of Shanghai Grand Pujian Residence is sold in future and the average costs eligible for tax deduction for the project of Shanghai Grand Pujian Residence exceeds RMB23,000 per square meter of saleable area, the Company shall pay Top Spring a compensation in the amount of RMB15,000,000. The management of the Company represented that they have no plan to sell this project immediately after acquisition. For the purpose of this unaudited pro forma financial information, this compensation has not been taken into account. If the Company should pay this compensation, the compensation will be charged to profit and loss of the Group.

4. The adjustment represents the estimated transactions costs of approximately RMB4,100,000, which include mainly professional fees payable by the Group in connection with the Transactions.

5. No adjustment has been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions of the Group and Target Companies entered subsequent to 31 December 2015 and 31 March 2016, respectively.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Sunac China Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sunac China Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), and Shanghai Huan Jian Investment Co., Ltd., Shanghai Li Te Man Real Estate Co., Ltd., Nanjing Top Spring Metropolitan Property Development Co., Ltd., Shenzhen Panye Technology Development Co., Ltd., Hui Dong Lai Hai Tian Property Co., Ltd., Hui Dong Lai Yang Tian Property Co., Ltd. and Top Spring Zhiye (Fuyang) Co., Ltd. (the "Target Companies") (collectively the "Enlarged Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2015 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages IV-1 to IV-6 of the Company's circular dated 29 July 2016, in connection with the proposed acquisition of 100% equity interest in the Target Companies (the "Transactions") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-6.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transactions on the Group's financial position as at 31 December 2015 as if the Transactions had taken place at 31 December 2015. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2015, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

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

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or 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 by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 July 2016

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Circular received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Target Group as at 31 May 2016.

DTZ CUSHMAN & WAKEFIELD
戴德梁行

16/F
Jardine House
1 Connaught Place
Central
Hong Kong

29 July 2016

The Directors
Sunac China Holdings Limited
10/F, Building C7
Magnetic Plaza
Binshuixi Road
Nankai District
Tianjin
The People's Republic of China

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with your instructions for us to value the property interests of the Target Companies and its subsidiaries (together referred to as the "Target Group") in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates) to be acquired by Sunac China Holdings Limited or its subsidiaries, we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 31 May 2016.

Definition of Market Value

Our valuations of each of the properties represent its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council ("IVSC"). Market Value is defined by the IVSC 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".

Valuation Basis and Assumptions

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited, The Codes on Takeovers and Mergers issued by the Securities and Futures Commission and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Target Group regarding the title to each of the properties and the interests of the Target Group in the properties. In valuing the properties, we have assumed that the Target Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licenses, in accordance with the information provided by the Target Group are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Method of Valuation

In valuing properties in Group I, which are held by the Target Group for sale in the PRC, we have used the direct comparison approach assuming sale of these properties in its existing state with the benefit of vacant possession by making reference to comparables sales transactions as available in the relevant market.

The properties in Group II which are held by the Target Group for investment in the PRC have been valued either on the basis of capitalization of net income derived from the existing tenancies with allowance for the reversionary income potential of the properties or by reference to comparable market transactions.

In valuing properties in Group III and IV, which are held by the Target Group under development and for future development respectively in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Target Group (if any) . We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The "market value when completed" represents our opinion of the aggregate selling prices of the development assuming that it were completed as at the valuation date.

Sources of Information

We have been provided by the Target Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Target Group and its legal adviser, Zhong Lun Law Firm (中倫律師事務所) regarding the title to each of the properties and the interests of the Target Group in the properties. We have accepted advice given by the Target Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Target Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Target Group which is material to the valuations. We were also advised by the Target Group that no material facts have been omitted from the information provided.

Title Investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Target Group regarding the Target Group's interests in the PRC properties.

Site Inspection

Jenny Liang and Shirlin Qi of our Shanghai office, Louis Xing of our Nanjing office, Candy Gan of our Shenzhen office and Sammie Tse of our Hangzhou office, have inspected the exterior and, whenever possible, the interior of the properties in from June to July, 2016. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

Jenny Liang, our Shanghai office valuer, has 3 years' experience in property valuation in the PRC.

Shirlin Qi, our Shanghai office valuer, has 8 years' experience in property valuation in the PRC.

Louis Xing, our Nanjing office valuer, has 4 years' experience in the property valuation in the PRC.

Candy Gan, our Shenzhen office valuer, has 8 years' experience in property valuation in the PRC.

Sammie Tse, our Hangzhou office valuer, has 6 years' experience in property valuation in the PRC.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Cushman & Wakefield Limited
Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc., M.H.K.I.S.
Senior Director

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 28 years of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 31 May 2016 *(RMB)*	Interest attributable to the Target Group *(%)*	Market value in existing state attributable to the Target Group as at 31 May 2016 *(RMB)*
Group I — Completed Properties held by the Target Group for sale in the PRC				
1.	The unsold portion of Phases 1 and 2 Huizhou Hidden Bay situated at Lianfeng Village, Renshan Town, Huidong County, Huizhou, Guangdong Province, the PRC	907,000,000	100	907,000,000
2.	The unsold portion of Phases 1 and 2 of Hangzhou Hidden Valley, Dongqiao Road, Fuyang District, Hangzhou, Zhejiang Province, the PRC	409,000,000	100	409,000,000
	Sub-total of Group I:	**1,316,000,000**		**1,316,000,000**
Group II — Properties held by the Target Group for investment in the PRC				
3.	Shanghai Grand Pujian Residence, No. 1100 South Yanggao Road and Nos. 727 & 729 Pujian Road, Pudong New Area, Shanghai, the PRC	810,000,000	100	810,000,000
	Sub-total of Group II:	**810,000,000**		**810,000,000**
Group III — Properties held by the Target Group under development in the PRC				
4.	The under construction development known as Shenzhen Smart Venture Valley located at the conjunction of Jianshe Road and Longsheng Road, Longhua District, Shenzhen, the PRC	692,000,000	100	692,000,000

	Property	Market value in existing state as at 31 May 2016 (RMB)	Interest attributable to the Target Group (%)	Market value in existing state attributable to the Target Group as at 31 May 2016 (RMB)
5.	The under construction development known as Nanjing Fashion Mark of Nanjing Railway Station, East of Huangjiawei Road, South of South Hongshan Road, North of Huning Railway, Gulou District, Nanjing, Jiangsu Province, the PRC	525,000,000	100	525,000,000
	Sub-total of Group III:	**1,217,000,000**		**1,217,000,000**
Group IV — Properties held by the Target Group for future development in the PRC				
6.	The development site for the proposed development known as Phases 3 and 4 of Huizhou Hidden Bay situated at Lianfeng Village, Renshan Town, Huidong County, Huizhou, Guangdong Province, the PRC	140,000,000	100	140,000,000
7.	The development site for the proposed development known as Phases 3 to 9 of Hangzhou Hidden Valley, Dongqiao Road, Fuyang District, Hangzhou, Zhejiang Province, the PRC	2,110,000,000	100	2,110,000,000
8.	The development site for the proposed development known as Shanghai Puxing Project, Puxing Road, Pudong New District, Shanghai, the PRC	664,000,000	100	664,000,000
	Sub-total of Group IV:	**2,914,000,000**		**2,914,000,000**
	Grand total of Groups I to IV:	**6,257,000,000**		**6,257,000,000**

VALUATION CERTIFICATE

Group I — Completed Properties held by the Target Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
1.	The unsold portion of Phases 1 and 2 Huizhou Hidden Bay situated at Lianfeng Village, Renshan Town, Huidong County, Huizhou, Guangdong Province, the PRC	Phases 1 and 2 of Hidden Bay is erected on 2 parcels of land with a total site area of approximately 128,417.27 sq m. Completed between 2014 and 2016, the property comprises the unsold portion of Phases 1 and 2 of Huizhou Hidden Bay. According to the information provided by the Target Group, the constituent gross floor areas of the property are as follows: **Use** / **Gross Floor Area** *(sq m)* Residential 94,703.68 Retail 3,366.00 Ancillary and others 10,011.56 Total: 108,081.24 The property is located at Lianfeng Village, 20 minutes' drive to Huidong High-speed Railway Station and 1.5 km to Guangzhou-Huizhou Highway Expansion Line. Developments nearby are mainly residential developments. According to the information provided by the Target Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms of 70 years due to expire on 7 March 2081 for residential use, 40 years due to expire on 7 March 2051 for commercial use.	As at the valuation date, the property was vacant.	RMB907,000,000 (100% interest attributable to the Target Group: RMB907,000,000)

Notes:-

(1) According to two State-owned Land Use Rights Certificates dated 5 September 2011 issued by 惠東縣人民政府 (Huidong Municipal People's Government), the land use rights of the property with a total site area of 128,417.27 sq m have been vested in 惠東縣萊洋天置業有限公司 (Huidong Lai Yang Tian Real Estate Co., Ltd.) and 惠東縣萊海天置業有限公司 (Huidong Lai Hai Tian Real Estate Co., Ltd.) with terms due to expire on 7 March 2081 for residential use and 7 March 2051 for commercial use.

Certificate No.	Land use term	Use	Grantee	Site area (sq m)
(2011)140125	7 March 2081 residential use 7 March 2051 commercial use	Residential / Commercial	惠東縣萊洋天置業有限公司	64,567.43
(2011)140127	7 March 2081 residential use 7 March 2051 commercial use	Residential / Commercial	惠東縣萊海天置業有限公司	63,849.84
Total:				128,417.27

(2) According to Land Use Rights Grant Contract No. 441323-2011-000035 entered into between the State Land Resources Bureau of Huidong and 惠東縣寶來貿易有限公司 (Huidong Baolai Trading Co., Ltd.) on 10 March 2011, the land use rights of the property have been contracted to be granted to 惠東縣寶來貿易有限公司 (Huidong Baolai Trading Co., Ltd.) with details as follows:-

(i)	Location	:	Lianfeng Village, Renshan Town, Huidong County
(ii)	Site Area	:	64,567.43 sq m
(iii)	Uses	:	Residential, Commercial
(iv)	Total Gross Floor Area	:	129,134.86 sq m

According to Land Use Rights Grant Contract No. 441323-2011-000032 entered into between the State Land Resources Bureau of Huidong and 惠東縣騰宇貿易有限公司 (Huidong Tengyu Trading Co., Ltd.) on 4 March 2011, the land use rights of the property have been contracted to be granted to 惠東縣騰宇貿易有限公司 (Huidong Tengyu Trading Co., Ltd.) with details as follows:-

(i)	Location	:	Lianfeng Village, Renshan Town, Huidong County
(ii)	Site Area	:	63,849.84 sq m
(iii)	Uses	:	Residential, Commercial
(iv)	Total Gross Floor Area	:	127,699.68 sq m

(3) According to Planning Permit for Construction Use of Land Nos. RS_441323201100081, RS_441323201100078, RS_441323201100079 and RS_441323201100080, the construction site of the property with a site area of 254,655.10 sq m is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works Nos. (2013)000358 and (2014)000229, the construction works of the development with gross floor areas of 161,058.31 sq m and 66,033.39 sq m respectively are in compliance with the construction works requirements and have been approved.

(5) According to Commencement Permit for Construction Works Nos. 442528201211090101 and 441323201404240101 issued by 惠東縣住房和城鄉規劃建設局 (Housing & Urban and Rural Planning and Construction Bureau of Huidong), the construction works of the development with gross floor areas of 161,788.35 sq m and 66,033.39 sq m respectively are in compliance with the requirements for works commencement and have been permitted.

(6) According to Commodity Housing Pre-sale Permit No. 2013013 issued by Huidong Housing Management Bureau on 26 July 2013, pre-sale of residential building of Nos. 2, 3, 4 and 5 with a total gross floor area of 132,739.65 sq m has been approved.

(7) According to Construction Works Completion Examination Record Form Nos. 44252820121090101 and 441323201404240101 dated 9 December 2014 and 26 April 2016 issued by 惠東縣住房和城鄉規劃建設局 (Housing & Urban and Rural Planning and Construction Bureau of Huidong), the subject development with a total gross floor area of 227,413.32 sq m has been completed.

(8) According to the information provided by the Target Group, portion of the property with a total gross floor area of 34,779.77 sq m have been pre-sold at a total consideration of approximately RMB333,909,403. We have included such portions in our valuation.

(9) According to Business Licence No. 441323000033559 on 24 June 2013, 惠東縣萊洋天置業有限公司 (Huidong Lai Yang Tian Real Estate Co., Ltd.) was established with a registered capital of RMB62,500,000 for a valid operation period from 25 February 2011 to 25 February 2041.

(10) We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) 惠東縣萊洋天置業有限公司 (Huidong Lai Yang Tian Real Estate Co., Ltd.) and 惠東縣萊海天置業有限公司 (Huidong Lai Hai Tian Real Estate Co., Ltd.) are the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 惠東縣萊洋天置業有限公司 (Huidong Lai Yang Tian Real Estate Co., Ltd.) and 惠東縣萊海天置業有限公司 (Huidong Lai Hai Tian Real Estate Co., Ltd.) have the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 惠東縣萊洋天置業有限公司 (Huidong Lai Yang Tian Real Estate Co., Ltd.) and 惠東縣萊海天置業有限公司 (Huidong Lai Hai Tian Real Estate Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(11) In accordance with the information provided by the Target Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Works Completion Examination Record Form	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
2.	The unsold portion of Phases 1 and 2 of Hangzhou Hidden Valley, Dongqiao Road, Fuyang District, Hangzhou, Zhejiang Province, the PRC	Upon full completion, Hangzhou Hidden Valley is a residential develoepment erected on 5 parcels of land with a total site area of approximately 287,192.69 sq m and is developed in 9 phases. Completed between 2013 and 2014, the property comprises the unsold residential portion of Phases 1 and 2 of Hangzhou Hidden Valley and has a total gross floor area of 25,863.82 sq m. The property is located at Fuyang District of Hangzhou. Developments nearby are mainly residential developments. According to the information provided by the Target Group, the property is for residential use. The land use rights of the property have been granted for terms due to expire on 13 December 2080 for residential use.	As at the valuation date, the property was vacant.	RMB409,000,000 (100% interest attributable to the Target Group: RMB409,000,000)

Notes:-

(1) According to 5 State-owned Land Use Rights Certificates issued by 富陽國土資源局 (the Fuyang Land Resources Bureau), the land use rights of the property with a total site area of 287,192.69 sq m have been vested in 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.) with terms due to expire on 13 December 2080 for residential use.

Certificate No.	Land use term	Use	Issue date	Site area *(sq m)*
(2011)000979	13 December 2080	Residential	2 March 2011	56,787.63
(2010)009919	13 December 2080	Residential	27 December 2010	54,543.33
(2011)000978	13 December 2080	Residential	2 March 2011	59,332.66
(2011)000716	13 December 2080	Residential	21 February 2011	58,774.63
(2010)009918	13 December 2080	Residential	27 December 2010	57,754.44
Total				287,192.69

(2) According to various Building Ownership Certificates issued by the Bureau of Land Resources and Housing Management of Fuyang Municipality, the building ownership of the property has been vested in 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.).

(3) According to the Target Group, portions of the property with a total gross floor area of 7,275.19 sq m have been committed for sale at a total consideration of approximately RMB144,035,666. We have included such portions and taken into account the consideration in our valuation

(4) We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Target Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	No

VALUATION CERTIFICATE

Group II — Completed Property held by the Target Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
3.	Shanghai Grand Pujian Residence, No. 1100 South Yanggao Road and Nos. 727 & 729 Pujian Road, Pudong New Area, Shanghai, the PRC	The property comprises a 24-storey serviced apartment building erected on a 4-storey retail/ office podium and basement completed in 1998. According to 171 Real Estate Title Certificates, the property has a total gross floor area of 25,960.63 sq m, with details as follows:- **Portion** — **Gross Floor Area** *(sq m)* Residential 14,042.96 Office 4,365.93 Retail 5,648.13 Car Park 1,903.61 Total: 25,960.63 The property is located in Pudong District of Shanghai. Developments nearby are mainly residential in nature. According to the information provided by the Target Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on 23 May 2054 for commercial, office and residential uses.	As at the valuation date, the serviced apartment was subject to tenancies for various terms with the latest tenancy due to expire on 12 April 2017 at a total effective monthly rent of approximately RMB1,033,000 at an occupancy rate of 50%. The office portion was wholly let and subject to tenancies for various terms with the latest tenancy due to expire on 19 August 2020 at a total effective monthly rent of approximately RMB346,000. The retail portion was subject to tenancies for various terms with the latest tenancy due to expire on 7 October 2021 at a total effective monthly rent of approximately RMB586,000 at an occupancy rate of 99%.	RMB810,000,000 (100% interest attributable to the Target Group: RMB810,000,000)

Notes:-

(1) According to 171 Shanghai Real Estate Title Certificates issued by the Shanghai Municipal Building and Land Administrative Bureau, the building ownership of the property comprising a total gross floor area of 25,960.63 sq m has been vested in Shanghai Li Te Man Real Estate Company Limited (上海利特曼置業有限公司). The land use terms of the property are due to expire on 23 May 2054 for commercial, office and residential uses.

(2) We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Real Estate Title Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) 上海利特曼置業有限公司 (Shanghai Li Te Man Real Estate Company Limited) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 上海利特曼置業有限公司 (Shanghai Li Te Man Real Estate Company Limited) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 上海利特曼置業有限公司 (Shanghai Li Te Man Real Estate Company Limited) has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(3) In accordance with the information provided by the Target Group, the status of title and grant of major approvals and licences are as follows:-

Shanghai Real Estate Title Certificate	Yes
Business Licence	No

VALUATION CERTIFICATE

Group III — Properties held by the Target Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
4.	The under construction development known as Shenzhen Smart Venture Valley located at the conjunction of Jianshe Road and Longsheng Road, Longhua District, Shenzhen, the PRC	The property is erected on a parcel of land with a site area of approximately 17,727.72 sq m. Upon completion, the property is an industrial and retail development with planned gross floor area with details as follows: **Portion** — **Gross Floor Area** *(sq m)* Industrial — 74,237.00 Retail — 19,670.00 Staff Dormitory — 10,600.00 Car Park — 26,282.71 Ancillary facilities — 3,904.29 Total: — 134,694.00 The property is scheduled to be completed in September 2017. The land use rights of the property have been granted for terms of 50 years due to expire on 22 December 2064 for industrial use.	As at the valuation date, the property was under construction.	RMB692,000,000 (100% interest attributable to the Target Group: RMB692,000,000)

Notes:-

(1) According to Real Estate Title Certificate of No. (2015)0039524 on 20 November 2015 issued by 中華人民共和國國土資源部 (Ministry of Land and Resources of the People's Republic of China), the land use rights of the property with a total site area of 17,727.72 sq m have been vested in 深圳市磐業科技開發有限公司 (Shenzhen Panye Technology Development Co., Ltd.) with 50 years' terms due to expire on 22 December 2064 for industrial use.

(2) According to Land Use Rights Grant Contract No. (2014)5025 issued by the Planning and Land Resources Committee of Longhua Bureau of Shenzhen on 23 December 2014, the land use rights of the property have been contracted to be granted to 深圳市磐業科技開發有限公司 (Shenzhen Panye Technology Development Co., Ltd.) with details as follows:-

(i)	Location	:	The conjunction of Jianshe Road and Longsheng Road, Longhua area, Shenzhen
(ii)	Site Area	:	17,727.72 sq m
(iii)	Uses	:	Industrial use
(iv)	Total Gross Floor Area	:	106,370.00 sq m

(3) According to Planning Permit for Construction Use of Land No. LA-2015-0031, the construction site of the property with a site area of 17,727.72 sq m is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works No. LA-2015-0060, the construction works of the development with gross floor areas of 111,750.50 are in compliance with the construction works requirements and have been approved.

(5) According to Commencement Permit for Construction Works Nos. 4403002015008801 with gross floor areas of 140,074.5 sq m and 44030020150088002 issued by 深圳市住房和建設局 (Housing and Construction Bureau of Shenzhen), the construction works of the development are in compliance with the requirements for works commencement and have been permitted.

(6) According to the information provided by the Target Group, the expended construction cost as at the valuation date was RMB199,533,964. The estimated outstanding construction cost was RMB51,966,036. In the course of our valuation, we have included such costs.

(7) The estimated market value as if completed of the proposed development is approximately RMB 1,598,000,000.

(8) We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Real Estate Title Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) 深圳市磐業科技開發有限公司 (Shenzhen Panye Technology Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 深圳市磐業科技開發有限公司 (Shenzhen Panye Technology Development Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 深圳市磐業科技開發有限公司 (Shenzhen Panye Technology Development Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(9) In accordance with the information provided by the Target Group, the status of title and grant of major approvals and licences are as follows:-

Real Estate Title Certificate	Yes
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business Licence	No

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
5.	The under construction development known as Nanjing Fashion Mark of Nanjing Railway Station, East of Huangjiawei Road, South of South Hongshan Road, North of Huning Railway, Gulou District, Nanjing, Jiangsu Province, the PRC	The property is erected on a parcel of land with a site area of approximately 16,052.04 sq m. Upon completion, the property is a retail and office development. According to the information provided by the Target Group, the constituent planned gross floor areas of the property are as follows:- **Use** / **Planned Gross Floor Area** *(sq m)* SOHO 21,381.00 Retail 22,875.00 Car park 13,956.00 Ancillary 590.50 Total: 58,802.50 As advised by the Target Group, the property is planned to be completed in 2017. The property is located at the junction of Gulou and Xiaguan District of Nanjing. Developments nearby are mainly residential and commercial developments. According to the information provided by the Target Group, the property is for retail and office uses. The land use rights of the property have been granted for a term due to expire on 18 December 2053 for retail use.	As at the valuation date, the property was under construction.	RMB525,000,000 (100% interest attributable to the Target Group: RMB525,000,000)

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2014)03223 on 17 February 2014 issued by 南京市人民政府 (Nanjing Municipal Government), the land use rights of the property with a total site area of 16,052.04 sq m have been vested in 華潤交通設施投資(南京)有限公司 (China Resources Urban Transportation Infrastructure Investment Limited) for a term due to expire on 18 December 2053 for retail use.

(2) According to Land Use Rights Grant Contract No. 3201012011CR0171 entered into between the State Land Resources Bureau of Nanjing and 華潤交通設施投資(南京)有限公司 (China Resources Urban Transportation Infrastructure Investment Limited) on 12 July 2012 , the land use rights of the property have been contracted to be granted to 華潤交通設施投資(南京)有限公司 (China Resources Urban Transportation Infrastructure Investment Limited) with details as follows:-

(i)	Location	:	Westside of north square of Railway Station, Nanjing
(ii)	Site Area	:	16,052.10 sq m
(iii)	Uses	:	Commercial, Financial
(iv)	Plot Ratio	:	≤ 2.4
(v)	Land Premium	:	RMB180,000,000

(3) According to Planning Permit for Construction Use of Land No. 320107201211342, the construction site of the property with a site area of 16,048.94 sq m is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works No. 320106201510377 issued by 南京市規劃局 (Planning Bureau of Nanjing) on 1 June 2015, the construction works of the development with gross floor areas of 38,472.50 are in compliance with the construction works requirements and have been approved.

(5) According to Commencement Permit for Construction Works No. 320100420140028 with gross floor areas of 58,766.90 sq m issued by 南京市鼓樓區住房和建設局 (Housing and Construction Bureau of Nanjing Gulou District) on 27 November 2014, the construction works of the development are in compliance with the requirements for works commencement and have been permitted.

(6) According to the information provided by the Target Group, the expended construction cost as at the valuation date was RMB126,630,889. The estimated outstanding construction cost was RMB217,509,111. In the course of our valuation, we have included such costs.

(7) The estimated market value as if completed of the proposed development is approximately RMB962,000,000.

(8) According to the information provided by the Target Group, portion of the property with a total gross floor area of 7,128.02 sq m have been pre-sold at a total consideration of approximately RMB176,120,000. We have included such portions in our valuation.

(9) According to Business Licence No. 320100400051394 on 19 February 2014, 華潤交通設施投資(南京)有限公司 was established with a registered capital of RMB210,000,000 for a valid operation period from 8 May 2012 to 7 May 2052.

(10) We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) 南京萊蒙都會房地產開發有限公司 (Nanjing Top Spring Metropolitan Property Development Co. Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 南京萊蒙都會房地產開發有限公司 (Nanjing Top Spring Metropolitan Property Development Co. Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 南京萊蒙都會房地產開發有限公司 (Nanjing Top Spring Metropolitan Property Development Co. Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(11) In accordance with the information provided by the Target Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group IV — Property held by the Target Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
6.	The development site for the proposed development known as Phases 3 and 4 of Huizhou Hidden Bay situated at Lianfeng Village, Renshan Town, Huidong County, Huizhou, Guangdong Province, the PRC	Upon completion, Huizhou Hidden Bay is a residential development erected on 4 parcels of land with a total site area of approximately 126,237.83 sq m. The property comprises the development site for the proposed residential development known as Phases 3 and 4 of Hidden Bay. According to the information provided by the Target Group, the property has a total planned above-ground gross floor area of 312,303.81 sq m. The property is located at Lianfeng Village, 20 minutes' drive to Huidong High-speed Railway Station and 1.5 km to Guangzhou-Huizhou Highway Expansion Line. Developments nearby are mainly residential developments. According to the information provided by the Target Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms of 70 years due to expire on 7 March 2081 for residential use and 40 years due to expire on 7 March 2051 for commercial use.	As at the valuation date, the property was a vacant site.	RMB140,000,000 (100% interest attributable to the Target Group: RMB140,000,000)

Notes:-

(1) According to two State-owned Land Use Rights Certificates issued on 5 September 2011 issued by 惠東縣人民政府 (Huidong Municipal People's Government), the land use rights of the property with a total site area of 254,655.10 sq m have been vested in 惠東縣萊海天置業有限公司 (Huidong Lai Hai Tian Real Estate Co., Ltd.) and 惠東縣萊洋天置業有限公司 (Huidong Lai Yang Tian Real Estate Co., Ltd.) with terms due to expire on 7 March 2081 for residential use and 7 March 2051 for commercial use.

Certificate No.	Land use term	Use	Grantee	Site area (sq m)
(2011)140126	7 March 2081 residential use 7 March 2051 commercial use	Residential / Commercial	惠東縣萊海天置業有限公司	63,256.73
(2011)140128	7 March 2081 residential use 7 March 2051 commercial use	Residential / Commercial	惠東縣萊海天置業有限公司	62,981.10
(2011)140125	7 March 2081 residential use 7 March 2051 commercial use	Residential / Commercial	惠東縣萊洋天置業有限公司	64,567.43
(2011)140127	7 March 2081 residential use 7 March 2051 commercial use	Residential / Commercial	惠東縣萊海天置業有限公司	63,849.84
Total:				254,655.10

(2) According to Land Use Rights Grant Contract No. 441323-2011-000034 entered into between the State Land Resources Bureau of Huidong and 惠東縣騰宇貿易有限公司 (Huidong Tengyu Trading Co., Ltd.) on 4 March 2011, the land use rights of the property have been contracted to be granted to 惠東縣騰宇貿易有限公司 (Huidong Tengyu Trading Co., Ltd.) with details as follows:-

(i)	Location	:	Lianfeng Village, Renshan Town, Huidong County
(ii)	Site Area	:	63,256.73sq m
(iii)	Uses	:	Residential, commercial
(iv)	Total Gross Floor Area	:	126,513.46 sq m

According to Land Use Rights Grant Contract No. 441323-2011-000033 entered into between the State Land Resources Bureau of Huidong and 惠東縣騰宇貿易有限公司 (Huidong Tengyu Trading Co., Ltd.) on 4 March 2011, the land use rights of the property have been contracted to be granted to 惠東縣騰宇貿易有限公司 (Huidong Tengyu Trading Co., Ltd.) with details as follows:-

(i)	Location	:	Lianfeng Village, Renshan Town, Huidong County
(ii)	Site Area	:	62,981.1 sq m
(iii)	Uses	:	Residential, commercial
(iv)	Total Gross Floor Area	:	125,962.2 sq m

According to Land Use Rights Grant Contract No. 441323-2011-000035 entered into between the State Land Resources Bureau of Huidong and 惠東縣寶來貿易有限公司 (Huidong Baolai Trading Co., Ltd.) on 10 March 2011, the land use rights of the property have been contracted to be granted to 惠東縣寶來貿易有限公司 (Huidong Baolai Trading Co., Ltd.) with details as follows:-

(i)	Location	:	Lianfeng Village, Renshan Town, Huidong County
(ii)	Site Area	:	64,567.43 sq m
(iii)	Uses	:	Residential, Commercial
(iv)	Total Gross Floor Area	:	129,134.86 sq m

According to Land Use Rights Grant Contract No. 441323-2011-000032 entered into between the State Land Resources Bureau of Huidong and 惠東縣騰宇貿易有限公司 (Huidong Tengyu Trading Co., Ltd.) on 4 March 2011, the land use rights of the property have been contracted to be granted to 惠東縣騰宇貿易有限公司 (Huidong Tengyu Trading Co., Ltd.) with details as follows:-

(i)	Location	:	Lianfeng Village, Renshan Town, Huidong County
(ii)	Site Area	:	63,849.84 sq m
(iii)	Uses	:	Residential, Commercial
(iv)	Total Gross Floor Area	:	127,699.68 sq m

(3) We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) 惠東縣萊海天置業有限公司 (Huidong Lai Hai Tian Real Estate Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 惠東縣萊海天置業有限公司 (Huidong Lai Hai Tian Real Estate Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 惠東縣萊海天置業有限公司 (Huidong Lai Hai Tian Real Estate Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(4) In accordance with the information provided by the Target Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Land Use Rights Grant Contract	Yes
Business Licence	No

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
7.	The development site for the proposed development known as Phases 3 to 9 of Hangzhou Hidden Valley, Dongqiao Road, Fuyang District, Hangzhou, Zhejiang Province, the PRC	Upon full completion, Hangzhou Hidden Valley is a residential develoepment erected on 5 parcels of land with a total site area of approximately 287,192.69 sq m and is developed in 9 phases. The property comprises the development site for the proposed development known as Phases 3 to 9 of Hangzhou Hidden Valley. According to the information provided by the Target Group, the property has a planned above-ground gross floor area of 278,900.42 sq m. The property is located at Fuyang District of Hangzhou. Developments nearby are mainly residential developments. According to the information provided by the Target Group, the property is for residential use. The land use rights of the property have been granted for terms due to expire on 13 December 2080 for residential use.	As at the valuation date, the property was a vacant site.	RMB2,110,000,000 (100% interest attributable to the Target Group: RMB2,110,000,000)

Notes:-

(1) According to 5 State-owned Land Use Rights Certificates issued by 富陽國土資源局 (the Fuyang Land Resources Bureau), the land use rights of the property with a total site area of 287,192.69 sq m have been vested in 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.) with terms due to expire on 13 December 2080 for residential use.

Certificate No.	Land use term	Use	Issue date	Site area *(sq m)*
(2011)000979	13 December 2080	Residential	2 March 2011	56,787.63
(2010)009919	13 December 2080	Residential	27 December 2010	54,543.33
(2011)000978	13 December 2080	Residential	2 March 2011	59,332.66
(2011)000716	13 December 2080	Residential	21 February 2011	58,774.63
(2010)009918	13 December 2080	Residential	27 December 2010	57,754.44
Total				287,192.69

(2) According to Land Use Rights Grant Contract Nos. 3301832009A21162, 3301832009A21164, 3301832009A21165 and 3301832009A21166 entered into between the State Land Resources Bureau of Fuyang and 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) on 27 November 2009, the land use rights of the property have been contracted to be granted to 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) with details as follows:-

(i)	Location	:	Plot 1, East of Yicheng, Dongzhou Street, Fuyang District
(ii)	Site Area	:	56,787.63 sq m
(iii)	Uses	:	Residential
(iv)	Total Gross Floor Area	:	68,145 sq m

According to Land Use Rights Grant Contract No. 3301832009A21163 entered into between the State Land Resources Bureau of Fuyang and 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) on 27 November 2009, the land use rights of the property have been contracted to be granted to 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) with details as follows:-

(i)	Location	:	Plot 2, East of Yicheng, Dongzhou Street, Fuyang District
(ii)	Site Area	:	54,543.33 sq m
(iii)	Uses	:	Residential
(iv)	Total Gross Floor Area	:	65,452 sq m

According to Land Use Rights Grant Contract No. 3301832009A21164 entered into between the State Land Resources Bureau of Fuyang and 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) on 27 November 2009, the land use rights of the property have been contracted to be granted to 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) with details as follows:-

(i)	Location	:	Plot 3, East of Yicheng, Dongzhou Street, Fuyang District
(ii)	Site Area	:	59,332.66 sq m
(iii)	Uses	:	Residential
(iv)	Total Gross Floor Area	:	71,199 sq m

According to Land Use Rights Grant Contract No. 3301832009A21165 entered into between the State Land Resources Bureau of Fuyang and 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) on 27 November 2009, the land use rights of the property have been contracted to be granted to 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) with details as follows:-

(i)	Location	:	Plot 4, East of Yicheng, Dongzhou Street, Fuyang District
(ii)	Site Area	:	58,774.63 sq m
(iii)	Uses	:	Residential
(iv)	Total Gross Floor Area	:	70,530 sq m

According to Land Use Rights Grant Contract No. 3301832009A21166 entered into between the State Land Resources Bureau of Fuyang and 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) on 27 November 2009, the land use rights of the property have been contracted to be granted to 祥康信息諮詢(深圳)有限公司 (Xiang Kang Information Consulting (Shenzhen) Co., Ltd.) and 萊蒙國際(西溪)有限公司 (Top Spring International (Xixi) Limited) with details as follows:-

(i)	Location	:	Plot 5, East of Yicheng, Dongzhou Street, Fuyang District
(ii)	Site Area	:	57,754.44 sq m
(iii)	Uses	:	Residential
(iv)	Total Gross Floor Area	:	69,305 sq m

According to Supplemental Agreements of the above mentioned Land Use Rights Grant Contracts, the Grantee of the property has been changed to 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.).

(3) According to 5 Planning Permits for Construction Use of Land Nos. 330183201100007 to 330183201100011, the construction site of the property with a total site area of 287,192.69 sq m is in compliance with the urban planning requirements.

(4) We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 萊蒙置業(富陽)有限公司 (Top Spring Zhiye (Fuyang) Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Target Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Use of Land	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
8.	The development site for the proposed development known as Shanghai Puxing Project, Puxing Road, Pudong New District, Shanghai, the PRC	The property comprises the development site for the proposed development known as Shanghai Puxing Project. Upon completion, the property is for commercial and office development erected on three parcels of land Nos. 07-02, 07-07, 07-08 with a total site area of approximately 21,253.40 sq m. According to the information provided by the Target Group, the property has a total planned above-ground gross floor area of 41,181.24 sq m. The property is located at Pudong New District of Shanghai. Developments nearby are mainly residential developments. According to the information provided by the Target Group, the property is for commercial and office use. The land use rights of the property have been granted for terms 40 years for commercial use and 50 years for office use due to expire on 23 April 2055 and 23 April 2065 respectively.	As at the valuation date, the property was a vacant site.	RMB664,000,000 (100% interest attributable to the Target Group: RMB664,000,000)

Notes:-

(1) According to 3 Shanghai Certificate of Real Estate Ownership issued by 上海市規劃和國土資源管理局 (Shanghai Planning, Land & Resources Administration Bureau), the land use rights of the property with a total site area of 21,253.40 sq m have been vested in 上海環唐文化傳播有限公司 (Shanghai Huantang Culture Broadcasting Co., Ltd.) with terms 40 years for commercial use and 50 years for office use due to expire on 23 April 2055 and 23 April 2065 respectively.

Certificate No.	Issue date	Land use term	Use	Site area (*sq m*)
(2015)052799	28 July 2015	23 Apr 2055 23 Apr 2065	Commercial Office	6,627.80
(2015)052807	28 July 2015	25 Apr 2055 23 Apr 2065	Commercial Office	7,108.60
(2015)052805	28 July 2015	24 Apr 2055 23 Apr 2065	Commercial Office	7,517.00
Total				21,253.40

(2) According to Land Use Rights Grant Contract No. (2014)52 entered into between 上海市浦東新區規劃和土地管理局 (Planning & Land Administration Bureau of Shanghai Pudong New District) and上海環唐文化傳播有限公司 (Shanghai Huantang Culture Broadcasting Co., Ltd.) on 6 March 2015, the land use rights of the property have been contracted to be granted to上海環唐文化傳播有限公司 (Shanghai Huantang Cultural Communication Company Limited) with details as follows:-

(i)	Location	:	Puxing Road, Pudong New District
(ii)	Site Area	:	21,253.40 sq m
(iii)	Uses	:	Commercial and Office
(iv)	Total Gross Floor Area	:	41,181.24 sq m

(3) According to three Planning Permits for Construction Use of Land issued by 上海市浦東新區規劃和土地管理局 (Planning & Land Administration Bureau of Shanghai Pudong New District), the construction site of land with a site area of 21,253.40 sq m and a construction scale of 58,007.24 sq m are in compliance with the urban planning requirements and have been approved with the following details:

No.	**Certificate No.**	**Date of issue**	**Project Name**	**Land area** *(sq m)*	**Gross Floor Area** *(sq m)*
1	(2015)EA31011520154095	15-Jul-2015	Puxing District, Planning Unit Y000901, Land Lot Nos. 07-02	6,627.80	17,166.04
2	(2015)EA31011520154096	15-Jul-2015	Puxing District, Planning Unit Y000901, Land Lot Nos. 07-07	7,108.60	19,790.20
3	(2015)EA31011520154097	15-Jul-2015	Puxing District, Planning Unit Y000901, Land Lot Nos. 07-08	7,517.00	21,051.00
			Total:	21,253.40	58,007.24

(4) According to 3 Planning Permits for Construction Works issued by 上海市浦東新區規劃和土地管理局 (Planning & Land Administration Bureau of Shnaghai Pudong New District) between 22 April 2016 and 26 April 2016, the construction works of the property with a permitted gross floor area of 58,791.03 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Commencement Permit for Construction Works Nos. 15JQPD0018D01 with gross floor areas of 58,791.03 sq m issued by 上海市浦東新區建設和交通委員會 (Construction and Transportation Committee of Shanghai Pudong New District) on 6 June 2016, the construction works of the development are in compliance with the requirements for works commencement and have been permitted.

(6) We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) 上海環唐文化傳播有限公司 (Shanghai Huantang Culture Broadcasting Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 上海環唐文化傳播有限公司 (Shanghai Huantang Culture Broadcasting Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 上海環唐文化傳播有限公司 (Shanghai Huantang Cultural Communication Company Limited) has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(7) In accordance with the information provided by the Target Group, the status of title and grant of major approvals and licences are as follows:-

Certificate of Real Estate Ownership	Yes
Land Use Rights Grant Contract	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business License	No

DTZ Cushman & Wakefield Limited, an independent firm of professional valuer, has valued the property interests held by Shanghai Huan Jian, Shanghai Li Te Man, Nanjing Top Spring Metropolitan, Shenzhen Panye, Hui Dong Lai Yang Tian/Hui Dong Lai Hai Tian and Top Spring Zhiye Fuyang as at 31 May 2016. The text of the letter, summary of valuation and the valuation certificate are set out in Appendix V to this circular. The reconciliation between valuation of the property interests held by Shanghai Huan Jian, Shanghai Li Te Man, Nanjing Top Spring Metropolitan, Shenzhen Panye, Hui Dong Lai Yang Tian and Top Spring Zhiye Fuyang as at 31 May 2016 and the net book value of such property interest as at 31 March 2016 is as follow:

(a) Shanghai Huan Jian

	RMB'000
Net book value of the property interests of Shanghai Huan Jian as at 31 March 2016 as presented in the accountant's report set out in Appendix II	
- Properties under development for sale	827,993
Movement for period from 1 April 2016 to 31 May 2016	
- Addition	9,462
- Delivery to third parties of properties held for sale	—
Valuation deficit for the property interests of Shanghai Huan Jian as at 31 May 2016	(173,456)
Valuation of the property interests of Shanghai Huan Jian as at 31 May 2016 as disclosed in valuation report property No. 8 in Appendix V of this circular	**664,000**

(b) Shanghai Li Te Man

	RMB'000
Net book value of the property interests of Shanghai Li Te Man as at 31 March 2016 as presented in the accountant's report set out in Appendix II	
- Investment properties	810,000
Movement for period from 1 April 2016 to 31 May 2016	
- Addition	—
- Disposal	—
Valuation surplus for the property interests of Shanghai Li Te Man as at 31 May 2016	—
Valuation of the property interests of Shanghai Li Te Man as at 31 May 2016 as disclosed in valuation report property No. 3 in Appendix V of this circular	**810,000**

(c) Nanjing Top Spring Metropolitan

	RMB'000
Net book value of the property interests of Nanjing Top Spring Metropolitan as at 31 March 2016 as presented in the accountant's report set out in Appendix II	
- Properties under development for sale	350,459
Movement for period from 1 April 2016 to 31 May 2016	
- Addition	2,605
- Delivery to third parties of properties held for sale	—
Valuation surplus for the property interests of Nanjing Top Spring Metropolitan as at 31 May 2016	171,936
Valuation of the property interests of Nanjing Top Spring Metropolitan as at 31 May 2016 as disclosed in valuation report property No. 5 in Appendix V of this circular	**525,000**

(d) Shenzhen Panye

	RMB'000
Net book value of the property interests of Shenzhen Panye as at 31 March 2016 as presented in the accountant's report set out in Appendix II	
- Properties under development for sale	1,583,051
Movement for period from 1 April 2016 to 31 May 2016	
- Addition	26,295
- Delivery to third parties of properties held for sale	—
Exclusion of fair value of the resettlement house of the city renewal project held by Shenzhen Panye included in the net book value of the properties interests of Shenzhen Panye as at 31 May 2016	(912,797)
Valuation deficit for the properties interest of Shenzhen Panye as at 31 May 2016	(4,549)
Valuation of the property interests of Shenzhen Panye as at 31 May 2016 as disclosed in valuation report property No. 4 in Appendix V of this circular	**692,000**

(e) Hui Dong Lai Yang Tian/Hui Dong Lai Hai Tian

	RMB'000
Net book value of the property interests of Hui Dong Lai Yang Tian/Hui Dong Lai Hai Tian as at 31 March 2016 as presented in the accountant's report set out in Appendix II	
- Properties under development for sale	649,753
- Completed properties for sale	275,432
	925,185
Movement for period from 1 April 2016 to 31 May 2016	
- Addition	15,173
- Delivery to third parties of properties held for sale	—
Valuation surplus for the property interests of Hui Dong Lai Yang Tian/Hui Dong Lai Hai Tian as at 31 May 2016	106,642
Valuation of the property interests of Hui Dong Lai Yang Tian/Hui Dong Lai Hai Tian as at 31 May 2016 as disclosed in valuation report property No. 1 and No. 6 in Appendix V of this circular	**1,047,000**

(f) Top Spring Zhiye Fuyang

	RMB'000
Net book value of the property interests of Top Spring Zhiye Fuyang as at 31 March 2016 as presented in the accountant's report set out in Appendix II	
- Properties under development for sale	1,706,667
- Completed properties for sale	339,070
	2,045,737
Movement for period from 1 April 2016 to 31 May 2016	
- Addition	450
- Delivery to third parties of properties held for sale	—
Valuation surplus for the property interests of Top Spring Zhiye Fuyang as at 31 May 2016	472,813
Valuation of the property interests of Top Spring Zhiye Fuyang as at 31 May 2016 as disclosed in valuation report property No. 2 and No. 7 in Appendix V of this circular	**2,519,000**

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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's Interest in the securities of the Company

As at the date of the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company or their respective associates had or was deemed to have any interests and 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) (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(i) Interest in Shares of the Company and/or associated corporation

Name of Director	Nature of Interest	Relevant company (including associated corporations)	Number of shares of the relevant company(1)	Approximate percentage of interest in the relevant company
Mr. Sun Hongbin	Interest in a controlled corporation(2)	The Company	1,589,549,451(L)	46.73%
	Beneficial interest	The Company	10,090,000(L)	0.30%
	Beneficial interest	Sunac International Investment Holding Ltd ("**Sunac International**")(3)	1(L)	100%
Mr. Wang Mengde	Beneficial interest	The Company	3,300,000(L)	0.1%
Mr. Jing Hong	Beneficial interest	The Company	650,000(L)	0.02%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Mr. Sun is the beneficial owner of 100% of the issued share capital of Sunac International and is deemed to be interested in the Shares held by Sunac International.

(3) Sunac International is the holding company of the Company and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO.

(ii) Interest in the underlying shares of our Company

Name of Director	Nature of Interest	Number of Underlying Shares (Note)	Approximate percentage of interest in the relevant company
Mr. Sun Hongbin	Beneficial interest(1)	1,300,000	0.04%
Mr. Wang Mengde	Beneficial interest(1)	9,700,000	0.29%
Mr. Jing Hong	Beneficial interest(1)	8,950,000	0.26%
Mr. Chi Xun	Beneficial interest(1)	9,200,000	0.27%
Mr. Shang Yu	Beneficial interest(1)	7,450,000	0.22%
Mr. Li Shaozhong	Beneficial interest(1)	8,000,000	0.24%

Note:

(1) The interests in the underlying shares are in relation to the options granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and a new share option scheme.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has, or is deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial shareholders' interest

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions 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 any other member of the Group.

Long positions in the Shares and underlying Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares interested	Approximate % of the issued share capital of the Company
Sunac International	Beneficial interest	1,589,549,451	46.73%

Save as disclosed above, as at the Latest Practicable Date, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the Shares or underlying Shares of the Company which were recorded in the register kept by the Company pursuant to section 336 of the SFO 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 any other member of the Group.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates is and was interested in any business apart from the Group's businesses which competes, or may compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

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

7. MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

8. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

(a) the Original Framework Agreement;

(b) the Sale and Purchase Agreements;

(c) the Master Pledge Agreement;

(d) the Supplemental Agreements;

(e) the cooperation agreement dated 18 March 2016 entered into between Shanghai Sunac Property Development Co., Ltd. ("**Shanghai Sunac**"), a wholly-owned subsidiary of the Company, and Shanghai Moke Real Estate Co. Ltd (上海摩克房地產有限公司) ("**Shanghai Moke**") in connection with the formation of a joint venture and the acquisition of two target projects. Pursuant to the cooperation agreement, the equity interests of the joint venture will ultimately be held as to 80% and 20% by Shanghai Sunac and Shanghai Moke, respectively, and the joint venture will be responsible for the development of the two target projects. The aggregate amount payable by Shanghai Sunac under the cooperation agreement is approximately RMB3,305,347,400 together with accrued interest;

(f) the cooperation agreement dated 25 February 2016 entered into between Tianjin Sunac Ao Cheng Investment Co., Ltd ("**Tianjin Sunac Ao Cheng**"), a wholly-owned subsidiary of the Company, as purchaser, Sunac Real Estate Group Co. Ltd ("Sunac Real Estate"), as guarantor of the purchaser, Zhengzhou Meisheng Real Estate Development Co. Ltd. (鄭州美盛房地產開發有限公司) ("**Zhengzhou Meisheng**") as Vendor and Henan Zhaoteng Investment Co. Ltd (河南省兆騰投資有限公司), as guarantor of the vendor, pursuant to which, Tianjin Sunac Ao Cheng agreed to acquire and Zhengzhou Meisheng agreed to dispose of 70% equity and debt interests in Zhongmu Meisheng Real Estate Co., Ltd (中牟美盛置業有限公司) ("**Zhongmu Meisheng**") at a total consideration of RMB753,916,863.21;

(g) the two equity transfer agreements dated 1 February 2016 entered into between Shanghai Sunac, as purchaser, and Der Group Co. Ltd. ("**Der Group**") and Mr. HE Yonggang as vendors (collectively the "**Vendors**"), pursuant to which (i) Shanghai Sunac agreed to acquire and the Vendors agreed to dispose of the entire equity and debt interests in Suzhou Der Taihu Bay Properties Co., Ltd. ("**Suzhou Der Taihu Bay**"), of which the consideration for (a) the equity interests amounted to RMB404,459,419; and (b) the entire outstanding shareholder's loan owed by Suzhou Der Taihu Bay to the Vendors amounted to RMB685,540,581, representing an aggregate consideration of RMB1,090,000,000 ("**Acquisition I**"); and (ii) Shanghai Sunac agreed to acquire and the Vendors agreed to dispose of the entire equity and debt interests in Suzhou Der Taihu Town Real Estate Co., Ltd. ("**Suzhou Der Taihu Town**"), of which the consideration for (a) the equity interests amounted to RMB28,308,318; and (b) the entire outstanding shareholder's loan owed by Suzhou Der Taihu Town to the Vendors amounted to RMB51,691,682, representing an aggregate consideration of RMB80,000,000 ("**Acquisition II**"). As such, the total consideration for the transactions contemplated under Acquisition I and Acquisition II is RMB1,170,000,000;

(h) the equity transfer agreements dated 15 January 2016 entered into between Shanghai Sunac Ruifeng, and each of Beijing Fengdan, Shenzhen Hua Shun, Shenzhen Zhongshan and SZITIC Property (as vendors), respectively with respect to the acquisition of an aggregate of 37.855% equity interests and debts in Shanghai Fengdan for a total aggregate consideration of RMB1,324,925,000 comprising (i) RMB1,173,957,706 as the consideration for the equity interests and (ii) RMB150,967,294 as the outstanding shareholder's loan owing by Shanghai Fengdan to each of the aforesaid vendors;

(i) the equity transfer agreement dated 13 January 2016 entered into between Shanghai Sunac and Jiangsu Youyi Hesheng Property Development Co., Ltd. ("**Jiangsu Youyi**") for an aggregate consideration of RMB1,038,234,731, pursuant to which (i) Shanghai Sunac agreed to acquire and Jiangsu Youyi agreed to dispose of, 95% equity interests in Suzhou Xinyou Real Estate Co. Ltd. (蘇州新友置地有限公司) ("**Suzhou Xinyou**"), for RMB183,652,145, and (ii) Shanghai Sunac agreed to repay on behalf of Suzhou Xinyou the entire outstanding shareholder's loan in the amount of RMB854,582,586 owing by it to Jiangsu Youyi;

(j) the agreement dated 4 January 2016 entered into between Shanghai Sunac Ruifeng and Shanghai Pudong Development, pursuant to which Shanghai Sunac Ruifeng agreed to acquire an 9.4% interest in Shanghai Huafeng for a consideration of RMB752,000,000 and Shanghai Pudong Development was entrusted to hold the 9.4% indirect interests in Shanghai Huafeng on behalf of Shanghai Sunac Ruifeng;

(k) the supplemental agreement dated 30 November 2015 entered into between, among others, Tianjin Sunac Ao Cheng Investment Co., Ltd ("**Tianjin Sunac Ao Cheng**") and Sunac Real Estate Group Co. Ltd ("**Sunac Real Estate**"), which are both wholly-owned subsidiaries of the Company and Xian Titan Real Estate Group Co., Ltd ("**Xian Titan**"), pursuant to which the parties thereto agreed to amend and supplement the cooperative agreement dated 2 September 2015 with respect to the acquisition of Jinan Lihao Properties Co., Ltd. (濟南立皓置業有限公司) and Jinan Liyuan Properties Co., Ltd. (濟南立遠置業有限公司);

(l) the supplemental agreements dated 30 November 2015 entered into between, among others, Tianjin Sunac Ao Cheng and Sunac Real Estate and Xian Titan, pursuant to which the parties thereto agreed to amend and supplement the cooperative agreement dated 2 September 2015 with respect to the acquisition of Tianmao Properties (Nanjing)., Ltd. (天茂置業(南京)有限公司), Titan International Investment Group Limited and Nanjing Titan Technology Investment Development Co., Ltd. (南京天朗科技投資發展有限公司);

(m) equity transfer agreement dated 29 October 2015 entered into between Shanghai Sunac Real Estate Development Co., Ltd ("**Shanghai Sunac Real Estate**"), a wholly-owned subsidiary of the Company, as purchaser, and Shanghai Yuehua Kangjian Investment Management Co., Ltd ("**Shanghai Yuehua**") as vendor, pursuant to which Shanghai Sunac Real Estate agreed to, or would procure its designated wholly-owned subsidiary to, acquire and Shanghai Yuehua agreed to dispose of, the entire equity interest in Shanghai Lingwu Investment Management Co., Ltd. ("**Shanghai Lingwu**") and the outstanding shareholder's loan owing by Shanghai Lingwu to Shanghai Yuehua at a total consideration of RMB1,400,000,000;

(n) the strategic cooperation agreement dated 8 September 2015 entered into between the Company and Yurun Holdings Group Company Limited (雨潤控股集團有限公司) in respect of the strategic cooperation with each other; And on 18 September 2015, upon arm's length negotiation between the parties, the parties decided not to proceed with the cooperation;

(o) the cooperative agreement dated 2 September 2015 entered into between, among others, Tianjin Sunac Ao Cheng and Sunac Construction, which are both wholly-owned subsidiaries of the Company, and Xian Titan Real Estate Group Co., Ltd ("**Xian Titan**"), pursuant to which Tianjin Sunac Ao Cheng and Xian Titan agreed to cooperate to establish a joint venture company in Xian, the PRC (the "Joint Venture") with a registered capital of RMB100 million, and was contributed as to 80% by Tianjian Sunac Ao Cheng and 20% by Xian Titan. Upon establishment of the Joint Venture, it shall (i) acquire the equity interest in theXian Target Project-under-development in Xian for a total consideration of RMB187.9 million; (ii) acquire and develop the Project-to-be-developed in Xian; and (iii) cooperate with Xian Titan in the future to acquire and develop the Reserve Projects in Xian. Further, pursuant to the Cooperative Agreement, Tianjin Sunac Ao Cheng or its designated company agreed to acquire the 100% equity interest in the projects of Titan Holding Companies located in Jinan, Nanjing and Chengdu for a total consideration of RMB496.17 million;

(p) the equity transfer agreement dated 26 August 2015 entered into between Shanghai Sunac Ruifeng, an indirect wholly-owned subsidiary of the Company, as purchaser, and Shenzhen Shenshangzhi Management Co., Ltd. ("**SZ Shenshangzhi**") as vendor, pursuant to which Shanghai Sunac Ruifeng agreed to acquire and SZ Shenshangzhi agreed to dispose of, 14% equity interest in Shanghai Fengdan and the outstanding shareholder's loan owing by Shanghai Fengdan to SZ Shenshangzhi at a total consideration of RMB329,000,000;

(q) the equity transfer agreement dated 26 August 2015 entered into between Shanghai Sunac Ruifeng as purchaser, and China Resources SZITIC Investment Ltd. ("**CR SZITIC Investment**") as vendor, pursuant to which Shanghai Sunac Ruifeng agreed to acquire and CR SZITIC Investment agreed to dispose of, 10.29% equity interest in Shanghai Fengdan and the outstanding shareholder's loan owing by Shanghai Fengdan to CR SZITIC Investment at a total consideration of RMB241,815,000;

(r) the acquisition agreement dated 24 July 2015 entered into between, among others, Ease Success Holdings Limited ("**Ease Success**"), a wholly-owned subsidiary of the Company, as purchaser, and Marvel Leader Investments Limited ("**Marvel Leader**") as vendor, pursuant to which Ease Success conditionally agreed to acquire and Marvel Leader conditionally agreed to dispose of the entire issued shares in Joyview Group Limited ("**Joyview**") which in turn indirectly owned as to 80% equity interests in the Target Company and the outstanding shareholder 's loan owing by Joyview to Marvel Leader at a total consideration is RMB2,755,553,457.92;

(s) the acquisition agreement dated 24 July 2015 entered into between, among others, Chongqing Sunac Foundation Real Estate Development Co. Ltd. ("**Chongqing Sunac Foundation**"), a wholly-owned subsidiary of the Company, as purchaser, and Sichuan Guojia Real Estate Co. Ltd. ("**Sichuan Guojia**") as vendor, pursuant to which Chongqing Sunac Foundation conditionally agreed to acquire and Sichuan Guojia conditionally agreed to dispose of 20% equity interest in Chengdu Guojia Zhide Zhiye Co., Ltd. and the outstanding shareholder's loan and interest owing by the Target Company to Sichuan Guojia at a total consideration of RMB450,000,000;

(t) the termination agreement dated 16 June 2015 to terminate certain acquisition agreements entered into by the Group on 31 January 2015, as further set out in the Company's announcement dated 16 June 2015;

(u) the termination agreement dated 26 May 2015 entered into among the parties to terminate the share purchase agreement dated 31 January 2015 entered into among Da Chang Investment Company Limited, Da Feng Investment Company Limited and Da Zheng Investment Company Limited (as the vendors), Ease Success Holdings Limited, Mr. Kwok Chun Wai, Mr. Kwok Ying Chi and Mr. Kwok Ying Shing and the Company, pursuant to which, the aforesaid vendors conditionally agreed to sell an aggregate of 2,529,196,133 shares of Kaisa Group Holdings Ltd. ("**Kaisa**") beneficially held by them in the issued share capital of Kaisa;

(v) framework agreement dated 15 May 2015 between the Company and Greentown China Holdings Limited ("**Greentown China**") pursuant to which it is conditionally agreed that the Group would transact with the Greentown China and its subsidiaries (the "**Greentown Group**") in relation to the following proposed transactions: (i) disposal of 50% equity interests by Shanghai Greentown Forest Golf Villa Development Co., Ltd ("**Shanghai Forest Golf**"), and assignment of shareholder's loan of Zhejiang Jinying Realty Co., Ltd

("**Zhejiang Jinying**") by Sunac Construction to Greentown Real Estate Group Co., Ltd ("**Greentown Real Estate**"); (ii) disposal of 45% equity interests in and assignment of shareholder's loan of Beijing Xingye Wanfa Real Estate Development Co., Ltd ("**Beijing Xingye Wanfa**") by Sunac Construction to Greentown Real Estate; (iii) disposal of the return on investment of 51% equity interests in Shanghai Huazhe Bund held by Shanghai Sunac Greentown to Greentown Real Estate; (iv) acquisition development of the Tianjin National Game Village Project on a joint venture basis in the proportion of 49:51 by the Company and Greentown China; (v) acquisition of 50% equity interests in Shanghai Sunac Greentown by Shanghai Sunac Real Estate from Greentown Investment; and (vi) acquisition of 50% issued share capital of Sunac Greentown by the Company from Greentown China;

(w) equity transfer agreement dated 16 February 2015 entered into among Shanghai Sunac Ruifeng, as the purchaser, Beijing Fengdan, Shenzhen Zhongshan, Shenzhen Hua Shun and SZITIC Property, as the vendors with respect to the acquisition of equity interests and debt in Shanghai Fengdan. The total consideration payable for the acquisition of 12.5%, 5%, 12.5% and 7.855% equity interests held by Beijing Fengdan, Shenzhen Zhongshan, Shenzhen Hua Shun and SZITIC Property is RMB437,500,000, RMB175,000, RMB437,500,000 and RMB274,925,000, respectively;

(x) acquisition agreement dated 30 January 2015 entered into among Tianjin Tengyao Property Company Limited (天津騰耀置業有限公司) ("**Tianjin Tengyao**"), an indirect wholly-owned subsidiary of the Company, as the purchaser, Tianjin Rongchuang Aocheng Investment Company Limited (天津融創奧城投資有限公司) ("**Tianjin Rongchuang**"), an indirect wholly-owned subsidiary of the Company, as the purchaser guarantor, Shanghai Xinwan Investment Development Company Limited (上海新灣投資發展有限公司) ("**Shanghai Xinwan**"), an indirect wholly-owned subsidiary of Kaisa, as the vendor, Kaisa Group (Shenzhen) Co., Ltd. ("**Kaisa Shenzhen**"), an indirect wholly-owned subsidiary of Kaisa, as the vendor guarantor and Shanghai Qingwan Zhaoye Property Development Company Limited (上海青灣兆業房地產開發有限公司) ("**Shanghai Qingwan**") in relation to the acquisition of 100% of the equity interests and debt of Shanghai Qingwan at a total consideration of RMB 1,166,750,000;

(y) acquisition agreement dated 30 January 2015 entered into among Tianjin Tengyao as the purchaser, Tianjin Rongchuang as the purchaser guarantor, Shanghai Xinwan as the vendor, Kaisa (Shenzhen) as the vendor guarantor and Shanghai Rongwan Zhaoye Property Development Company Limited ("**Shanghai Rongwan**") in relation to the acquisition of the equity interests and debt of Shanghai Rongwan for a total consideration of RMB609,630,000;

(z) acquisition agreement dated 30 January 2015 entered into among Tianjin Tengyao as the purchaser, Tianjin Rongchuang as the purchaser guarantor, Shanghai Xinwan as the vendor, Kaisa (Shenzhen) as the vendor guarantor, Shanghai Yingwan Zhaoye Property

Development Company Limited ("**Shanghai Yingwan**") and Shanghai Chengwan Zhaoye Property Development Company Limited ("**Shanghai Chengwan**") in relation to the acquisition of 51% of the equity interests and debt of Shanghai Yingwan and Shanghai Chengwan for a total consideration of RMB589,560,000;

(aa) share sale and purchase agreement dated 30 December 2014 entered into among Lead Sunny as purchaser, Sunac Greentown as vendor and the Company as the purchaser's guarantor in relation to the acquisition of the entire issued share capital in Elegant Trend Limited held by Sunac Greentown (the "**Offshore Transaction**") at the Offshore Target Equity Consideration of RMB5,676,740,000 and the Offshore Target Debt Consideration of RMB725,000,000;

(bb) deed of indemnity and undertaking dated 30 December 2014 entered into by and among the Company, Sunac Greentown and Lead Sunny in favour of Greentown China in relation to the obligation of the Company, Sunac Greentown and Lead Sunny to procure the repayment of the outstanding amount under the US$450,000,000 term loan facility agreement dated 23 July 2013 entered into, among others, Sunac Greentown as borrower and Industrial and Commercial Bank of China (Asia) Limited, as facility agent (the "**Existing Term Facility**") and to release Greentown China from any liability or obligation in relation to the Existing Term Facility arising out of the Offshore Transaction;

(cc) framework agreement dated 30 December 2014 entered into by and among Tianjin Sunac Ao Cheng as purchaser and Shanghai Sunac Greentown as vendor in relation to the sale and purchase of the entire or certain equity interests of 15 Onshore Target Companies (as defined in the announcement of the Company dated 31 December 2014);

(dd) framework agreement dated 30 December 2014 entered into between Tianjin Sunac Ao Cheng and Shanghai Sunac Greentown in relation to the assignment of certain debt due and owing by the Onshore Target Companies to Shanghai Sunac Greentown at the Onshore Target Equity Consideration of approximately RMB5,614,920,000 and the Onshore Target Debt Consideration of approximately RMB3,529,380,000;

(ee) termination agreement dated 18 December 2014 entered into among Lead Sunny Investments Limited, Delta House Limited, Wisearn Limited and Profitwise Limited and the parties' respective guarantor, pursuant to which, each of the parties has agreed to terminate the sale and purchase agreement dated 22 May 2014 entered into among Lead Sunny Investments Limited, a direct wholly-owned subsidiary of the Company, as the purchaser, Delta House Limited, Wisearn Limited and Profitwise Limited, as the vendors, and the respective guarantor of the purchaser and the vendors, pursuant to which, the purchaser agreed to acquire 524,851,793 shares in the capital of Greentown China and the aforementioned sale and purchase agreement dated 22 May 2014;

(ff) purchase agreement dated 2 December 2014 entered into among the Company, the Subsidiary Guarantors and the Subsidiary Guarantor Pledgors, HSBC, Citigroup, Credit Suisse, ICBC International and Morgan Stanley in relation to the issuance of US$400 million 8.75% senior notes due 2019; and

(gg) equity transfer agreement dated 7 November 2014 entered into among Shanghai Ronglv Ruijiang Real Estate Company Ltd, a non-wholly owned subsidiary of the Company, as the purchaser, Shanghai Shenjiang Cross-strait Development and Construction Investment (Group) Company Limited, as the vendor, pursuant to which the purchaser has agreed to acquire the 47% equity interest in Shanghai Fuyuan Binjiang Development Company Limited for a total consideration of RMB1,574,986,146.76, comprising of (i) a transfer price of RMB977,374,550.83 in relation to the 47% equity interest in Shanghai Fuyuan Binjiang; and (ii) a debt amount of RMB597,611,595.93 owing by Shanghai Fuyuan Binjiang to Shanghai Shenjiang Cross-strait.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert whose name/advices and/or reports are contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong
KPMG	Certified Public Accountants, Hong Kong
DTZ Cushman & Wakefield Limited	Independent professional valuer
Zhong Lun Law Firm	Legal adviser as to PRC law

(Collectively, the "**Experts**")

As at the Latest Practicable Date, each of the above expert (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2015 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

10. LITIGATION

As at the Latest Practicable Date, none of the members of the 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 Group.

11. GENERAL

(a) The registered office of the Company is Landmark Square, 3rd floor, 64 Earth Close, P. O. Box 30592, Grand Cayman KY1-1203, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

(c) The Company has engaged Mr. Gao Xi ("**Mr. Gao**") as one of its joint company secretaries with Ms. Mok Ming Wai ("**Ms. Mok**") since 7 September 2015. Ms. Mok is a director of KCS Hong Kong Limited. She has over 15 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

As disclosed in the Company's announcement dated 7 September 2015, Mr. Gao, aged 35, is currently a company secretary and a general manager of the investor relations department of the Company. Since joining the Group in 2007, he had held different positions in various departments of the Group, including the capital operations centre, financial management center and financing management department. Since 2011, he began to act successively as the manager, director and general manager of the investor relations department of the Company. Mr. Gao has participated in the work in relation to the Company's initial public offering, and upon the listing of the shares of the Company on the Stock Exchange in 2010, he contributed to establish the investor relations department, where he is mainly responsible for listing compliance, corporate governance, investor relations and offshore financing related matters. Mr. Gao graduated from Shanxi University of Finance & Economics in 2008 with a master's degree in quantitative economics.

(d) The Cayman Islands principal share registrar and transfer office is Royal Bank of Canada Trust Company, (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.

(e) The Hong Kong branch share registrar and transfer is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday (except public holidays) at the head office of the Company in Hong Kong at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong up to and including for 14 days from the date of this circular:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2014 and 31 December 2015;

(c) the accountant's reports issued by KPMG on the financial information on the Target Companies, the text of which are set out in Appendix II to this circular;

(d) the report on unaudited pro forma financial information of the Enlarged Group from PricewaterhouseCoopers, the text of which are issued by PricewaterhouseCoopers, as set out in Appendix IV to this circular;

(e) the valuation report on the properties of the Target Group issued by DTZ Cushman & Wakefield Limited as set out in Appendix V to this circular;

(f) the letters of consent referred to in the paragraph headed "Expert's Qualification and Consent" in this Appendix;

(g) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix; and

(h) this circular.

SUNAC CHINA HOLDINGS LIMITED
融 創 中 國 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**Meeting**") of Sunac China Holdings Limited (the "**Company**") will be held at Multifunctional Hall, 2nd Floor, Xishanhui Business Club, 1 Dehui Road, Haidian District, Beijing, China on 16 August 2016 at 10 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

1. "**THAT**:

(a) the framework agreement dated 19 May 2016 as amended by the two supplemental agreements both dated 22 July 2016 (the "**Framework Agreement**", a copy of which is marked "A" and signed by the chairman of the Meeting for the purpose of identification) entered into between Top Spring International Holdings Limited (萊蒙國際集團有限公司) and the Company in relation to the acquisition of the Project Companies (as defined in the Company's circular dated 29 July 2016 ("**Circular**")) and all the transactions contemplated thereunder, including but not limited to the entering into by the Group of the Sale and Purchase Agreements, the Master Pledge Agreement, the Pledge Agreements and the Transactions (as respectively defined in the Circular) be and are hereby approved, confirmed and/or ratified (as the case may be); and

(b) any one director of the Company ("**Director**") or (if affixing of seal is required) any two Directors be authorised for and on behalf of the Company, among others, to sign, execute, perfect, deliver (including under seal where applicable) all such other documents and deeds, and to do or authorise doing all such acts, matters and things, as he may in his absolute discretion consider necessary, expedient or desirable to give effect to and implement and/or complete all matters in connection with the matters contemplated under the Framework Agreement, including but not limited to the Sale and Purchase Agreements, the Master Pledge Agreement and the Pledge Agreements, and to waive compliance from or make and agree such variations of a non-material nature to any of the terms of the Framework Agreement and such documents and deeds contemplated thereunder as he may in his absolute discretion consider to be desirable and in the interests of the Company and all of such acts of the Director(s) as aforesaid be hereby approved, ratified and confirmed."

By order of the Board
Sunac China Holdings Limited
SUN Hongbin
Chairman

Hong Kong, 29 July 2016

Registered office:
Landmark Square
3rd Floor
64 Earth Close
P.O. Box 30592
Grand Cayman KY1-1203
Cayman Islands

Head office:
10F, Building C7
Magnetic Plaza
Binshuixi Road
Nankai District
Tianjin 300381
PRC

Principal place of business in Hong Kong:
36/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

(i) A shareholder entitled to attend and vote at the above Meeting is entitled to appoint another person as his/her proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each proxy is so appointed.

(ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the persons so present whose name stands first on the register of shareholders in respect of such share shall alone be entitled to vote in respect thereof.

(iii) In order to be valid, a form of proxy in the prescribed form must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712 — 1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

(iv) The transfer books and register of shareholders will be closed from 15 August 2016 to 16 August 2016, both days inclusive, in order to determine the entitlement of shareholders to attend the above meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 12 August 2016.

(v) As at the date of this notice, the executive Directors are Mr. Sun Hongbin, Mr. Wang Mengde, Mr. Jing Hong, Mr. Chi Xun, Mr. Shang Yu and Mr. Li Shaozhong; the non-executive Director is Mr. Zhu Jia, and the independent non-executive Directors are Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai.