

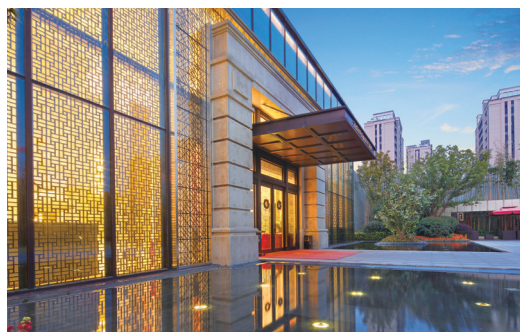
Zhenro 正榮地產

正榮地產集團有限公司
Zhenro Properties Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6158

GLOBAL OFFERING



Sole Sponsor



Joint Global Coordinators



Joint Bookrunners and Joint Lead Managers



IMPORTANT

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

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GLOBAL OFFERING

Number of Offer Shares under : 1,000,000,000 Shares (subject to the
the Global Offering Over-allotment Option)
Number of Hong Kong Offer Shares : 100,000,000 Shares (subject to reallocation)
Number of International Offer Shares : 900,000,000 Shares (subject to reallocation and
the Over-allotment Option)
Maximum Offer Price : HK\$4.08 per Offer Share, plus brokerage of
1%, SFC transaction levy of 0.0027% and
Stock Exchange trading fee of 0.005%
(payable in full on application in Hong Kong
dollars and subject to refund)
Nominal value : US\$0.00001 per Share
Stock code : 6158

Sole Sponsor



Joint Global Coordinators



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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be determined by agreement between the Sole Representative (for itself and on behalf of the other Underwriters) and our Company on or around Tuesday, January 9, 2018 and, in any event, not later than Friday, January 12, 2018. The Offer Price will be not more than HK\$4.08 per Offer Share and is currently expected to be not less than HK\$3.40 per Offer Share, unless otherwise announced. Applicants for the Hong Kong Offer Shares are required to pay, upon application, the maximum Offer Price of HK\$4.08 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$4.08 per Offer Share.

If, for any reason, the Offer Price is not agreed by Friday, January 12, 2018 between the Sole Representative (for itself and on behalf of the other Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Sole Representative (for itself and on behalf of the other Underwriters) may, where considered appropriate and with our consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$3.40 to HK\$4.08) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of the Stock Exchange at www.hkexnews.hk and on the website of our Company at www.zhenrodc.com. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares." If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors".

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Sole Representative (for itself and on behalf of the other Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination." It is important that you refer to that section for further details.

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

December 28, 2017

EXPECTED TIMETABLE ⁽¹⁾

If there is any change in the following expected timetable, our Company will issue an announcement to be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.zhenrodc.com.

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from 9:00 a.m. on Thursday, December 28, 2017

Latest time for completing electronic applications

under **White Form eIPO** service through

the designated website www.eipo.com.hk⁽²⁾ 11:30 a.m. on Monday, January 8, 2018

Application lists open⁽³⁾ 11:45 a.m. on Monday, January 8, 2018

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

Application Forms 12:00 noon on Monday, January 8, 2018

Latest time for completing payment of **White Form**

eIPO applications by effecting internet banking

transfer(s) or PPS payment transfer(s) 12:00 noon on Monday, January 8, 2018

Latest time for giving **electronic application**

instructions to HKSCC⁽⁴⁾ 12:00 noon on Monday, January 8, 2018

Application lists close⁽³⁾ 12:00 noon on Monday, January 8, 2018

Expected Price Determination Date⁽⁵⁾ Tuesday, January 9, 2018

(1) Announcement of the final Offer Price, the results of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before Monday, January 15, 2018

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" from Monday, January 15, 2018

EXPECTED TIMETABLE ⁽¹⁾

- (3) A full announcement containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.zhenrodc.com ⁽⁶⁾ from Monday, January 15, 2018

Results of allocations in the Hong Kong Public Offering will be available at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function from Monday, January 15, 2018

Despatch/collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before ⁽⁷⁾⁽⁹⁾ Monday, January 15, 2018

Despatch/collection of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before ⁽⁸⁾⁽⁹⁾ Monday, January 15, 2018

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on Tuesday, January 16, 2018

The application for the Hong Kong Public Offering will commence on Thursday, December 28, 2017 through Monday, January 8, 2018, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Monday, January 15, 2018. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, January 16, 2018.

Notes:

- (1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.
- (2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, January 8, 2018, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists." If the application lists do not open and close on Monday, January 8, 2018, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.

EXPECTED TIMETABLE ⁽¹⁾

- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS.”
- (5) The Price Determination Date is expected to be on or around Tuesday, January 9, 2018 and, in any event, not later than Friday, January 12, 2018. If, for any reason, the Offer Price is not agreed between the Sole Representative (for itself and on behalf of the other Underwriters) and us by Friday, January 12, 2018, the Global Offering will not proceed and will lapse.
- (6) Neither our Company’s website or any of the information contained on our Company’s website forms part of this prospectus.
- (7) Share certificates of the Offer Shares will only become valid at 8:00 a.m. on Tuesday, January 16, 2018 provided that the Global Offering has become unconditional in all respects, and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.
- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheques.
- (9) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, January 15, 2018 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation’s chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants’ stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply via Electronic Application Instructions to HKSCC” for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

EXPECTED TIMETABLE ⁽¹⁾

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

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

The above expected timetable is a summary only. You should refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

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IMPORTANT NOTICE TO INVESTORS

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

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full text of this prospectus. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in “Risk Factors”. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a large comprehensive property developer in the PRC focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group’s exclusive platform to carry out its property development business founded in 1998. We have inherited from Zhenro Group extensive experience and sophisticated property development capabilities. Zhenro Group has earned the accolade of a top 100 real estate developer in China for 13 consecutive years since 2005 in terms of its comprehensive property development capability by various industry research institutes. According to the China Index Academy Report, Zhenro Group was one of the largest unlisted PRC real estate developers, and it was ranked 23rd among all real estate developers in China in terms of comprehensive property development capability and ranked 24th among all real estate developers in China whose contracted sales were in excess of RMB10 billion in terms of market share by contracted sales in 2016. According to the China Index Academy Report, in 2016, Zhenro Group accounted for approximately 0.31% of the PRC real estate market in terms of contracted sales.

Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone. As of October 31, 2017, we had a property portfolio of 81 property projects with an aggregate GFA attributable to us of approximately 11.5 million sq.m., including (i) the total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. Our property projects were located in 17 cities in four core business regions at various stages of development, of which 64 property projects were owned and developed by us, ten property projects were developed by our Joint Ventures and seven property projects were developed by our associated companies.

We attribute our success to our distinctive market positioning strategy, strong land sourcing capability, standardized property development procedures and dynamic realizable-market-value-based inventory management approach, all of which enable us to replicate our success as we expand throughout China and create brand recognition. In particular, we position our brand as “改善大師 (home upgrade master),” with a vision of offering customer-oriented, quality residences to affluent mid- to high-end customers with home-upgrade demand. We believe such customers have relatively high disposable income and strong purchasing power and place higher priority on quality rather than price in their property purchase decision making process. To implement our market positioning strategy, we have developed four product series of residential property projects since August 2016, namely, the “優家 (Great Home)” series, the “精工 (Craftsman)” series, the “大師 (Masterpiece)” series and the “典藏 (Collection)” series, each targeting different segments of our customers. Our property development process, starting from site selection to project planning and design, is also centered on the needs and preferences of our targeted mid- to high-end customers. We believe we are able to command a premium in the sales price for our residential properties in certain of our markets, as compared to properties of similar quality. For instance, according to the China Index Academy Report, by comparing with residential properties with similar characteristics in close proximity, such as project scale, property unit size, layout and use for the same year, and by comparing the average

SUMMARY

selling price per sq.m. of the properties in close proximity, the average selling price per sq.m. of Nanjing Zhenro Royal Fame and Nanjing Zhenro Splendid Land, two selective residential projects developed and sold by us in 2016, were found to be 20.4% and 15.8% higher than that of comparative residential properties in their respective close proximity, respectively, which we believe are primarily attributable to our customer-oriented approach.

Our independent property valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, or JLL, valued our properties based on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

In the valuation of property interests by using comparison method, JLL has identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject properties such as nature, use, size, layout, accessibility, environmental quality of the properties. The selected comparables are basically located in the area close to the subject properties or within the same development. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties to arrive at an assumed unit rate for the subject properties.

In the valuation of property interests by using income approach, JLL has taken into account the rental income of the subject properties derived from their existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value of the subject properties at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In the valuation of property interests which are construction in progress, JLL has assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at its opinion of values, JLL has adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as of the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. JLL has relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as of the valuation date, and did not find any material inconsistency from those of other similar developments.

For details as to the valuation of our properties, see “Property Valuation Report” in Appendix III. For risks associated with assumptions made in the valuation of our properties, see “Risk Factors — Risks Relating to Our Business — The appraised value of our properties may be different from their actual realizable value and are subject to change.”

Our market position, together with our sizable land bank, our quality product offering and our property development and management capabilities along with strong brand recognition we achieved, all contributed to our sustainable and rapid expansion and financial success in the past. Our revenue grew at a CAGR of 119.2% from RMB3,039.6 million in 2014 to RMB14,603.5 million 2016, and the total GFA delivered grew at a CAGR of 69.1% from 437,595 sq.m. in 2014 to 1,251,117 sq.m. in 2016. Our revenue increased by 49.6% from RMB5,404.5 million in the six months ended June 30, 2016 to RMB8,085.2 million in the same period in 2017 and our total GFA delivered increased by 37.5% from 536,262 sq.m. in the six months ended June 30, 2016 to 737,522 sq.m. in the same period in 2017.

Our Business Model

We strive to develop high-quality residential properties primarily for mid- to high-end customers with home upgrade demand. We are also engaged in the development of commercial and mixed-use properties to maintain a balanced development portfolio. In addition, we currently hold as investment

SUMMARY

properties the commercial spaces of our shopping malls at the mixed-use properties we developed. Moreover, we provide commercial property management services to certain commercial properties we developed through our commercial property management subsidiaries. Leveraging our comprehensive and high quality development, operation and management capabilities, we have established a track record of bringing to market large-scale, mixed-use property projects that encompass residential, SOHO and office, retail and/or leisure use spaces. As of June 30, 2017, we had one mega mixed-use property project, namely Nanchang Zhenro The Capital of Great Loch, with a total GFA exceeding 1.0 million sq.m. and four large-scale residential and mixed-use property projects, namely Putian Zhenro Fortune Center, Changsha Zhenro Fortune Center, Nanping Zhenro Fortune Center and Nanchang Zhenro Royal Sunrise, each with a total GFA exceeding 0.5 million sq.m.

We outsource the construction work of our property development projects to qualified contractors. Many of the general contractors we have worked with hold the Premium Grade Constructor Qualification in the PRC.

Due to the highly competitive and evolving nature of the real estate industry in China, we are required to constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate. See “Business — Our Project Operation and Management — Sales and Marketing — Pricing Policies” for details.

Our Land Bank

The following table sets forth the GFA breakdown of our property portfolio as of October 31, 2017 in terms of geographic location:

	Number of Projects	Completed GFA available for Sale/ Leasable GFA ⁽¹⁾ (in sq.m.)	GFA Under Development (in sq.m.)	Planned GFA of Future Development (in sq.m.)	Total Land Bank ⁽²⁾ (in sq.m.)	% of Total Land Bank
Property Projects Developed by Our Subsidiaries						
<i>Yangtze River Delta Economic Region</i>						
Shanghai	5	180,448	484,403	233,617	898,468	7.8
Jiaxing	1	—	—	185,027	185,027	1.6
Nanjing	4	259,870	610,368	325,530	1,195,768	10.4
Chuzhou	1	—	—	191,708	191,708	1.7
Suzhou	8	165,811	677,928	267,393	1,111,131	9.7
Hefei	3	—	421,938	386,246	808,184	7.0
Sub-total	22	606,129	2,194,638	1,589,520	4,390,287	38.1
<i>Midwest China Economic Region</i>						
Wuhan	1	—	161,023	35,819	196,842	1.7
Changsha	2	66,378	251,422	629,336	947,136	8.2
Xi'an	2	—	124,217	211,093	335,310	2.9
Sub-total	5	66,378	536,662	876,248	1,479,288	12.9
<i>Bohai Economic Rim</i>						
Tianjin	3	7,713	416,526	127,711	551,950	4.8
Sub-total	3	7,713	416,526	127,711	551,950	4.8
<i>Western Taiwan Straits Economic Zone</i>						
Fuzhou	9	86,059	600,969	215,117	902,145	7.8
Nanping	1	47,404	188,297	260,076	495,777	4.3
Pingtian	5	29,033	304,528	441,631	775,192	6.7
Putian	11	465,593	404,089	450,855	1,320,537	11.5
Nanchang	6	76,915	190,732	118,534	386,181	3.4
Yichun	2	7,590	77,484	2,700	87,773	0.8
Sub-total	34	712,594	1,766,099	1,488,913	3,967,606	34.5
Attributable-total⁽³⁾	64	1,392,813	4,913,926	4,082,392	10,389,131	90.2

SUMMARY

	Number of Projects	Completed GFA available for Sale/ Leasable GFA ⁽¹⁾ (in sq.m.)	GFA Under Development (in sq.m.)	Planned GFA of Future Development (in sq.m.)	Total Land Bank ⁽²⁾ (in sq.m.)	% of Total Land Bank
Property Held by Our Joint Ventures						
<i>Yangtze River Delta Economic Region</i>						
Jiaxing ⁽⁴⁾	1	—	—	42,373	42,373	0.4
Suzhou ⁽⁵⁾	3	—	40,189	17,975	58,164	0.5
Hefei ⁽⁶⁾	2	—	154,294	32,974	187,268	1.6
<i>Midwest China Economic Region</i>						
Wuhan ⁽⁴⁾	1	—	—	194,566	194,566	1.7
Changsha ⁽⁴⁾	1	—	152,438	20,680	173,117	1.5
<i>Western Taiwan Straits Economic Zone</i>						
Nanchang ⁽⁷⁾	2	—	45,776	90,354	136,130	1.2
Attributable-total⁽³⁾	10	—	392,696	398,921	791,617	6.9
Property Held by Our Associated Companies						
<i>Yangtze River Delta Economic Region</i>						
Shanghai ⁽⁸⁾	1	—	—	61,445	61,445	0.5
Nanjing ⁽⁸⁾	1	—	—	49,776	49,776	0.4
Suzhou ⁽⁹⁾	2	—	85,668	22,597	108,266	0.9
<i>Midwest China Economic Region</i>						
Wuhan ⁽¹⁰⁾	1	—	—	31,132	31,132	0.3
Zhengzhou ⁽¹¹⁾	1	—	19,468	33,645	53,114	0.5
<i>Bohai Economic Rim</i>						
Tianjin ⁽¹²⁾	1	—	—	27,463	27,463	0.2
Attributable-total⁽³⁾	7	—	105,137	226,060	331,196	2.9
Total	81	1,392,813	5,411,758	4,707,372	11,511,944	100.0

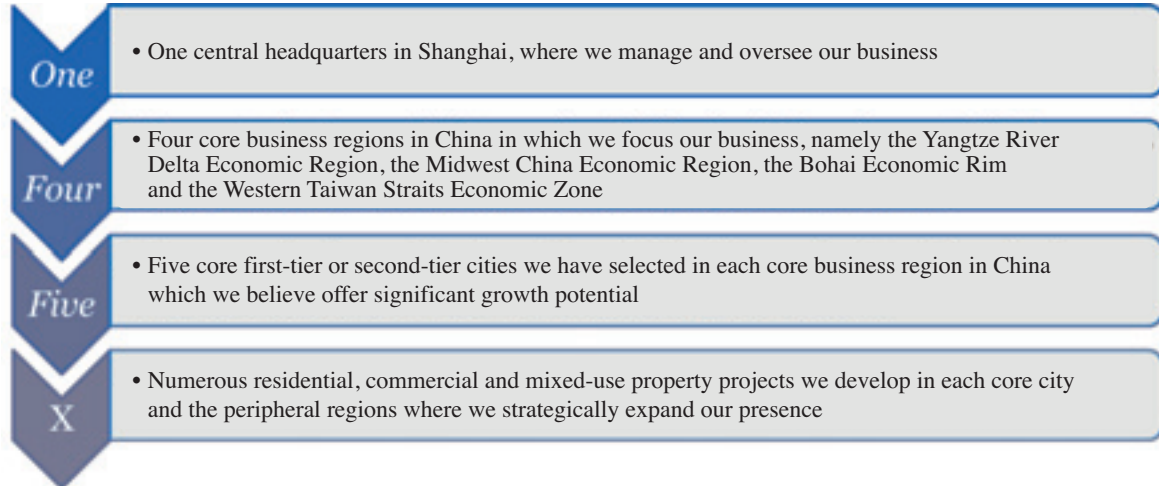
Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land bank equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. For projects held by our Joint Ventures and associated companies, total GFA will be adjusted by our equity interest in the respective project.
- (3) For projects held by our Joint Ventures or our associated companies, total GFA will be adjusted by our equity interest in the respective project.
- (4) We hold a 50% equity interest in each of these projects.
- (5) We hold a 49% equity interest in Suzhou Jinhui Zhenro Four Seasons, which is jointly controlled and developed by us with an independent third party property developer. We hold a 50% equity interest in each of Suzhou No. WJ-J-2017-017 and Suzhou No. WJ-J-2017-016.
- (6) We hold a 49% equity interest in Hefei Country Garden Zhenro Jade Yue and a 33% equity interest in Hefei Century World.
- (7) We hold a 19% equity interest in Nanchang Garden and a 25% equity interest in Nanchang Zhenro Linlong Mansion.
- (8) We hold a 20% equity interest in this project.
- (9) We hold a 20% equity interest in Suzhou Yuzhou Zhaoshang Shili and a 36% equity interest in Suzhou WJ-J-2017-019.
- (10) We hold a 5% equity interest in this project.
- (11) We hold a 24% equity interest in this project.
- (12) We hold a 13% equity interest in this project.

SUMMARY

Our Expansion

We have adopted a “145X” strategy to develop an extensive reach of our network in the PRC.



Suppliers and Customers

Our major suppliers are construction material suppliers and construction contractors. The five largest suppliers accounted for approximately 43.0%, 55.2%, 41.0% and 46.5% of our total purchases for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, respectively. Our single largest supplier for each of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 accounted for approximately 30.0%, 31.1%, 22.5% and 28.7% of our total purchases, respectively. As of June 30, 2017, our business relationships with these major suppliers had generally been over three years.

Our five largest customers are individual and corporate purchasers of our residential or commercial properties.

COMPETITIVE STRENGTHS

We believe that our market position is principally attributable to the following competitive strengths: (i) a large comprehensive property developer in the PRC; (ii) sizable land bank in first- or second-tier cities or in cities with high growth potential in China and proven land acquisition capability fueling our “145X” expansion across China; (iii) our focus on developing quality and customized products targeting mid- to high-end customers with home upgrade demand; (iv) highly-developed property development and management capabilities along with strong brand recognition; (v) professional and experienced management team benefiting from our founder’s extensive experience to support our long term sustainable growth.

SUMMARY

STRATEGIES

We strive to become one of the largest real estate developers in the PRC. To achieve our goal, we intend to implement the following strategies: (i) to enhance leading position in existing markets and strategically expand into other selected markets; (ii) to focus on high quality and balanced future growth; (iii) to utilize diversified investment strategy and identify new growth opportunities; (iv) to further enhance our customer-oriented product offerings, brand equity and customer loyalty; (v) to remain dedicated to prudent financial policies and optimize our capital structure; and (vi) to attract, retain and motivate skilled and talented employees.

SELECTED RESULTS OF OPERATIONS

We derived most of our revenue from sale of properties during the Track Record Period. The following table sets forth our key results of operations during the Track Record Period:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2014		2015		2016		2016		2017	
		(%)		(%)		(%)		(%)		(%)
Revenue (RMB'000)	3,039,559	100.0	4,310,180	100.0	14,603,520	100.0	5,404,538	100.0	8,085,246	100.0
Sale of properties										
(RMB'000)	3,024,343	99.5	4,291,373	99.6	14,534,660	99.5	5,370,917	99.4	8,037,186	99.4
Gross Profit (RMB'000)	668,621	22.0	1,009,979	23.4	3,169,689	21.7	1,442,972	26.7	1,685,313	20.8
GFA Delivered (sq.m.)	437,595	—	531,872	—	1,251,117	—	536,262	—	737,522	—
Recognized ASP										
(RMB/sq.m.)	6,911	—	8,068	—	11,617	—	10,015	—	10,898	—

Revenue from sale of properties has been constituted, and is expected to continue to constitute, a substantial majority of our total revenue. The increases in our revenue from sale of properties during the Track Record Period were primarily attributable to: (i) an increase in the number of residential and commercial property projects completed and delivered and therefore the total GFA, as we continue to expand into our targeted regions in the PRC; and (ii) an overall increase in the selling prices for our residential property projects completed and delivered which were generally in line with the market trends in the regions we operate. The growth of both our GFA delivered and average selling prices in 2016 and the six months ended June 30, 2017 was also attributable to our successful expansion into the Yangtze River Delta Economic Region, which has higher average selling prices than those of other regions we operate. Macro-economic factors, growing popularity and market demand of high quality residential properties, our enhanced efforts to secure new land reserves in our targeted regions and to construct new residential property projects all contributed to our rapid expansion during the Track Record Period.

SUMMARY COMBINED FINANCIAL INFORMATION

The following is a summary of our combined financial information as of and for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 as well as our unaudited combined financial information for the six months ended June 30, 2016. We have derived the summary from our combined financial information set forth in the Accountants' Report in Appendix I to this prospectus. The below summary should be read together with the combined financial information in Appendix I to this prospectus, including the accompanying notes and the information set forth in "Financial Information" in this prospectus. Our combined financial information was prepared in accordance with IFRS.

SUMMARY

Summary Combined Statements of Comprehensive Income

The following table sets forth our combined statements of comprehensive income for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2014	2015	2016	2016	2017
	RMB'000			(Unaudited)	
Revenue	3,039,559	4,310,180	14,603,520	5,404,538	8,085,246
Cost of sales	(2,370,938)	(3,300,201)	(11,433,831)	(3,961,566)	(6,399,933)
Gross profit	668,621	1,009,979	3,169,689	1,442,972	1,685,313
Fair value gains on investment properties	585,056	772,829	594,150	425,696	49,555
Profit before tax	424,233	799,904	2,364,908	1,219,798	970,554
Income tax expense	(344,132)	(380,965)	(1,121,686)	(660,623)	(593,965)
Profit and total comprehensive income for the year/period	80,101	418,939	1,243,222	559,175	376,589

We experienced significant revenue growth during the Track Record Period. For the years ended December 31, 2014, 2015 and 2016, our revenue was RMB3,039.6 million, RMB4,310.2 million and RMB14,603.5 million, respectively. For the six months ended June 30, 2016 and 2017, our revenue was RMB5,404.5 million and RMB8,085.2 million, respectively. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we achieved gross margin of 22.0%, 23.4%, 21.7%, 26.7% and 20.8%, respectively. See “Financial Information” for more details about our financial performance during the Track Record Period.

In addition, if fair value gains on investment properties after tax was excluded, we would incur a net loss of RMB358.7 million and RMB160.7 million for the years ended December 31, 2014 and 2015, respectively, and would recognize a net profit of RMB797.6 million for the year ended December 31, 2016. If fair value gains on investment properties after tax was excluded, our net profit would be RMB239.9 million and RMB339.4 million for the six months ended June 30, 2016 and 2017, respectively. Net losses after excluding fair value gains on investment properties in 2014 and 2015 were primarily because we accelerated our nationwide expansion since 2013, resulting in high fixed costs and expenses comparing with a relatively lower level of aggregate GFA completed and delivered in this early stage of expansion, which had subsequently been improved since 2016.

SUMMARY

Summary Combined Statements of Financial Position

The following table sets forth a summary of our combined statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	RMB'000			
Total non-current assets	4,397,400	6,417,900	8,732,711	10,937,547
Total current assets	39,130,493	53,103,800	78,025,956	83,496,172
Total current liabilities	25,215,307	36,791,657	50,505,729	60,139,331
Net current assets	13,915,186	16,312,143	27,520,227	23,356,841
Total non-current liabilities	16,640,138	16,419,481	27,263,007	24,753,768
Total Equity	1,672,448	6,310,562	8,989,931	9,540,620

Our net current assets increased from 2014 to 2016 primary due to increases in properties under development during the same periods as a result of our continued increase in property construction activities, partially offset by continuous increases in advance from our customers and trade and other payables, which are consistent with our business expansion. Our net current assets later decreased as of June 30, 2017, primarily due to a decrease in cash and cash equivalents and increases in other payables, advances from customers and interest-bearing bank and other borrowings. See “Financial Information — Liquidity and Capital Resources — Net Current Assets” for more details.

Summary Combined Statements of Cash Flows

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

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2014	2015	2016	2016	2017
	RMB'000				
	(Unaudited)				
Net cash flows (used in)/generated from operating activities	(13,332,202)	7,356,744	(1,659,917)	(1,264,840)	(6,805,326)
Net cash flows (used in)/generated from investing activities	(1,276,009)	(2,110,462)	266,377	1,050,023	(2,110,079)
Net cash flows generated from/(used in) financing activities	14,530,874	(3,741,347)	13,552,502	10,218,094	1,586,359
Net (decrease)/increase in cash and cash equivalents	(77,337)	1,504,935	12,158,962	10,003,277	(7,329,046)
Cash and cash equivalents at beginning of the year/period	1,103,129	1,025,792	2,530,727	2,530,727	14,689,689
Cash and cash equivalents at the end of the year/period	1,025,792	2,530,727	14,689,689	12,534,004	7,360,643

SUMMARY

Our net cash used in operating activities amounted to RMB13,332.2 million for the year ended December 31, 2014, primarily comprised of an increase in properties under development and completed properties held for sale of RMB16,230.7 million and an increase in prepaid land lease payment of RMB4,656.0 million as we increased our property development activities during this period. Our net cash generated from operating activities was RMB7,356.7 million for the year ended December 31, 2015, primarily comprised an increase in advances from customers of RMB14,397.6 million associated with our significantly increased pre-sale of new property projects, a decrease in prepaid land lease payments of RMB5,933.2 million as well as an increase in trade and bills payables of RMB2,067.4 million as a result of our increased property development activities during this period. Our net cash used in operating activities was RMB1,659.9 million for the year ended December 31, 2016, primarily comprised of an increase in advances from customers of RMB11,278.7 million associated with our increased pre-sale of new property projects and an increase in trade and bills payables of RMB1,024.4 million as a result of our increased property development activities. Our net cash used in operating activities was RMB6,805.3 million for the six months ended June 30, 2017, primarily comprised of an increase in properties under development and completed properties held for sale of RMB5,776.3 million as a result of our increased property development activities and an increase in prepayments, deposits and other receivables of RMB5,598.3 million in connection with prepayments for the land use right acquired in 2017. See “Financial Information — Liquidity and Capital Resources — Cash Flows Analysis” for more details.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of and for the period ended the dates indicated:

	As of/For the Year Ended December 31,			As of/For the Six Months Ended June 30,
	2014	2015	2016	2017
Current ratio (times) ⁽¹⁾	1.6	1.4	1.5	1.4
Net gearing ratio (%) ⁽²⁾	N/A ⁽³⁾	326.2	206.0	278.1
Return on equity (%) ⁽⁴⁾	N/A ⁽⁵⁾	10.5	16.3	8.1
Return on total assets (%) ⁽⁶⁾	0.2	0.8	1.7	0.8

Notes:

- (1) Equal to current assets divided by current liabilities as of the end of the respective period.
- (2) Equal to total borrowings less cash and bank balances divided by total equity as of the end of the respective period and multiplied by 100.
- (3) Our Company was only incorporated on July 21, 2014 with one share initially allotted and issued. Accordingly, the presentation of net gearing ratio as of December 31, 2014 would not be a meaningful measure. For more information, see “Financial Information — Basis of Presentation.”
- (4) Equals to net profit for the year or annualized period divided by average total equity and multiplied by 100. Average total equity for each period represents the arithmetic mean of the opening and ending balance of total equity during the relevant period.
- (5) Our Company was only incorporated on July 21, 2014 with one share initially allotted and issued. Accordingly, the presentation of return on equity as of December 31, 2014 would not be a meaningful measure. For more information, see “Financial Information — Basis of Presentation.”
- (6) For the year ended December 31, 2014, equals to net profit divided by total assets and multiplied by 100. For the years ended December 31, 2015 and 2016 and the six months ended June 30, 2017, equals to net profit for the year or annualized period divided by average total assets and multiplied by 100. The average total assets for each period represents the arithmetic mean of the opening and ending balance of total assets during the relevant period.

SUMMARY

The property development industry is capital intensive, while property developments typically require substantial capital outlay during the construction period but may take years before any revenue can be generated through the sale and delivery of completed properties. We recorded a relatively high gearing ratio during the Track Record Period, primarily due to our large amount of borrowings comparing with our relatively small total equity. Our net gearing ratio decreased from 326.2% as of December 31, 2015 to 206.0% as of December 31, 2016, primarily due to our continuous efforts to manage our financial leverage to achieve sustainable growth. Our net gearing ratio increased from 206.0% as of December 31, 2016 to 278.1% as of June 30, 2017, primarily due to reduced cash flows as we acquired additional land parcels in the six months ended June 30, 2017 while the relevant development projects had not started the pre-sale and to generate cash inflow. Taking into account the estimated proceeds we may receive from the Global Offering, our current project development and sales schedules, we expect our net gearing ratio would decrease but would remain relatively high at approximately 158% upon Listing. We have adopted prudent financial and cost management practices to monitor our capital and cash positions and will continue to proactively optimize our capital structure on an ongoing basis, see “Business — Our Strategies — Remain Dedicated to Prudent Financial Policies and Optimize Our Capital Structure” for more details about these measures.

Our return on equity increased from 10.5% as of December 31, 2015 to 16.3% as of December 31, 2016, primarily due to the increase in our aggregate GFA delivered as well as our strengthened cost control efforts in 2016. Our return on equity decreased from 16.3% as of December 31, 2016 to 8.1% as of June 30, 2017, primarily due to a lower profitability, on an annualized basis, in the six months ended June 30, 2017 because of the relatively less GFA completed and delivered in such period. For further details of our key financial ratios, see “Financial Information — Key Financial Ratios.”

OUR SHAREHOLDING STRUCTURE

Immediately following the completion of the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), ZR Ou, GQ Ou and GW Ou, will be together entitled to exercise, through their investment holding companies, voting rights of approximately 71.25% of the issued share capital of our Company and hence will continue to be our ultimate Controlling Shareholders. In August 2017, Wide China, a strategic investor, acquired 5% of the total issued share capital in our Company and became our Shareholder.

ZR Ou, GQ Ou and GW Ou had entered into an act-in-concert deed and agreed to consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders’ resolution, prior to putting forward such resolution to be passed at any shareholders’ meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group, in the same way as they have historically voted on such resolutions since 2012.

GLOBAL OFFERING STATISTICS⁽¹⁾

Offer size:	Initially 25% of the enlarged issued share capital of our Company
Offering structure:	Initially 10% for the Hong Kong Public Offering (subject to reallocation) and 90% for the International Offering (subject to reallocation and the Over-allotment Option)

SUMMARY

Over-allotment Option: Up to 15% of the number of Offer Shares initially available under the Global Offering

Offer Price per Share: HK\$3.40 to HK\$4.08 per Offer Share

	Based on an Offer Price of HK\$3.40 per Share	Based on an Offer Price of HK\$4.08 per Share
Market capitalization of our Shares ⁽²⁾	HK\$13,600 million	HK\$16,320 million
Unaudited pro forma adjusted combined net tangible asset value per Share ⁽³⁾	HK\$3.28	HK\$3.44

Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 1,000,000,000 Shares expected to be issued under the Global Offering, and assuming that 4,000,000,000 Shares are issued and outstanding after completion of the Share Subdivision and the Capitalization Issue and immediately following the completion of the Global Offering.
- (3) The unaudited pro forma adjusted combined net tangible asset per Share is calculated after making the adjustments referred to in “Unaudited Pro Forma Financial Information” in Appendix II and on the basis that 4,000,000,000 Shares are issued and outstanding after completion of the Share Subdivision and the Capitalization Issue and immediately following the completion of the Global Offering.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$3,740 million (assuming an Offer Price of HK\$3.74 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting fees and expenses payable by us in the Global Offering and assuming no exercise of the Over-allotment Option; or approximately HK\$4,301 million, if the Over-allotment Option is exercised in full.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 60%, or HK\$2,244 million, will be used as the construction costs for the development of our existing property projects or project phases, namely Nanjing Zhenro Riverside Violet Mansion, Nanchang Zhenro Mansion and Phases 1 (Land Parcel A) of Wuhan Zhenro Mansion. See “Business — Our Property Projects” for further details of our projects;
- approximately 30%, or HK\$1,122 million, will be used for repayment of the majority portion of certain existing interest-bearing bank and other borrowings, all of which are working capital loans for our project companies and comprised (i) a two-year borrowing of RMB600.0 million from a financial institution under a trust financing arrangement with a fixed interest rate of 6.20% per annum and maturity date of June 28, 2018, (ii) a two-year bank borrowing of RMB573.0 million with a fixed interest rate of 6.50% per annum and maturity date of February 2, 2018, (iii) a two-year bank borrowing of RMB343.8 million with a fixed interest rate of 6.50% per annum and maturity date of June 29, 2018, and (iv) a two-year bank borrowing of RMB229.2 million with a fixed interest rate of 6.50% per annum and maturity date of April 28, 2018; we expect to utilize the working capital generated from our operations to repay the shortfalls of approximately RMB797 million; and

SUMMARY

- approximately 10%, or HK\$374 million, will be used for general working capital purposes.

See “Future Plans and Use of Proceeds.”

DIVIDEND

We may distribute dividends by way of cash, stock or other means that we consider appropriate. Our Company has not declared dividends in the past. We do not currently have any dividend plans nor do we have any pre-determined dividend payout ratio in the foreseeable future, however, we may re-evaluate our dividend policy in the future and the amount of dividends to be distributed to our Shareholders, if any, will depend upon our earnings, financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. A decision to declare and pay any dividends would require the approval of the Shareholder’s meeting. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that we may enter into in the future. See “Financial Information — Dividend” for details.

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business, (ii) risks relating to the industry, (iii) risks relating to doing business in the PRC and (iv) risks relating to the Global Offering. For example, our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets and are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate. In addition, we may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices. A detailed discussion of all the risk factors involved are set forth in “Risk Factors” and you should read the whole section carefully before you decide to invest in the Offer Shares.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. During the Track Record Period, we incurred listing expenses of approximately RMB20.4 million, of which RMB15.3 million were charged to our administrative expenses for the years ended December 31, 2015 and 2016 and the six months ended June 30, 2017. We currently expect to incur further expenses amounting to RMB155.0 million subsequent to the end of the Track Record Period, of which RMB35.4 million will be charged to our income statement and RMB119.6 million will be charged to our equity. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2017.

NON-COMPLIANCES

During the Track Record Period, we experienced certain incidents of non-compliances. One of our project companies was penalized for underpaid corporate income tax in the years of 2011 and 2012. In addition, during the Track Record Period, we commenced or proceeded with construction works with respect to certain of our property projects before completing requisite administrative procedures and/or obtaining requisite permits. We also experienced non-compliance in connection

SUMMARY

with certain defective land parcels during the development of Nanchang Zhenro The Capital of Great Loch, on which we developed residential properties that had been completed and delivered to our customers. We consider each of such incidents of non-compliance is immaterial. See “Business — Compliance with Laws and Regulations — Non-compliance Incidents.”

COMPETITIVE LANDSCAPE

The PRC real estate industry is highly fragmented and competitive. We compete with other top Chinese real estate developers on a broad range of factors, including product design and quality, selling prices, customer services, financial resources, brand recognition, land acquisition capabilities and other factors. See “Business — Competition.”

RECENT DEVELOPMENTS

Our business operations had remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business models and the general economic and regulatory environment in which we operate.

During the period from July 1, 2017 and up to the Latest Practicable Date, we won the bids for 11 parcels of land with a total site area of approximately 491,936 sq.m. at an aggregate consideration of approximately RMB5.7 billion and we had entered into the relevant land use right grant contracts with the government authorities. These new land parcels are located in six cities including Fuzhou, Jiaying, Suzhou and Jinan. We had obtained the land use right certificates for three new parcels.

Moreover, during this period, we entered into business cooperation agreements with various independent third party property developers to jointly develop property projects. These jointly established entities had won the bids for 12 land parcels with a total site area of approximately 825,025 sq.m., among which land use rights for approximately 621,468 sq.m. had been obtained.

In addition, we continuously look for financing opportunities to support our business. These opportunities include the raising of funds through asset-backed securities programs, corporate bonds and other debt offerings. In October 2017, we issued the unsecured perpetual bond of RMB300 million through private placement. The perpetual bond has an initial term of two years bearing an annual coupon rate of 7.5% and the first redemption date is October 30, 2019. We expect to use the proceeds from the bond offering to repay our external borrowings. We have been approved by the Shanghai Stock Exchange to issue asset-backed securities through a private placement in an aggregate proposed principal amount of approximately RMB2.4 billion to be listed and traded on the Shanghai Stock Exchange. We have also filed an application to the Shenzhen Stock Exchange for a private placement of corporate bonds to be listed and traded on the Shenzhen Stock Exchange in an aggregate proposed principal amount of up to RMB4.0 billion to qualified investors only. The application is under review by the relevant stock exchange and there is no certainty that the application will be approved or we will proceed with the issuance of debt securities. We may also consider other debt offering plans in the near future.

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial and trading position or prospects since June 30, 2017, and there is no event since June 30, 2017 which would materially affect the information shown in the Accountants’ Report, the text of which is set out in Appendix I.

DEFINITIONS AND GLOSSARY

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“Anhui Real Estate”	Anhui Zhenro Real Estate Development Co., Ltd. (安徽正榮置業發展有限公司), a limited liability company established in the PRC on June 1, 2016 and a wholly-owned subsidiary of our Company
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them which is used in relation to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on December 15, 2017 which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“ASP”	average selling price
“Audit Committee”	the audit committee of the Board
“Blooming Force”	Blooming Force Limited, a limited liability company incorporated in the BVI on October 2, 2015 and a wholly-owned subsidiary of our Company
“Bohai Economic Rim”	economic area covers Beijing, Tianjin and Hebei Provinces of the PRC, for the purpose of this prospectus
“Board” or “Board of Directors”	our board of Directors
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of 2,950,000,000 Shares to be made upon the capitalization of certain sums of the distributable reserves of our Company as referred to in the paragraph headed “Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on December 15, 2017” in Appendix V

DEFINITIONS AND GLOSSARY

“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Changsha Commerce”	Changsha Zhenro Commerce Management Co., Ltd. (長沙正榮商業管理有限公司), a limited liability company established in the PRC on July 19, 2016 and a wholly-owned subsidiary of our Company
“Changsha Real Estate”	Zhenro (Changsha) Real Estate Co., Ltd. (正榮(長沙)置業有限公司), a limited liability company established in the PRC on March 6, 2013 and a wholly-owned subsidiary of our Company
“Changsha Zhenro Zhengtai”	Changsha Zhenro Zhengtai Real Estate Development Co., Ltd. (長沙正榮正泰置業發展有限公司), a limited liability company established in the PRC on May 5, 2016 and a joint venture of our Company, in which our Group holds a 50% equity interest and the remaining 50% equity interests are held by Changsha Tengrui Shenglong Real Estate Co., Ltd. (長沙騰瑞升隆實業有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“China”, “PRC” or the “People’s Republic of China”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” and the “PRC” do not include, Hong Kong, Macau and Taiwan

DEFINITIONS AND GLOSSARY

“Chuzhou Zhenghong”	Chuzhou Zhenghong Real Estate Development Co., Ltd. (滁州正宏置業發展有限公司), a limited liability company established in the PRC on August 10, 2017 and a wholly-owned subsidiary of our Company
“Chuzhou Zhengjing Huarong”	Chuzhou Zhengjing Huarong Real Estate Development Co., Ltd. (滁州正景華榮置業發展有限公司), a limited liability company established in the PRC on December 8, 2017 and a non-wholly owned subsidiary of our Company, which is owned as to 51% by Nanjing Zhengsheng and as to 49% by Lai’an Jinghua Real Estate Co., Ltd. (來安縣景華置業有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“CCBI”	CCB International Capital Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
“China Index Academy”	China Index Academy (中國指數研究院), our industry consultant which is an independent third party
“China Index Academy Report”	overview of the macro-economy and real estate industry (中國宏觀經濟及房地產行業概覽) and Market Position Appraisal Report of Zhenro Properties Group Limited (正榮地產集團有限公司市場地位認證研究報告) prepared by China Index Academy and commissioned by us
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “we” or “us”	Zhenro Properties Group Limited (正榮地產集團有限公司) (formerly known as Zhenro Holding Limited), an exempted company incorporated in the Cayman Islands with limited liability on July 21, 2014
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS AND GLOSSARY

“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to ZR Ou, GQ Ou, GW Ou, RoYue, RoJing, RoSheng and Warm Shine
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“2016 Corporate Bond”	the corporate bond issued by Jiangxi Real Estate on October 10, 2016 and listed and traded on the Shanghai Stock Exchange
“Corporate Restructuring”	the corporate restructuring arrangements undergone by our Group as described in “Our History and Development — The Corporate Restructuring”
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of our Company
“EIT”	enterprise income tax in the PRC
“ERP system”	enterprise resource planning system
“Fujian Jingheng”	Fujian Jingheng Investment Management Co., Ltd. (福建景恒投資管理有限公司), a limited liability company established in the PRC on November 7, 2013 and a wholly-owned subsidiary of our Company
“Fujian Property”	Zhenro (Fujian) Property Development Co., Ltd. (正榮(福建)房地產開發有限公司), a limited liability company established in the PRC on February 14, 2014 and a wholly-owned subsidiary of our Company
“Fuzhou Commerce”	Fuzhou Zhenro Commerce Management Co., Ltd. (福州正榮商業管理有限公司), a limited liability company established in the PRC on June 8, 2016 and a wholly-owned subsidiary of our Company
“Fuzhou Fengzewe”	Fuzhou Fengzewe Industrial Co., Ltd. (福州豐澤威實業有限公司), a limited liability company established in the PRC on June 12, 2017 and a wholly-owned subsidiary of our Company
“Fuzhou Huace”	Fuzhou Huace Enterprise Management Co., Ltd. (福州華策企業管理有限公司), a limited liability company established in the PRC on June 15, 2017 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Fuzhou Huiheng”	Fuzhou Huiheng Trading Co., Ltd. (福州滙衡貿易有限公司), a limited liability company established in the PRC on July 28, 2017 and a wholly-owned subsidiary of our Company
“Fuzhou Investment”	Zhenro (Fuzhou) Investment Development Co., Ltd. (正榮(福州)投資發展有限公司), a limited liability company established in the PRC on January 6, 2016 and a wholly-owned subsidiary of our Company
“Fuzhou Juntai”	Fuzhou Juntai Commercial Management Co., Ltd. (福州駿泰商業管理有限公司), a limited liability company established in the PRC on June 16, 2017 and a wholly-owned subsidiary of our Company
“Fuzhou Real Estate”	Zhenro (Fuzhou) Real Estate Development Co., Ltd. (正榮(福州)置業發展有限公司), a limited liability company established in the PRC on December 14, 2007 and a wholly-owned subsidiary of our Company
“Fuzhou Rongtai”	Rongtai (Fuzhou) Real Estate Development Co., Ltd. (榮泰(福州)置業發展有限公司), a limited liability company established in the PRC on December 8, 2017 and a wholly-owned subsidiary of our Company
“Fuzhou Wanhua”	Fuzhou Wanhua Real Estate Co., Ltd. (福州市萬華房地產有限公司), a limited liability company established in the PRC on September 17, 2010 and an associate of Zhenro Group Company, which is owned as to 60% by a wholly-owned subsidiary of Vanke and 40% by Zhenro Group Company
“Fuzhou Zhengsheng”	Zhengsheng (Fuzhou) Real Estate Development Co., Ltd. (正升(福州)置業發展有限公司), a limited liability company established in the PRC on November 15, 2017 and a wholly-owned subsidiary of our Company
“Fuzhou Zhengtai”	Zhengtai (Fuzhou) Real Estate Development Co., Ltd. (正泰(福州)置業發展有限公司), a limited liability company established in the PRC on November 3, 2017 and a wholly-owned subsidiary of our Company
“Ganzhou Zhengbi”	Ganzhou Zhengbi Real Estate Development Co., Ltd. (贛州市正碧置業發展有限公司), a limited liability company established in the PRC on December 12, 2017 and a wholly-owned subsidiary of our Company
“GDP”	gross domestic product
“GFA”	gross floor area

DEFINITIONS AND GLOSSARY

“Global Offering”	the Hong Kong Public Offering and the International Offering
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group” or “our Group”	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“GQ Ou”	Mr. Ou Guoqiang, one of our Controlling Shareholders and our non-executive Director. He is son of ZR Ou and brother of GW Ou
“GW Ou”	Mr. Ou Guowei, one of our Controlling Shareholders and our non-executive Director. He is son of ZR Ou and brother of GQ Ou
“Hefei Birong”	Hefei Birong Property Co., Ltd. (合肥碧榮房地產有限公司), a limited liability company established in the PRC on November 16, 2016 and a joint venture of our Company, in which Anhui Real Estate holds a 49% equity interest and the remaining 51% equity interest is held by Hefei Country Garden Property Co., Ltd. (合肥碧桂園房地產有限公司) (43.4%), Hefei Gongchuang Enterprise Management Center (Limited Partnership) (合肥共創企業管理中心(有限合夥)) (5.1%), Foshan Shunde District Gongxiang Investment Co., Ltd. (佛山市順德區共享投資有限公司) (1.8%) and Foshan Shunde District Biying Management Consulting Co., Ltd. (佛山市順德區碧盈管理諮詢有限公司) (0.7%), all of whom are independent third parties other than being shareholders of our subsidiary(ies)
“Hefei Hegui”	Hefei Hegui Property Co., Ltd. (合肥和桂房地產有限公司), a limited liability company established in the PRC on March 14, 2017 and a joint venture of our Company, in which Nanjing Dexin holds a 33% equity interest and the remaining 67% equity interest is held by Anhui Baoli Property Development Co., Ltd. (安徽保利房地產開發有限公司) (34%), Hefei Xuhui Enterprise Management Co., Ltd. (合肥旭輝企業管理有限公司) (21.5%) and Beijing Dongxinglian Yongtongchang Investment Management Co., Ltd. (北京東興聯永同昌投資管理有限公司) (11.5%), all of whom are independent third parties other than being shareholders of our subsidiary(ies)

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“Hefei Yongtuo”	Hefei Yongtuo Real Estate Development Co., Ltd. (合肥永拓置業發展有限公司), a limited liability company established in the PRC on February 27, 2017 which is owned as to 25% by Nanjing Dexin. The remaining 75% of the equity interest is owned as to 17% by Hefei Haozhi Xinchun Investment Co., Ltd. (合肥皓智鑫宸投資有限公司), 17% by Beijing Yuankun Real Estate Development Co., Ltd. (北京遠坤房地產開發有限公司), 17% by Hefei Xuhui Enterprise Management Co., Ltd. (合肥旭輝企業管理有限公司), 8% by Beijing Dongxing Lianyong Tongchang Investment Management Co., Ltd. (北京東興聯永同昌投資管理有限公司), 8% by Hefei Wanlong Hanhai Investment Management Co., Ltd. (合肥萬隆瀚海投資管理有限公司) and 8% by Beijing Yuanshengchang Real Estate Development Co., Ltd. (北京遠盛昌房地產開發有限公司), all of whom are independent third parties other than being shareholders of our subsidiary(ies). Hefei Yongtuo is accounted for as a subsidiary of our Company because our Group controls 51% of the voting rights according to the articles of association of Hefei Yongtuo
“Hefei Zhenghua”	Hefei Zhenghua Real Estate Development Co., Ltd. (合肥正華置地發展有限公司), a limited liability company established in the PRC on August 8, 2017 and a wholly-owned subsidiary of our Company
“Hefei Zhengmao”	Hefei Zhengmao Real Estate Development Co., Ltd. (合肥正茂置業發展有限公司), a limited liability company established in the PRC on February 20, 2017 and a wholly-owned subsidiary of our Company
“Hefei Zhengyu”	Hefei Zhengyu Real Estate Development Co., Ltd. (合肥正裕置業發展有限公司), a limited liability company established in the PRC on March 10, 2017 and a wholly-owned subsidiary of our Company. A 20% equity interest in Hefei Zhengyu was held by China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), an independent third party and a trust financing provider, as security for a trust financing. See “Financial Information — Indebtedness — Trust and Other Financing Arrangements” for further details
“HK\$” or “HKD” or “Hong Kong Dollars”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited

DEFINITIONS AND GLOSSARY

“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 100,000,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation as described in “Structure of the Global Offering”
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to reallocation as described in “Structure of the Global Offering”) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and conditions described in this prospectus and the Application Forms
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated December 27, 2017, relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, Huang Xianzhi, Lin Zhaoyang, the Sole Sponsor, the Sole Representative and the Hong Kong Underwriters as further described in “Underwriting”
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hunan Xiushan Lishui”	Hunan Xiushan Lishui Real Estate Co., Ltd.) (湖南秀山麗水置業有限公司), a limited liability company established in the PRC on November 16, 2005 and a wholly-owned subsidiary of our Company
“IFRS”	International Financial Reporting Standards
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are independent of our Company and our connected persons
“International Offer Shares”	the 900,000,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in “Structure of the Global Offering”

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“International Offering”	the conditional offering of the International Offer Shares by the International Underwriters with professional, institutional and other investors by the International Underwriters on behalf of our Company as described in “Structure of the Global Offering”
“International Underwriters”	the group of underwriters, led by the Sole Representative, who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, our Company, our Controlling Shareholders, Huang Xianzhi, Lin Zhaoyang, the Sole Representative and the International Underwriters on or about January 9, 2018
“Jiangxi Real Estate”	Jiangxi Zhenro Real Estate Development Co., Ltd. (江西省正榮房地產開發有限公司), a limited liability company established in the PRC on July 9, 1999 and a wholly-owned subsidiary of our Company
“Jiaxing Rongkun”	Jiaxing Rongkun Real Estate Co., Ltd. (嘉興榮坤置業有限公司), a limited liability company established in the PRC on November 10, 2017 and a wholly-owned subsidiary of our Company
“Jiaxing Rongyu”	Jiaxing Rongyu Real Estate Co., Ltd. (嘉興榮聿置業有限公司), a limited liability company established in the PRC on October 24, 2017 and a non-wholly owned subsidiary of our Company, in which Shanghai Yuzun holds a 100% equity interest
“Jinan Rongding”	Jinan Rongding Real Estate Co., Ltd. (濟南榮鼎置業有限公司), a limited liability company established in the PRC on October 11, 2017 and a wholly-owned subsidiary of our Company
“Jinan Rongxi”	Jinan Rongxi Real Estate Co., Ltd. (濟南榮璽置業有限公司), a limited liability company established in the PRC on October 30, 2017 and a wholly-owned subsidiary of our Company
“Jinan Zhengchi”	Jinan Zhengchi Real Estate Co., Ltd. (濟南正馳置業有限公司), a limited liability company established in the PRC on November 1, 2017 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Jinan Zhenghong”	Jinan Zhenghong Real Estate Co., Ltd. (濟南正宏置業有限公司), a limited liability company established in the PRC on August 18, 2017 and a wholly-owned subsidiary of our Company
“Jinan Zhengqi”	Jinan Zhengqi Real Estate Co., Ltd. (濟南正啟置業有限公司), a limited liability company established in the PRC on December 7, 2017 and a wholly-owned subsidiary of our Company
“Jingheng Commerce”	Xi’an Jingheng Commercial Property Management Co., Ltd. (西安景恒商業物業管理有限公司), a limited liability company established in the PRC on June 24, 2014 and a wholly-owned subsidiary of our Company
“JLL”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our independent property valuer
“Joint Bookrunners” or “Joint Lead Managers”	CCB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited and Haitong International Securities Company Limited
“Joint Global Coordinators”	CCB International Capital Limited and Guotai Junan Securities (Hong Kong) Limited
“Joint Venture(s)”	Changsha Zhenro Zhengtai, Wuhan Zhengsheng, Shanghai Juexu, Suzhou Chengrui, Suzhou Lingrui, Suzhou Ronghui, Hefei Birong, Hefei Hegui, Nanchang Jianmei and Nanchang Zhengrun
“LAT”	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則)
“Latest Practicable Date”	December 19, 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange

DEFINITIONS AND GLOSSARY

“Listing Date”	the date, expected to be on or about Tuesday, January 16, 2018, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Mawei Property”	Fuzhou Mawei District Zhenro Property Development Co., Ltd. (福州市馬尾區正榮房地產開發有限公司), a limited liability company established in the PRC on February 24, 2016 and a wholly-owned subsidiary of our Company
“Mawei Real Estate”	Zhenro (Mawei) Real Estate Development Co., Ltd. (正榮(馬尾)置業發展有限公司), a limited liability company established in the PRC on February 21, 2014 and a wholly owned subsidiary of our Company
“Memorandum”	the amended and restated memorandum of association of our Company conditionally adopted on December 15, 2017 which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
“Midwest China Economic Region”	economic area covers Jiangxi, Anhui, Hunan, Hubei, Shaanxi, Sichuan and Henan Provinces, for the purpose of this prospectus
“Minhou Investment”	Zhenro (Minhou) Investment Development Co., Ltd. (正榮(閩侯)投資發展有限公司), a limited liability company established in the PRC on March 6, 2013 and a non-wholly owned subsidiary of our Company, which is owned as to 85% by Zhenro Properties Holdings and 15% by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司), an independent third party other than being a shareholder of our subsidiary(ies)

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“Minhou Real Estate”	Zhenro (Minhou) Real Estate Development Co., Ltd. (正榮(閩侯)置業發展有限公司), a limited liability company established in the PRC on February 6, 2012 and a non-wholly owned subsidiary of our Company, which is owned as to 63% by Fuzhou Real Estate, and 37% by independent third parties (other than being shareholders of our subsidiary(ies), including 30% by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司) and 7% Fujian Jingsheng Construction Engineering Company Limited (福建景盛建築工程有限公司)
“Minhou Zhengsheng”	Minhou Zhenro Zhengsheng Real Estate Development Co., Ltd. (閩侯正榮正升置業發展有限公司), a limited liability company established in the PRC on April 20, 2016 and a non-wholly owned subsidiary of our Company, which is owned as to 80% by Fuzhou Real Estate and 20% Fujian Hongyuan Ruiteng Investment Company Limited (福建鴻元瑞騰投資有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“MLR”	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Nanchang Honggu”	Nanchang Zhenro Honggu Investment Co., Ltd. (南昌正榮紅穀投資發展有限公司), a limited liability company established in the PRC on November 14, 2013 and a wholly-owned subsidiary of our Company
“Nanchang Jianmei”	Nanchang Jianmei Property Co., Ltd. (南昌建美房地產有限公司), a limited liability company established in the PRC on March 2, 2017 and a joint venture of our Company, in which Nanchang Rongke holds a 19% equity interest and the remaining 81% equity interest is held by Lianfa Group Nanchang Lianhong Property Development Co., Ltd. (聯發集團南昌聯宏房地產開發有限公司) (21%), Wuhan Runzhi Property Development Co., Ltd. (武漢潤置房地產開發有限公司) (21%), Guangdong Meidi Real Estate Co., Ltd. (廣東美的置業有限公司) (20%) and Jiangxi Hongzhen Property Development Co., Ltd. (江西鴻禎房地產開發有限公司) (19%), all of whom are independent third parties other than being shareholders of our subsidiary(ies)

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“Nanchang Real Estate”	Nanchang Zhenro (Singapore) Real Estate Co., Ltd. (南昌正榮(新加坡)置業有限公司), a limited liability company established in the PRC on November 26, 2002 and a wholly-owned subsidiary of our Company
“Nanchang Rongke”	Nanchang Rongke Real Estate Development Co., Ltd. (南昌榮科置業有限公司), a limited liability company established in the PRC on April 11, 2017 and a wholly-owned subsidiary of our Company
“Nanchang Shiou”	Nanchang Shiou Properties Development Co., Ltd. (南昌世歐房地產開發有限公司), a limited liability company established in the PRC on November 30, 2007 and a wholly-owned subsidiary of our Company
“Nanchang Xinjian”	Nanchang Zhenro Xinjian Investment Co., Ltd. (南昌正榮新建投資發展有限公司), a limited liability company established in the PRC on November 5, 2013 and a wholly-owned subsidiary of our Company. A 39% equity interest in Nanchang Xinjian is held by Shanghai Zhihua Investment Center (Limited Partnership) (上海置華投資中心(有限合夥)), an independent third party and a trust financing provider. As security for a trust financing, see “Financial Information — Indebtedness — Trust and Other Financing Arrangements” for further details
“Nanchang Zhengchuang”	Nanchang Zhenro Zhengchuang Real Estate Co., Ltd. (南昌正榮正創置業有限公司), a limited liability company established in the PRC on July 18, 2016 and a wholly-owned subsidiary of our Company
“Nanchang Zhengrun”	Nanchang Zhengrun Real Estate Development Co., Ltd. (南昌正潤置業有限公司), a limited liability company established in the PRC on August 17, 2017 and a joint venture of our Company, in which Nanchang Zhenro Zhengsheng holds a 25% equity interest and the remaining 75% equity interest are held by Jiangxi Hongzhen Property Development Co., Ltd. (江西鴻禎房地產開發有限公司) (27%), Wuhan Runzhi Property Development Co., Ltd. (武漢潤置房地產開發有限公司) (25%) and Lianfa Group Nanchang Lianhong Property Development Co., Ltd. (聯發集團南昌聯宏房地產開發有限公司) (23%), all of whom are independent third parties other than being shareholders of our subsidiary(ies)

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“Nanchang Zhenro Zhengsheng”	Nanchang Zhenro Zhengsheng Real Estate Development Co., Ltd. (南昌正榮正升置業有限公司), a limited liability company established in the PRC on September 20, 2016 and a wholly-owned subsidiary of our Company
“Nanchang Zhenro Zhengxing”	Nanchang Zhenro Zhengxing Real Estate Development Co., Ltd. (南昌正榮正興置業有限公司), a limited liability company established in the PRC on August 1, 2016 and a wholly-owned subsidiary of our Company
“Nanjing Dexin”	Nanjing Zhenro Dexin Property Development Co., Ltd. (南京正榮德信房地產開發有限公司), a limited liability company established in the PRC on January 22, 2016 and a wholly-owned subsidiary of our Company. A 10% equity interest in Nanjing Dexin was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing. See “Financial Information — Indebtedness — Trust and Other Financing Arrangements” for further details
“Nanjing Investment”	Nanjing Zhenro Jiangbin Investment Co., Ltd. (南京正榮江濱投資發展有限公司), a limited liability company established in the PRC on October 15, 2013 and a wholly-owned subsidiary of our Company
“Nanjing Property”	Nanjing Zhenro Property Development Co., Ltd. (南京正榮房地產開發有限公司), a limited liability company established in the PRC on September 27, 2013 and a wholly-owned subsidiary of our Company
“Nanjing Real Estate”	Zhenro Nanjing Real Estate Co., Ltd. (南京正榮置業發展有限公司), a limited liability company established in the PRC on September 11, 2013 and a wholly-owned subsidiary of our Company
“Nanjing Yongtuo”	Nanjing Yongtuo Real Estate Development Co., Ltd. (南京永拓置業發展有限公司), a limited liability company established in the PRC on January 24, 2017 and a wholly-owned subsidiary of our Company
“Nanjing Zhengsheng”	Nanjing Zhenro Zhengsheng Real Estate Development Co., Ltd. (南京正榮正升置業發展有限公司), a limited liability company established in the PRC on April 22, 2016 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Nanping Real Estate”	Zhenro (Nanping) Real Estate Development Co., Ltd. (正榮(南平)置業發展有限公司), a limited liability company established in the PRC on June 28, 2012 and a non-wholly owned subsidiary of our Company, which is owned as to 51% by Jiangxi Real Estate, 4% by Fuzhou Real Estate and 45% by Putian Junqiming Trading Company Limited (莆田軍奇明貿易有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed and to be determined in the manner further described in “Structure of the Global Offering — Pricing and Allocation”
“Offer Share(s)”	the Hong Kong Offer Share(s) and the International Offer Share(s) together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sole Representative (for itself and on behalf of the other International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 150,000,000 additional Shares (representing 15% of our Shares initially being offered under the Global Offering) at the Offer Price to cover over-allocations in the International Offering, if any, further details of which are described in “Structure of the Global Offering”

DEFINITIONS AND GLOSSARY

“Pingtan Investment”	Zhenro Shantian (Pingtan) Investment Co., Ltd. (正榮山田(平潭)投資發展有限公司), a limited liability company established in the PRC on March 19, 2015 and a non-wholly owned subsidiary of our Company, which is owned as to 51% by Fuzhou Real Estate and 49% by independent third parties (other than being shareholders of our subsidiary(ies)), including 15% by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司), 10% by Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司), 10% by Mr. Hu Lianrong, 7% by Fujian Yifangtian Investment Management Company Limited (福建億方田投資發展有限公司), 5% by Mr. Zhou Xiaohua and 2% by Mr. Zhai Wei
“Pingtan Real Estate”	Zhenro Shantian (Pingtan) Real Estate Development Co., Ltd. (正榮山田(平潭)置業發展有限公司), a limited liability company established in the PRC on November 22, 2013 and a non-wholly owned subsidiary of our Company, which is owned as to 51% by Fuzhou Real Estate and 49% by independent third parties (other than being shareholders of our subsidiary(ies)), including 20% by Fujian Haibo Equity Investment Center Partnership (Limited Partnership) (福建海博股權投資中心(有限合夥)), 10% by Fujian Huiyuan International Business Convention Company Limited (福建匯源國際商務會展有限公司), 10% by Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司), 5% by Mr. Zhou Xiaohua, 2% by Mr. Zhai Wei and 2% by Mr. Hu Lianrong
“Pingtan Zhengsheng”	Zhengsheng (Pingtan) Real Estate Development Co., Ltd. (正升(平潭)置業發展有限公司), a limited liability company established in the PRC on June 20, 2017 and a non-wholly owned subsidiary of our Company, which is owned as to 75% by Fuzhou Real Estate and 25% by independent third parties (other than being shareholders of our subsidiary(ies)), including 12% by Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司), 5% by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司), 4% by Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司), 2% by Fujian Yurong Construction Machinery Services Co., Ltd. (福建域融工程機械服務有限公司) and 2% by Zhou Xiaohua (周笑華)
“PBOC”	People’s Bank of China (中國人民銀行)

DEFINITIONS AND GLOSSARY

“People’s Congress”	the PRC’s legislative apparatus, including the National People’s Congress and all the local people’s congresses (including provincial, municipal and other regional or local people’s congresses) as the context may require, or any of them
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Twelve National People’s Congress on December 28, 2013 and effective on March 1, 2014
“PRC GAAP”	generally accepted accounting practices in the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the content requires, any of them
“PRC Legal Advisor”	Commerce & Finance Law Offices, the legal advisor to our Company as to the laws of the PRC
“Price Determination Agreement”	the agreement to be entered into by the Sole Representative (for itself and on behalf of the other Underwriters) and the Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Tuesday, January 9, 2018, on which the Offer Price will be determined, or such later time as the Sole Representative (for itself and on behalf of the other Underwriters) and our Company may agree, but in any event, not later than Friday, January 12, 2018
“Putian Commerce Management”	Zhenro (Putian) Commerce Management Co., Ltd. (正榮(莆田)商業管理有限公司), a limited liability company established in the PRC on June 12, 2014 and a wholly-owned subsidiary of our Company
“Putian Fortune Center”	Zhenro Fortune (Fujian) Real Estate Co., Ltd. (正榮財富(福建)置業有限公司), formerly known as Zhenro (Putian) Finance Fortune Center Development Co., Ltd. (正榮(莆田)金融財富中心開發有限公司), a limited liability company established in the PRC on June 4, 2012 and a wholly-owned subsidiary of our Company
“Putian Investment”	Zhenro (Putian) Investment Co., Ltd. (正榮(莆田)投資發展有限公司), a limited liability company established in the PRC on November 15, 2013 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Putian Property”	Zhenro (Putian) Property Development Co., Ltd. (正榮(莆田)房地產開發有限公司), a limited liability company established in the PRC on November 12, 2010 and a wholly-owned subsidiary of our Company
“Putian Real Estate”	Zhenro (Putian) Real Estate Development Co., Ltd. (正榮(莆田)置業發展有限公司), a limited liability company established in the PRC on April 18, 2005 and a wholly-owned subsidiary of our Company
“Putian Yuhu”	Zhenro Yuhu (Putian) Development Co., Ltd. (正榮玉湖(莆田)開發有限公司), a limited liability company established in the PRC on January 13, 2016 and a wholly-owned subsidiary of our Company
“Putian Zhengfeng”	Zhengfeng (Putian) Real Estate Development Co., Ltd. (正豐(莆田)置業發展有限公司), a limited liability company established in the PRC on December 7, 2017 and a wholly-owned subsidiary of our Company
“Putian Zhengrun”	Zhengrun (Putian) Real Estate Development Co., Ltd. (正潤(莆田)置業發展有限公司), a limited liability company established in the PRC on May 18, 2017 and a wholly-owned subsidiary of our Company
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Reorganization”	the reorganization arrangements undergone by our Group in preparation for the Listing as described in “Our History and Development — The Reorganization”
“RMB” or “Renminbi”	the lawful currency of the PRC
“RoJing”	RoJing Limited, a limited liability company incorporated in the BVI on June 28, 2017, a Controlling Shareholder and wholly owned by ZR Ou
“Rongjin Partnership”	Shanghai Rongjin Investment Management Partnership Enterprise (Limited Partnership) (上海榮津投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 30, 2015 with GQ Ou as the general partner
“RoSheng”	RoSheng Limited, a limited liability company incorporated in the BVI on June 28, 2017, a Controlling Shareholder and wholly owned by GQ Ou

DEFINITIONS AND GLOSSARY

“RoYue”	RoYue Limited, a limited liability company incorporated in the BVI on June 28, 2017, a Controlling Shareholder and wholly owned by ZR Ou
“SAFE”	State Administration of Foreign Exchange of the PRC (國家外匯管理局)
“SAIC”	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shandong Real Estate”	Shandong Zhenro Real Estate Co., Ltd. (山東正榮置業有限公司), a limited liability company established in the PRC on October 31, 2017 and a wholly-owned subsidiary of our Company
“Shanghai Juexu”	Shanghai Juexu Real Estate Co., Ltd. (上海爵敘置業有限公司), a limited liability company established in the PRC on September 19, 2016 and a joint venture of our Company, in which Zhenro Zhengfeng holds 50% equity interest and the remaining 50% equity interest is held by Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司), an independent third party
“Shanghai Property”	Zhenro (Shanghai) Property Development Co., Ltd. (正榮(上海)房地產開發有限公司), a limited liability company established in the PRC on May 20, 2016 and a wholly-owned subsidiary of our Company
“Shanghai Yufeng”	Zhenro Yufeng (Shanghai) Real Estate Development Co., Ltd. (正榮御楓(上海)置業發展有限公司), a limited liability company established in the PRC on March 13, 2014 and a non-wholly owned subsidiary of our Company, which is owned as to 90% by Zhenro Properties Holdings and 10% by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being a shareholder of our subsidiary(ies)

DEFINITIONS AND GLOSSARY

“Shanghai Yupin”	Zhenro Yupin (Shanghai) Real Estate Development Co., Ltd. (正榮御品(上海)置業發展有限公司), a limited liability company established in the PRC on November 12, 2013 and a wholly-owned subsidiary of our Company
“Shanghai Yutian”	Zhenro Yutian (Shanghai) Real Estate Development Co., Ltd. (正榮御天(上海)置業發展有限公司), a limited liability company established in the PRC on March 14, 2014 and a wholly-owned subsidiary of our Company
“Shanghai Yuyuan”	Zhenro Yuyuan (Shanghai) Real Estate Development Co., Ltd. (正榮御園(上海)置業發展有限公司), a limited liability company established in the PRC on April 17, 2013 and a wholly-owned subsidiary of our Company
“Shanghai Yuzun”	Zhenro Yuzun (Shanghai) Real Estate Development Co., Ltd. (正榮御尊(上海)置業發展有限公司), a limited liability company established in the PRC on November 13, 2013 and a non-wholly owned subsidiary of our Company, which is owned as to 90% by our Company and 10% by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“Share Subdivision”	the share subdivision referred to in “Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on December 15, 2017” in Appendix V
“Sheen Billion”	Sheen Billion Investment Limited (明兆投資有限公司), a limited liability company incorporated in Hong Kong on September 18, 2013 and a wholly-owned subsidiary of our Company
“SHINEWING”, or the “Internal Control Consultant”	SHINEWING Risk Services Limited, our internal control advisor, an independent third party
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) in the share capital of our Company with nominal value of US\$0.00001 each
“Share Option Scheme”	our share option scheme conditionally adopted pursuant to written resolutions passed by our Shareholders on December 15, 2017

DEFINITIONS AND GLOSSARY

“Shishi Zhengsheng”	Shishi Zhengsheng Real Estate Development Co., Ltd. (石獅市正升置業發展有限公司), a limited liability company established in the PRC on August 2, 2017 and a wholly-owned subsidiary of our Company
“Sky Bridge”	Sky Bridge Limited, a limited liability company incorporated in the BVI on August 16, 2017 and a wholly-owned subsidiary of Wide China
“SOHO”	small office and home office
“Sole Sponsor” or “Sole Representative”	CCB International Capital Limited
“Stabilizing Manager”	CCB International Capital Limited
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Stabilizing Manager and Warm Shine on or around the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Suzhou Chengrui”	Suzhou Chengrui Real Estate Co., Ltd. (蘇州程瑞置業有限公司), a limited liability company established in the PRC on June 8, 2017 and a joint venture of our Company, in which Suzhou Zhengxing holds 50% equity interest and the remaining 50% equity interest is held by Taicang Jingxiang Consultancy Management Co., Ltd. (太倉璟翔諮詢管理有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“Suzhou Investment”	Zhenro Group Sunan (Suzhou) Investment Co., Ltd. (正榮集團蘇南(蘇州)投資有限公司), a limited liability company established in the PRC on August 7, 2014 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Suzhou Lingrui”	Suzhou Lingrui Real Estate Co., Ltd. (蘇州領瑞置業有限公司), a limited liability company established in the PRC on June 8, 2017 and a joint venture of our Company, in which Suzhou Zhengxing holds 50% equity interest and the remaining 50% equity interest is held by Taicang Jinghe Consultancy Management Co., Ltd. (太倉璟赫諮詢管理有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“Suzhou Property”	Zhenro Sunan (Suzhou) Property Co., Ltd. (正榮蘇南(蘇州)房地產有限公司), a limited liability company established in the PRC on February 12, 2014 and a non-wholly owned subsidiary of our Company, which is owned as to 51.91% by Zhenro Properties Holdings and 48.09% by Pingtan Yilong Investment Management Partnership (Limited Partnership) (平潭億隆投資管理合夥企業(有限合夥)), an independent third party other than being a shareholder of our subsidiary(ies)
“Suzhou Real Estate”	Zhenro Sunan (Suzhou) Real Estate Development Co., Ltd. (正榮蘇南(蘇州)置業發展有限公司), a limited liability company established in the PRC on August 12, 2013 and a non-wholly owned subsidiary of our Company, which is owned as to 62.71% by Zhenro Properties Holdings and 37.29% by Pingtan Xingguang Investment Management Partnership (Limited Partnership) (平潭興廣投資管理合夥企業(有限合夥)), an independent third party other than being a shareholder of our subsidiary(ies)
“Suzhou Sutong”	Zhenro Sutong (Suzhou) Property Development Co., Ltd. (正榮蘇通(蘇州)房地產開發有限公司), a limited liability company established in the PRC on December 3, 2015 and a non-wholly owned subsidiary of our Company, which is owned as to 80% by Zhenro Properties Holdings and 20% by Suzhou Qiansheng Trading Company Limited (蘇州乾昇貿易有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“Suzhou Ronghui”	Suzhou Ronghui Real Estate Co., Ltd. (蘇州融輝置業有限公司), a limited liability company established in the PRC on October 18, 2016 and a joint venture of our Company, in which Suzhou Zhengxing holds a 49% equity interest and the remaining 51% equity interest is held by Suzhou Jinhui Real Estate Co., Ltd. (蘇州金輝居業有限公司), an independent third party other than being a shareholder of our subsidiary(ies)

DEFINITIONS AND GLOSSARY

“Suzhou Zhengchuang”	Suzhou Zhengchuang Real Estate Development Co., Ltd. (蘇州正創置業發展有限公司), a limited liability company established in the PRC on May 19, 2017 and our associated company, in which Suzhou Zhengrui Real Estate holds a 36% equity interest, and the remaining 64% equity interests are held by Suzhou Jinhui Juye Co., Ltd. (蘇州金輝居業有限公司) (32%) and Shanghai Sunac Property Development Group Co., Ltd. (上海融創房地產開發集團有限公司) (32%), both of whom are independent third parties other than being shareholder(s) of our subsidiary(ies)
“Suzhou Zhengfeng”	Suzhou Zhengfeng Real Estate Development Co., Ltd. (蘇州正豐置業發展有限公司), a limited liability company established in the PRC on July 14, 2017 and a wholly-owned subsidiary of our Company
“Suzhou Zhengli”	Suzhou Zhengli Real Estate Co., Ltd. (蘇州正利置業有限公司), a limited liability company established in the PRC on October 26, 2017 and a wholly-owned subsidiary of our Company
“Suzhou Zhenglong”	Suzhou Zhenglong Real Estate Development Co., Ltd. (蘇州正隆置業發展有限公司), a limited liability company established in the PRC on July 1, 2017 and a wholly-owned subsidiary of our Company
“Suzhou Zhengrui Real Estate”	Suzhou Zhengrui Real Estate Development Co., Ltd. (蘇州正瑞置業發展有限公司), a limited liability company established in the PRC on December 12, 2016 and a wholly-owned subsidiary of our Company
“Suzhou Zhengrun”	Suzhou Zhengrun Property Development Co., Ltd. (蘇州正潤房地產開發有限公司), a limited liability company established in the PRC on March 3, 2017 and a non-wholly-owned subsidiary of our Company, which is owned as to 51% by Suzhou Zhengxing and 49% by Suzhou Jinhui Juye Co., Ltd. (蘇州金輝居業有限公司), an independent third party other than being a shareholder of our subsidiary(ies)
“Suzhou Zhengxin”	Suzhou Zhengxin Real Estate Development Co., Ltd. (蘇州正信置業發展有限公司), a limited liability company established in the PRC on July 1, 2017 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Suzhou Zhengxing”	Zhenro Zhengxing (Suzhou) Investment Co., Ltd. (正榮正興(蘇州)投資有限公司), a limited liability company established in the PRC on May 5, 2016 and a wholly-owned subsidiary of our Company
“Tianjin Real Estate”	Zhenro (Tianjin) Real Estate Development Co., Ltd. (正榮(天津)置業發展有限公司), a limited liability company established in the PRC on April 21, 2014 and a wholly-owned subsidiary of our Company
“Tianjin Rongji”	Tongji (Tianjin) Real Estate Development Co., Ltd. (榮基(天津)置業發展有限公司), a limited liability company established in the PRC on December 8, 2017 and a wholly-owned subsidiary of our Company
“Tianjin Rongtai”	Tianjin Zhenro Rongtai Real Estate Development Co., Ltd. (天津正榮榮泰置業發展有限公司), a limited liability company established in the PRC on March 29, 2016 and a wholly-owned subsidiary of our Company
“Tianjin Zhenghong”	Tianjin Zhenro Zhenghong Real Estate Development Co., Ltd. (天津正榮正宏置業發展有限公司), a limited liability company established in the PRC on March 3, 2016 and a wholly-owned subsidiary of our Company
“Track Record Period”	the financial years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017
“True Dragon”	True Dragon (Singapore) Pte. Ltd. (正榮(新加坡)投資發展有限公司), a private company limited by shares incorporated in Singapore on September 3, 2002 and a wholly-owned subsidiary of our Company
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency for the time being of the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

DEFINITIONS AND GLOSSARY

“Vanke”	Vanke Enterprise Co., Ltd. (萬科企業股份有限公司), a limited company established in the PRC and an independent third party
“VAT”	value-added tax
“Warm Shine”	Warm Shine Limited, a limited liability company incorporated in the BVI on July 4, 2014, a Controlling Shareholder and wholly owned by GW Ou
“Western Taiwan Straits Economic Zone”	economic zone covers Fujian and certain major cities and areas in Jiangxi and Guangdong Provinces of the PRC, for the purpose of this prospectus
“Wide China”	Wide China Trading Limited (華博貿易有限公司), a limited liability company incorporated in Hong Kong on March 21, 2003, whose background is set out in “Our History and Reorganization — Pre-IPO Investment — Information regarding Wide China”
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s/applicants’ own name(s)
“White Form eIPO”	the application process for Hong Kong Offer Shares with applications to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Wuhan Zhengsheng”	Wuhan Zhengsheng Real Estate Co., Ltd. (武漢正榮正升置業有限公司), a limited liability company established in the PRC on July 19, 2016 and a joint venture of our Company, in which Zhenro Properties Holdings holds a 50% equity interest and the remaining 50% equity interest are held by Wuhan Chuangjie Bocheng Real Estate Co., Ltd. (武漢創捷博誠置業有限公司) an independent third party other than a shareholder of our subsidiary(ies)
“Wuhan Zhengtai”	Wuhan Zhenro Zhengtai Real Estate Co., Ltd. (武漢正榮正泰置業有限公司), a limited liability company established in the PRC on May 31, 2016 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Xi’an Jingheng”	Xi’an Jingheng Property Development Co., Ltd. (西安景恒房地產開發有限公司), a limited liability company established in the PRC on November 27, 2013 and a wholly-owned subsidiary of our Company
“Xi’an Jingqi”	Xi’an Jingqi Property Development Co., Ltd. (西安景齊房地產開發有限公司), a limited liability company established in the PRC on February 19, 2016 and a wholly-owned subsidiary of our Company
“Xi’an Jingyu”	Xi’an Jingyu Property Development Co., Ltd. (西安景域房地產開發有限公司), a limited liability company established in the PRC on June 30, 2016 and a wholly-owned subsidiary of our Company
“Xi’an Real Estate”	Xi’an Zhenro Real Estate Development Co., Ltd. (西安正榮置業發展有限公司), a limited liability company established in the PRC on September 14, 2017 and a wholly-owned subsidiary of our Company
“Xuzhou Zhengming”	Xuzhou Zhengming Real Estate Development Co., Ltd. (徐州正銘置業發展有限公司), a limited liability company established on September 27, 2017 and a wholly-owned subsidiary of our Company
“Yangtze River Delta Economic Region”	economic region covers Shanghai, Jiangsu Province and Zhejiang Province of the PRC, for the purpose of this prospectus
“YELLOW Application Form(s)”	the application form(s) for use by the public who requires such Hong Kong Offer Shares to be deposited directly in CCASS
“Zhengmao Pingtan”	Zhengmao (Pingtan) Real Estate Development Co., Ltd. (正茂(平潭)置業發展有限公司), a limited liability company established in the PRC on July 18, 2017 and a non-wholly owned subsidiary of our Company, which is owned as to 75% by Fuzhou Real Estate and 25% by independent third parties (other than being shareholders of our subsidiary(ies)), including 12% by Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司), 5% by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司), 4% by Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司), 2% by Fujian Yurong Construction Machinery Services Co., Ltd. (福建域融工程機械服務有限公司) and 2% by Zhou Xiaohua (周笑華)

DEFINITIONS AND GLOSSARY

“Zhengzhou Real Estate”	Zhengzhou Zhenro Real Estate Development Co., Ltd. (鄭州正榮置業發展有限公司), a limited liability company established in the PRC on April 18, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Rongding”	Zhengzhou Rongding Real Estate Development Co., Ltd. (鄭州榮鼎置業發展有限公司), a limited liability company established in the PRC on June 7, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Rongwan”	Zhengzhou Rongwan Real Estate Development Co., Ltd. (鄭州榮萬置業發展有限公司), a limited liability company established in the PRC on June 7, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Rongyu”	Zhengzhou Rongyu Real Estate Development Co., Ltd. (鄭州榮裕置業發展有限公司), a limited liability company established in the PRC on June 6, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Zhengchi”	Zhengzhou Zhengchi Real Estate Development Co., Ltd. (鄭州正馳置業發展有限公司), a limited liability company established in the PRC on June 14, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Zhengchuang”	Zhengzhou Zhengchuang Real Estate Development Co., Ltd. (鄭州正創置業發展有限公司), a limited liability company established in the PRC on June 9, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Zhengjing”	Zhengzhou Zhengjing Real Estate Development Co., Ltd. (鄭州正景置業發展有限公司), a limited liability company established in the PRC on June 14, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Zhengqi”	Zhengzhou Zhengqi Real Estate Development Co., Ltd. (鄭州正啟置業發展有限公司), a limited liability company established in the PRC on June 14, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Zhengqing”	Zhengzhou Zhengqing Real Estate Development Co., Ltd. (鄭州正慶置業發展有限公司), a limited liability company established in the PRC on June 14, 2017 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Zhengzhou Zhengteng”	Zhengzhou Zhengteng Real Estate Development Co., Ltd. (鄭州正騰置業發展有限公司), a limited liability company established in the PRC on June 14, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Zhengwan”	Zhengzhou Zhengwan Real Estate Development Co., Ltd. (鄭州正萬置業發展有限公司), a limited liability company established in the PRC on June 6, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Zhengwang”	Zhengzhou Zhengwang Real Estate Development Co., Ltd. (鄭州正旺置業發展有限公司), a limited liability company established in the PRC on June 14, 2017 and a wholly-owned subsidiary of our Company
“Zhengzhou Zhengxun”	Zhengzhou Zhengxun Real Estate Development Co., Ltd. (鄭州正訊置業發展有限公司), a limited liability company established in the PRC on June 14, 2017 and a wholly-owned subsidiary of our Company
“Zhenro Commerce”	Zhenro Commerce Management Co., Ltd. (正榮商業管理有限公司), formerly known as Fujian Zhenro Commerce Management Co., Ltd. (福建正榮商業管理有限公司), a limited liability company established in the PRC on May 26, 2014 and a wholly-owned subsidiary of our Company
“Zhenro Group Company”	Zhenro Group Co., Ltd. (正榮集團有限公司) (formerly known as Fujian Zhenro Group Co., Ltd. (福建正榮集團有限公司)), a company established in the PRC on August 31, 1994 and is owned as to 91.90% by ZR Ou and 8.10% by GQ Ou
“Zhenro Group”	Zhenro Group Company and its subsidiaries
“Zhenro HK”	Zhenro Hong Kong Limited, a limited company incorporated in Hong Kong on October 9, 2014 and a wholly-owned subsidiary of our Company
“Zhenro International”	Zhenro International Limited, a company incorporated in the BVI on July 23, 2014 and a wholly-owned subsidiary of our Company
“Zhenro Properties Holdings”	Zhenro Properties Holdings Company Limited (正榮地產控股股份有限公司), a joint stock company established in the PRC with limited liability on July 22, 2015 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Zhenro Shantian Zhengtai”	Zhenro Shantian Zhengtai (Pingtan) Real Estate Development Co., Ltd. (正榮山田正泰(平潭)置業發展有限公司), a limited liability company established in the PRC on November 2, 2016 and a non-wholly owned subsidiary of our Company, which is owned as to 51% by Fuzhou Real Estate and the remaining 49% equity interest is held by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (18%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), by Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司) (10%), Mr. Zhou Xiaohua (5%), Mr. Dong Xuyi (4%) and Mr. Zhai Wei (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies)
“Zhenro Zhengchuang”	Zhenro Zhengchuang (Wuhan) Real Estate Development Co., Ltd. (正榮正創(武漢)置業發展有限公司), a limited liability company established in the PRC on July 28, 2016 and a wholly-owned subsidiary of our Company
“Zhenro Zhengfeng”	Zhenro Zhengfeng (Shanghai) Property Development Co., Ltd. (正榮正豐(上海)房地產開發有限公司), a limited liability company established in the PRC on September 19, 2016 and a wholly-owned subsidiary of our Company
“Zhenro Zhenghong (Shanghai)”	Zhenro Zhenghong (Shanghai) Real Estate Development Co., Ltd. (正榮正宏(上海)置業發展有限公司), a limited liability company established in the PRC on November 14, 2016 and a wholly-owned subsidiary of our Company
“Zhenro Zhenghong Putian”	Zhenro Zhenghong (Putian) Real Estate Development Co., Ltd. (正榮正宏(莆田)置業發展有限公司), a limited liability company established in the PRC on September 8, 2016 and a wholly-owned subsidiary of our Company
“Zhenro Zhengmao”	Zhenro Zhengmao (Suzhou) Investment Co., Ltd. (正榮正茂(蘇州)投資有限公司), a limited liability company established in the PRC on October 28, 2016 and a wholly-owned subsidiary of our Company
“Zhenro Zhengtai”	Zhenro Zhengtai (Suzhou) Investment Co., Ltd. (正榮正泰(蘇州)投資有限公司), a limited liability company established in the PRC on November 25, 2016 and a wholly-owned subsidiary of our Company

DEFINITIONS AND GLOSSARY

“Zhenro Zhengxing”	Zhenro Zhengxing (Tianjin) Real Estate Development Co., Ltd. (正榮正興(天津)置業發展有限公司), a limited liability company established in the PRC on August 15, 2016 and a wholly-owned subsidiary of our Company
“Zhenro Zhengxing (Fuzhou)”	Zhenro Zhengxing (Fuzhou) Investment Co., Ltd. (正榮正興(福州)投資有限公司), a limited liability company established in the PRC on June 12, 2016 and a wholly-owned subsidiary of our Company
“ZR Ou”	Mr. Ou Zongrong, one of our Controlling Shareholders, father of our non-executive Directors, GQ Ou and GW Ou

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

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. All statements other than statements of historical fact contained in this prospectus, including, without limitation, those regarding our future financial position, strategies, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate and any statements preceded by, followed by or that include the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the risk factors set forth in “Risk Factors” and the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;

FORWARD-LOOKING STATEMENTS

- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

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

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

All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

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

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized as (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to doing business in the PRC; and (iv) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS

Our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets, particularly in the various cities we operate and intend to operate.

Our business and prospects depend on the performance of the PRC property market. As of October 31, 2017, we had 81 property projects located in 17 cities in four core business regions at various stages of development, of which 64 property projects were owned and developed by us, ten property projects were developed by our Joint Ventures and seven property projects were developed by our associated companies. We had and will continue to enhance our presence in these four core business regions in the PRC, which are the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone. These property markets may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. Any market downturn in China generally or in cities in which we have or expect to have operations may materially and adversely affect our business, financial condition and results of operations.

In particular, the PRC property market is affected by the recent slowdown in China's economic growth. There have been increasing concerns over the sustainability of the real estate market growth in China. Factors such as decrease in available funds and investor confidence may influence demand for the properties we developed. As a result, the property market may experience over supply of properties and idle housing inventory. For instance, according to China Index Academy, both the price and transaction volume in Nanchang witnessed decreases in 2014. Any over-supply of properties or any potential decline in the demand or prices for properties in the cities in which we operate or intend to operate could have a material and adverse impact on our cash flows, financial condition and results of operations.

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Furthermore, our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government has in recent years promulgated various control measures aimed at cooling the property sector and may adopt further measures to regulate this sector. See “— Risks Relating to Our Industry — Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate.” We cannot assure you that such measures will not have a negative impact on our business or that the demand for new properties in cities and regions where we have or will have operations will continue to grow in the future or that there will not be over-development or market downturn in the PRC property sector.

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

The sustainable growth and success of our business depend significantly on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for our projects. During the Track Record Period, we primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities, auctions and public tenders. We also acquire land by cooperating with third-party business partners through joint ventures and associated companies. In addition, we occasionally acquire land from third parties by acquiring equity interests in companies that possess land use rights. See “Business — Our Project Operation and Management — Our Project Development Process — Market Research and Site Selection.”

Our ability to acquire land depends on a variety of factors, such as the local overall economic conditions, the availability of land parcels legally provided by the government, our effectiveness in estimating the profits of the acquired land parcels and the competition for such land parcels. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. Furthermore, the rapid development in major cities we plan to enter in recent decades has resulted in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. As a result, our cost for acquiring land use rights will rise further in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable returns upon sales to our customers. See “Regulatory Overview” for information on the regulatory procedures and restrictions relating to land acquisition in the PRC.

We may not be successful in managing our growth and expansion into new cities and regions and new businesses.

In order to achieve sustainable growth, we need to continue to seek development opportunities in selected regions in the PRC with the potential for growth and where we have no existing operations. Our historical focus was primarily on the development of resident property projects in the Western Taiwan Straits Economic Zone, namely in Jiangxi and Fujian provinces at our inception. In 2013 and 2014, we tapped into the Yangtze River Delta Economic Region, the Midwest China Economic Region

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and the Bohai Economic Rim regions, and expanded our business to the development, operation and management of commercial and mixed-use properties. As of October 31, 2017, we had 81 property projects under various stages of development with an aggregate GFA attributable to us of approximately 11.5 million sq.m., of which, approximately 7.4 million sq.m., or 64.4%, were located in the Yangtze River Delta Economic Region, the Midwest China Economic Region and the Bohai Economic Rim. We intend to continue to expand our operations into additional major cities in these four core business regions and enter into the Pearl River Delta Region in the future.

Expansion into new geographical locations and new businesses involves uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies in relevant sub-markets. In addition, expanding our business into new geographical locations would entail competition with developers who have a better-established local presence or greater access to local labors, expertise and knowledge than we do. Furthermore, the construction, market and tax related regulations in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments.

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

In addition, expanding into new geographic locations and new businesses requires a significant amount of capital and management resources. We may not be able to manage the growth in our workforce to match the expansion of our business, and accordingly, experience issues such as capital constraints, construction delays, and lack of expertized personal. Any of these factors could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We had negative net operating cash flow for the years ended December 31, 2014 and 2016 and the six months ended June 30, 2017 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments whether through bank loans, corporate bonds, asset-backed securities programs, trust financing or other arrangements, on commercially reasonable terms, or at all.

Property development usually requires substantial capital investment during the construction period. During the Track Record Period, our liquidity requirements arose principally from the acquisition of land for, and development of, our property development projects. Our property development projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans, corporate bonds and trust financings. We expect to continue to fund our projects through these sources and will look for additional financing opportunities, such as the issuance of asset-backed securities programs or other debt offerings.

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However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For the years ended December 31, 2014 and 2016 and the six months ended June 30, 2016 and 2017, we recorded negative net cash flow used in operating activities of approximately RMB13,332.2 million, RMB1,659.9 million, RMB1,264.8 million and RMB6,805.3 million, respectively. Our negative net operating cash flow was principally attributable to the long-term and capital-intensive nature of property development, our land acquisitions and business expansion during the relevant periods. See “Financial Information — Liquidity and Capital Resources — Cash Flows Analysis.” We cannot assure you that we will not experience negative net cash flow from our operating activities in the future again. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

A number of factors, such as general economic conditions, our financial performance, our ability to obtain relevant government approvals, availability of credit from financial institutions and monetary policies in the PRC, may affect our ability to obtain adequate financing for our projects on favorable terms, or at all. The PRC government has implemented a number of measures to manage money supply growth and credit availability, especially with respect to the property development sector. For example:

- the PBOC has adjusted the RMB deposit reserve ratio several times since 2010 and has recently adjusted it downward in March 2016;
- the PBOC has adjusted the benchmark one-year bank lending rate several times since 2008;
- requiring a minimum percentage of the total investment in a property project to be funded by the developer’s own capital. For social welfare housing and ordinary commercial residences, the percentage was 20% during the Track Record Period, for all other types of property projects, the highest percentage was at 30% during the Track Record Period which has been adjusted downward to 25% recently;
- prohibiting PRC commercial banks and trust financing companies from extending loans to property developers to finance land grant premium;
- prohibiting PRC commercial banks from extending any existing loans, granting any new or revolving credit facilities in any form to property developers with non-compliance records regarding, among other things, holding and speculating idle lands, changing the land use to that outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;

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- prohibiting PRC commercial banks from taking commodity properties of property developers that have been vacant for more than three years as security for loans;
- prohibiting PRC commercial banks and trust financing companies from granting loans to development projects that fail to meet project capital ratio requirements or lack the required government permits and certificates; and
- prohibiting property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

In addition, since trust financing companies are under the supervision and monitoring of the CBRC and are required to comply with all notices and regulations promulgated by the CBRC, we cannot assure you that the PRC government will not implement additional or more stringent measures to limit the amount that trust financing companies can make available for the PRC property industry. The foregoing and other governmental actions and policy initiatives may limit our flexibility and ability to use existing or future bank loans or other forms of financing, including corporate bonds, trust financing, asset-backed securities programs and financings from other financial institutions to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We have substantial indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.

We maintain a substantial level of borrowings to finance our operations during the Track Record Period and after the Global Offering, we will continue to have a substantial level of borrowings. As of December 31, 2014, 2015 and 2016 and June 30, 2017, our total outstanding bank loans and other borrowings amounted to approximately RMB30,180.5 million, RMB25,358.4 million, RMB35,034.1 million and RMB36,413.9 million, respectively. In particular, on October 10, 2016, our wholly-owned subsidiary, Jiangxi Real Estate, issued the 2016 Corporate Bond to qualified investors in an amount of RMB2.0 billion with a three-year term at a coupon rate of 6.4% per annum. We may time to time in the future issue new corporate bonds, asset-backed securities programs or look for other debt financing opportunities to refinance our existing loans and to support our business expansion. In addition, we have in the past entered into, and may from time to time in the future enter into, investment agreement or framework agreement for our future projects, under which we may be required to make capital commitments. Our net gearing ratio, as calculated by dividing our total borrowings less cash and bank balances by our total equity, was approximately 326.2%, 206.0% and 278.1% as of December 31, 2015 and 2016 and June 30, 2017, respectively. Taking into account the estimated proceeds we receive from the Global Offering, our current project development and sales schedules, we expect our net gearing ratio to decrease but would remain relatively high at approximately 158% upon Listing.

Our indebtedness could have an adverse effect on us, for example by: (i) increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; and (ii) limiting our flexibility in the planning for, or reacting to, changes in our business or the industry in which we operate.

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In addition, we are subject to certain restrictive covenants under the terms of our borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, our ability to incur additional debt or make guarantees, incur liens, pay dividends or distributions on our or our subsidiaries' capital stock, repurchase our or our subsidiaries' capital stock, prepay certain indebtedness, repay shareholders' loans, reduce our registered capital, sell, transfer, lease or otherwise dispose of property or assets, make investments and engage in mergers, consolidation or other change-in-control transactions. In addition, some of the loans may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans. Pursuant to certain trust financing agreements trusts companies and asset management companies have veto rights over some of our above corporate actions, which will further limit our flexibility of operation and ability to raise additional funding. See "Financial Information — Indebtedness — Trust and Other Financing Arrangements."

Moreover, our trust and other financings are generally secured by a pledge or transfer of our equity interests in the relevant project subsidiaries, and/or a lien of land use right or development project. If we incur default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these project subsidiaries, our proportionate share of the asset value of the relevant property projects, land use rights or our development projects. See "Financial Information — Indebtedness — Trust and Other Financing Arrangements."

In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development and we may also utilize proceeds from additional debt financing to acquire land resources, which could intensify the risks we face as a result of our indebtedness.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, the demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future bank loans, corporate bonds and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan. Any cross-default and acceleration clause may also be triggered as a result. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us. As a result, our cash flow, cash available for distributions, financial condition and results of operations may be materially and adversely affected.

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We generate revenue principally from the sale of properties, and our ability to realize benefits from a property development project may fluctuate, as it will depend on our property development project schedule and the timing of sales for such project.

Historically, we have derived our revenue principally from the sale of properties we developed. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we generated 99.5%, 99.6%, 99.5%, 99.4% and 99.4%, respectively, of our revenue from the sale of properties. According to our accounting policies, our recognized revenue depends mainly on the project completion and delivery schedule. Depending on the type of properties and the revenue generated, it typically takes 18 to 24 months from commencement of pre-sale to the construction completion of these properties before we recognize revenue from such projects. Therefore, it may fluctuate due to factors such as the schedule of our property development, the market demand for our properties and the timing of property sales. Consequently, our financing results for any given period only reflect decisions made by our customers some time ago and may not be indicative of our actual operating results during such period. In addition, cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclicity, combined with the time required and statutory time limits for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. As a result, it would be difficult to predict our future performance and the price of our Offer Shares.

In addition, the real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development as well as completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, we recorded impairment losses recognized for properties under development in the amount of RMB266.6 million, RMB107.2 million, RMB19.7 million and RMB35.6 million, respectively. During the same periods, we recorded impairment losses write-off for completed properties held for sale in the amount of RMB18.8 million, RMB4.8 million, RMB269.4 million and RMB6.1 million, respectively. We cannot assure you that we may not incur impairment losses, if any or at similar level, during adverse market conditions in the future.

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

The schedules of our project developments and whether the project can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and the associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- changes in relevant regulations and government policies;

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- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

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

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

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

Before commencing their business operations, entities engage in real estate development are required to obtain a qualification certificate for real estate development enterprises (房地產開發企業資質證書). Those who engage in real estate development without obtaining qualification certificate will be ordered to cease development activities. The illegal profits shall be confiscated and a fine of five times of the illegal profits or less may be imposed. See “Regulatory Overview” for additional information.

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During the Track Record Period, some of our subsidiaries were not in compliance with certain construction related PRC laws and regulations, such as commencing construction works before obtaining the requisite construction works planning permit and construction works commencement permit. We had paid the relevant penalties in full in connection with the foregoing. See “Business — Compliance with Laws and Regulations — Non-compliance Incidents — Commencement of Construction Before Completing Requisite Administrative Procedures and/or Obtaining Requisite Permits.” Although we have improved our internal control procedures and developed a standardized property development process, we cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

We rely on third parties in certain key aspects of our business and if any of such third parties fails to deliver quality service or product in a timely manner, or if our relationships with any of them deteriorate, our reputation or business operation may be adversely affected.

We engage third parties to carry out various services relating to our property development projects, including project design, pile setting, foundation building, construction, equipment installation, elevator installation and landscaping. We generally select these third-party service providers or contractors through tender processes and also through an internal assessment of factors including their demonstrated competence, market reputation and our prior relationship with them, if any. Completion of our projects is subject to the satisfactory performance by these third parties of their contractual obligations, including their adherence to our quality standards and the pre-agreed schedule for completion. We cannot assure you that the services rendered by any of these third parties will be satisfactory or meet our requirements for quality and safety, or that their services will be completed on time. If the performance of any third-party service provider or contractor proves unsatisfactory, or if any of them is in breach of its contractual obligations due to their financial difficulties or other reasons, we may need to replace such service provider or contractor or take other actions to remedy the situation, which could materially and adversely affect our costs, the construction progress of our projects and our reputation. We may also be subject to various customer complaints if our customers are unsatisfied with the quality of our projects after delivery due to the failure of such third-party service providers, in particular, the contractors, to meet our quality standards. Moreover, we cannot assure you that our employees will be able to consistently comply with our quality control measures, to accurately apply our quality standards or to detect all defects in the services rendered by any third-party service provider or contractor. In addition, as we are expanding our business into new geographical locations, there may be a shortage of third-party service providers or contractors that meet our standards and, as a result, we may not be able to engage a sufficient number of high quality third-party service providers or contractors in a timely manner, which may adversely affect the construction schedules and development costs of our property development projects. Furthermore, if our relationships with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and reputation.

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

We make certain undertakings in our pre-sale contracts. Our pre-sale contracts and PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to deliver the development of units which we have pre-sold, we will be liable to the purchasers for their losses. If we fail to complete a pre-sold property on time, our purchasers are entitled to claim compensation for late delivery under either their contracts with us or the relevant PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate their pre-sale contracts and bring claims for additional compensation. A purchaser may also terminate his or her contract with us and/or bring claims for compensation for certain other contract disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates by more than 3% from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the purchaser fails to receive the individual property ownership certificate within a statutory period due to our fault.

We cannot assure you that we will not break these undertakings. Though we are typically able to claim compensation from the contractors pursuant to the terms of our contract with them if such breach is due to our third-party contractors, we also cannot assure you that we will always successfully recoup full compensation from our contractors. If we experience material delays in delivering our properties in the future or are required to pay significant amounts of compensation to purchasers of our properties due to contractual disputes or for other reasons, our results of operations may be materially and adversely affected.

Our results of operations from the Track Record Period may not be representative of our future performance and certain components are subject to uncertainties and fluctuation when preparing our financial statements.

We experienced significant revenue growth during the Track Record Period. For the years ended December 31, 2014, 2015 and 2016, our revenue was RMB3,039.6 million, RMB4,310.2 million and RMB14,603.5 million, respectively. For the six months ended June 30, 2016 and 2017, our revenue was RMB5,404.5 million and RMB8,085.2 million, respectively. We cannot assure you that we will grow at a high rate, or at all, or that we will not experience a decrease in revenue. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and future growth opportunities. As a result, our past results of operations may not be representative of our future performance.

Furthermore, in the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates. Our deferred tax assets amounted to RMB180.1 million, RMB566.6 million, RMB821.1 million RMB921.7 million as of December 31, 2014, 2015 and 2016

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and June 30, 2017, respectively. Based on our accounting policies, deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses. The ultimate realization of these deferred tax assets depends on our business maintaining profitability and generating sufficient taxable profits to utilize the underlying unused tax losses. If there is a significant adverse change in our performance and resulting cashflow projections of such operation, some or all of the relevant deferred tax assets may need to be reduced and charged to the income statement, which could have an adverse effect on our financial condition and results of operations. Moreover, the realization of a deferred tax asset significantly depends on our management's judgment as to whether sufficient profits or taxable temporary differences will be available in the future.

In addition, during the Track Record Period, under limited circumstances, we purchased low-risk available-for-sale investments for cash management purposes, which mainly included short-term deposits products and unlisted trust and fund investments. As of December 31, 2014, 2015 and 2016 and June 30, 2017, our available-for-sale investments amounted to RMB1.5 million, RMB1,438.0 million, nil and RMB508.6 million, respectively. The values of certain available-for-sale financial assets are marked to market, and net changes in their fair value are recorded as our operating income or loss, and therefore directly affects our results of operations. If our management evaluates that the decline in value of available-for-sale financial assets is not temporary, such decline in the value can result in the recognition of impairment losses. This evaluation is a matter of judgment by the management, which includes the assessment of various factors. We did not experience any significant change in fair value on our available-for-sale investments during the Track Record Period and as we operate in a capital-intensive industry, we do not expect to purchase any material amount of available-for-sale investments in the future.

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

We have experienced an increase in labor costs during the Track Record Period, and expect such costs to continue to increase in the foreseeable future. In particular, we bear the rising costs, in particular labor costs, directly for our commercial property management business. In addition, we procure construction materials through our external contractors or by ourselves. The cost of construction materials, such as steel and concrete, may continue to fluctuate from time to time. As some of our major construction contracts are not fixed unit-price contracts, we bear the risk of fluctuations in construction material prices during the term of the relevant contract when the prices exceed certain thresholds. Additionally, increases in the cost of construction materials and labor will likely prompt our contractors to increase their fee quotes for our new property development projects. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if costs of construction materials and labor increase subsequent to the pre-sale. The rising cost of construction materials and labor and our inability to pass cost increases on to our customers may adversely affect our results of operations.

Our provision for LAT may be insufficient which could adversely affect our financial results.

Our properties developed for sale are subject to LAT. Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT on the appreciation of land value at progressive rates ranging from 30% to

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60%. We only prepay a portion of such provisions each year as required by the local tax authorities. For the years ended December 31, 2014, 2015 and 2016, we recorded approximately RMB115.2 million, RMB206.2 million and RMB548.4 million, respectively, as LAT expenses. For the six months ended June 30, 2016 and 2017, we recorded approximately RMB390.2 million and RMB338.7 million, respectively, as LAT expenses.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions and seek to collect that excess amount, our cash flow, financial condition and results of operations may be materially and adversely affected.

Our property development business is subject to customer claims under statutorily mandated quality warranties.

All property development companies in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. See “Business — Our Project Operation and Management — Project Delivery and After-Sales Services — Warranties” for more details. We have received customer claims in relation to the quality of our projects in the past and we expect to continue to receive customer claims of this nature in the future. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims as most of such complaints were mainly due to the customers’ dissatisfaction with the quality of properties they have purchased. Subject to the agreements we enter into with our third-party contractors, we typically receive quality warranties from our third-party contractors to cover claims that may be brought against us under our warranties.

Although we believe that each of these claims is immaterial by nature or amount, we cannot assure you that we will not face any significant customer claims in the future. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner, or at all, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and could have a material and adverse impact on our business, financial condition and results of operations.

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

Property developers or sellers in the PRC are required to assist purchasers in obtaining the relevant individual property ownership certificates (if applicable, the real estate rights certificate) within a time frame set out in the relevant sale and purchase agreement, or in the absence of such time frame, within 90 days of delivery of the property if the construction of the property purchased has not

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been completed, or within 90 days of execution of the agreement if the construction of the property purchased has been completed. In accordance with local regulations for pre-sold properties, we are required to submit the documents required for registration, including land use rights certificates and planning and construction permits, to the local bureau of housing administration to apply and register the ownership certificate of the project property (the general property ownership certificates, owned by the developers) within relevant necessary periods after receipt of the completion and acceptance certificate for the relevant properties. Purchasers may then submit or authorize us to submit, within 30 days of delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of the deed tax, the general property ownership certificates and the authorization letter and relevant documents, if applicable, for the bureau's review and the issuance of the individual property ownership certificates with respect to the properties purchased. Delays by administrative authorities in reviewing the relevant applications and granting approvals, as well as other factors, may affect timely delivery of the general as well as individual property ownership certificates. Should a late delivery of any individual building ownership certificate be due to delays that are deemed to be caused by us, the purchaser would be able to terminate the property sale and purchase agreement, reclaim the payment and/or claim damages, any of which could materially and adversely affect our business, financial condition and results of operations. Our reputation may also be harmed as a result.

We may be subject to fines or sanctions by the PRC government if we fail to pay land grant premium or fail to develop properties according to the terms of the land grant contracts.

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to the payment of fees, the designated use of land and the time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. During the Track Record Period, none of our subsidiaries had experienced delay in payment of land premium. We cannot assure you, however, that we will not experience delays in making land premium payment in the future. If we incur late payment fees in the future, our business, financial condition and results of operations may be materially and adversely affected.

Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve an investigation notice on us and impose an idle land fee on the land of up to 20% of the land grant premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. Moreover, even if we commence development of the land in accordance with the land use rights grant contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested

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in the project as promulgated in the project proposal submitted to the government at the project registration stage, including the purchase price of the land, and the development of the land is suspended for over one year without government approval, the land may still be treated as idle land. See “Regulatory Overview.”

There are specific enforcement rules on idle land and other aspects of land use rights grant contracts in many cities in China, and the local authorities are expected to enforce such rules in accordance with instructions from the central government of China. Where a holder of the right to use a plot of State-owned land for construction conducts malicious hoarding or speculation of the land, current measures in place require the competent land authorities not to accept any application for new land use rights or process any title transfer transaction, mortgage transaction, lease transaction or land registration application in respect of any idle land before such holder completes the required rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

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

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. During the Track Record Period, we leased certain properties from independent third party landlords mainly for our office premises. As of the Latest Practicable Date, we failed to register 30 leases we entered into as tenants for properties with a total GFA of 17,721 sq.m., representing approximately 52.2% of total GFA of properties we leased. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations, or our rights or entitlements to lease out the investment properties to tenants. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. We cannot assure you that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. See “Business — Leased Properties” for more details.

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

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

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

The appraised value of our properties as contained in “Property Valuation Report” in Appendix III was prepared by JLL based on multiple assumptions containing elements of subjectivity and uncertainty, including, among other things, that:

- we sell the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests;
- no allowance has been made for any charges, mortgages or amounts owing neither on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale;
- We have paid all land premium payments and other costs such as resettlement and ancillary utilities services in full and there is no requirement for payment of any further land premium or other onerous payments to the government; and
- our properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

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In addition, the appraised value of our investment properties is based on key assumptions including their market position, levels of reversionary capitalization rate, rent and/or price. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of comprehensive income in the period in which they arise. However, fair value gains do not change our overall cash position or our liquidity as long as we continue to hold such investment properties. See “Financial Information — Critical Accounting Policies and Estimates — Estimate of Fair Value of Investment Properties.”

Even though JLL adopted valuation methodologies used in valuing similar types of properties when preparing the property valuation report, the assumptions adopted may prove to be incorrect. As a result, the appraised values of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property development projects, as well as national and local economic conditions, may affect the value of our properties.

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

We strategically retain certain high quality commercial properties as investment properties to generate rental income or for land appreciation purpose. As of June 30, 2017, we had investment properties amounting to RMB7,788.1 million. Our investment property portfolio may increase in the future. Investment properties are generally illiquid and our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, if at all. We cannot predict the length of time needed to find purchasers to purchase such investment properties. In addition, should we decide to sell an investment property which is subject to a lease agreement, we may have to obtain consent from or pay termination fees to the tenants. We may also need to incur capital expenditure to manage and maintain our properties, or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all.

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

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Our financial conditions and results of operations may be materially impacted by gains or losses arising from changes in the fair value of our investment properties.

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the period in which they arise and the impact may be significant. The fair value gains on our investment properties in 2014, 2015 and 2016 and in the six months ended June 30, 2016 and 2017 were RMB585.1 million, RMB772.8 million, RMB594.2 million, RMB425.7 million and RMB49.6 million, respectively. In addition, if fair value gains on investment properties after tax was excluded, we would incur a net loss of RMB358.7 million and RMB160.7 million for the years ended December 31, 2014 and 2015, respectively, and would recognize a net profit of RMB797.6 million, RMB239.9 million and RMB339.4 million for the year ended December 31, 2016 and the six months ended June 30, 2016 and 2017, respectively. We cannot assure you that we can recognize comparable fair value gains in investment properties in the future and we may also recognize fair value losses, which would impact our results of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. On the other hand, fair value losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us.

Our property leasing and commercial property management businesses might subject us to a variety of risks.

Property leasing and commercial property management income from our investment properties constitute integral parts of our business and turnover. We are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to a level of the then prevailing market rate, or at all, upon the expiry of the existing terms. Likewise, we may not be able to enter into new leases at rental rates as expected. All these factors could negatively affect the demand for our investment properties, and as a result, decrease our rental income, which may have an adverse effect on our business, financial condition and results of operations.

The performance of our commercial property management business depend on various factors, including our ability to provide professional and quality property management services, collect property management fees and control costs, in particular, labor costs. We are generally paid fixed management fees for our services regardless of the actual cost we incur. In addition, for properties that are not owned by us, in order to raise our management fees, we are required to complete certain administrative procedures, including obtaining approvals of the property owner's general meeting. Management fees may also be subject to price range set by applicable government guidance. In the event that the property management fees we charge are insufficient to cover our costs and if we are

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unable to increase such fees in response to cost increases, there could be adverse effect on our financial condition and results of operations. Additionally, if we seek to reduce costs, we may not be able to maintain the quality of our property management services, which may similarly affect our reputation, business financial condition and results of operations.

Furthermore, there are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests and infringement of third parties' intellectual property or other rights by our tenants) taking place in public places, such as shopping malls. The occurrence of one or more accidents, injuries or prohibited activities at any of our investment properties could adversely affect our reputation among customers and guests, harm our brand, decrease our overall rents and occupancy rates and increase our costs by requiring us to implement additional safeguard measures. In addition, if accidents, injuries or prohibited activities occur at any of our investment properties, we may be held liable for costs, damages and fines. Our current property and liability insurance policies may not provide adequate or any coverage for such losses and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments.

We derive the substantial portion of our revenue from sale of our properties and most of our purchasers apply for bank borrowings and mortgages to fund their purchases. Therefore, the availability of mortgages to our prospective purchasers would significantly affect our financial condition and results of operations. In accordance with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loans for purchasers up until (i) we complete the relevant properties and the property ownership certificates and the mortgage are registered in favor of the mortgagee bank or (ii) the settlement of mortgage loans between the mortgagee bank and the purchaser, whichever is earlier.

The guarantees cover the full value of mortgages that purchasers of our properties have obtained to finance their purchases and any additional payments or penalties imposed by mortgagee banks for any defaults in mortgage payments by the purchasers. If a customer defaults on payment of its mortgage, the mortgagee bank may require that we immediately repay the entire outstanding balance of the mortgage and any additional payments or penalties pursuant to the guarantee. Upon satisfaction of our obligations under the guarantee, the mortgagee bank would then assign its rights under the loan and the mortgage to us and we would then have full recourse to the property. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our balance sheets.

As of December 31, 2014, 2015 and 2016 and June 30, 2017, our outstanding guarantees over the mortgage loans of our customers amounted to RMB4,851.7 million, RMB11,775.8 million, RMB18,129.5 million and RMB21,486.4 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we only encountered 29 incidents of default by purchasers which resulted in our Group having to repay all outstanding amounts, in aggregate, of RMB9.1 million owed by the purchasers to the mortgagee banks under the loans. We cannot assure you that defaults by

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purchasers will not occur or that the rate of such defaults will not increase in the future. If a significant amount of our guarantees are called upon at the same time or in close succession, if there is a material depreciation in the market value of the relevant properties, or if we cannot resell such properties due to unfavorable market conditions or for other reasons, our financial condition and results of operations may be materially and adversely affected.

Certain portions of our property development projects and investment properties are designated as civil air defense properties.

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009 and Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (人民防空工程平時開發利用管理辦法) promulgated by the House Civil Air Defense Office on November 2001, after obtaining the approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties at other time and generate profits from such use. During the Track Record Period, we had entered into contracts to transfer the right to use civil air defense properties in our property development projects to our customers as car parks (the “**Designated Car Parks**”) and we intend to continue such transfer. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not be able to use such area as car parks, and such area will no longer be a source of our revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material aspects, we cannot assure you that such laws and regulations will not be amended in the future which may make it more burdensome for us to comply with and increase our compliance cost. We confirm that as of the Latest Practicable Date, we had 26 completed civil air defense properties with an aggregate GFA of 272,077 sq.m., which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio. We have accounted for such properties as completed properties held for sale.

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

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from commercial banks and trust financing providers. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and operating results. As our borrowings are in RMB, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have gradually decreased in recent years. The weighted average effective interest rates on our total borrowings has decreased from 12.5% as of December 31, 2014 to 11.6% as of December 31, 2015, to 8.5% as of December 31, 2016 and further to 7.3% as of June 30, 2017. Most of the interest costs incurred were capitalized. Capitalized interest in 2014, 2015 and 2016 and the six months ended June 30, 2017 were RMB2,914.6 million, RMB3,539.2 million, RMB2,640.0 million and RMB1,211.2 million, respectively. Any future increases in the PBOC benchmark interest rate as a result of government policies may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

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We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture partners.

We have entered into joint ventures with third parties and may continue to do so in the future. The performance of such joint ventures has affected, and will continue to affect, our results of operations and financial position. As of June 30, 2017, we recorded amounts due from related companies of RMB1,709.2 million. We and our joint venture partners provided such amounts to our joint venture project companies in proportion to our shareholding percentages in order to fund such project companies' land acquisition efforts and working capital requirements. Once these project companies commence pre-sale and generate cash flow, they will repay such amounts to us on demand. Therefore, the timing of such joint ventures' capital requirements, the financial performance of our joint ventures and their ability to repay may materially and adversely affect our results of operations. We generally expect to incur share of loss in such joint ventures until their respective development of property projects completes and starts to contribute revenue. As of December 31, 2014, 2015 and 2016 and June 30, 2017, our investments in joint ventures amounted to nil, nil, RMB46.9 million and RMB1,268.6 million, respectively.

The success of a joint venture depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from our Joint Ventures and associated companies. In addition, in accordance with PRC law, our joint venture agreements and the articles of association of our Joint Ventures and associated companies, certain matters relating to joint venture require the consent of all parties to the Joint Ventures and associated companies. Therefore, such joint venture agreements involve a number of risks, including:

- we may not be able to pass certain important board resolutions requiring unanimous consent of all of the directors of our Joint Ventures and associated companies if there is a disagreement between us and our joint venture partners;
- we may disagree with our joint venture partners in connection with the scope or performance of our respective obligations under the joint venture arrangements;
- our joint venture partners may be unable or unwilling to perform their obligations under the joint venture arrangements with us, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or other reasons;
- our partners may have economic or business interests or goals or philosophies that are inconsistent with ours;
- our partners may take action contrary to our requests or instructions or contrary to our policies or objectives with respect to our property investments; or
- our partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant joint venture arrangements with us.

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

We are a holding company and rely primarily on dividends paid by our subsidiaries and Joint Ventures to fund any cash and financing requirements we have, and our ability to pay dividends and utilize cash resources in our subsidiaries and Joint Ventures depend on their earnings and distributions.

We are a holding company and we conduct our business operations primarily through our subsidiaries and Joint Ventures in China. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries and joint ventures to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. If any of our subsidiaries or joint ventures incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that we receive from these entities, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. In addition, their declaration of dividends will be at the absolute discretion of the boards of our subsidiaries and joint ventures.

Furthermore, payments of dividends by our subsidiaries and joint ventures are subject to restrictions under PRC laws. In addition, our subsidiaries or joint ventures may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities and joint venture agreements, to which they may be subject. Any of the above factors may affect our ability to pay dividends and to service our indebtedness. As we expect to continue to invest in subsidiaries and joint ventures for the development of property projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future subsidiaries or joint ventures, which could materially and adversely affect our ability to conduct our business.

Our success depends on the continued services of our senior management team and other qualified employees.

Our continued success and growth depends on our ability to identify, hire, train and retain suitably skilled and qualified employees, including management personnel, with relevant professional skills. The services of our Directors and members of senior management are essential to our success and future growth. The loss of a significant number of our Directors and senior management could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. We may not be able to successfully attract, assimilate or retain all of the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing

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needs. In addition, if any Director or any member of our senior management team or any of our other key personnel were to join a competitor or carry on a competing business, we may lose customers and key professionals and staff members. Due to the intense competition for management and other personnel in the PRC property sector, any failure to recruit and retain the necessary management personnel and other qualified employees could have a material adverse impact on our business and prospects.

Deterioration in our brand image or any infringement of our intellectual property rights may materially and adversely affect our business.

We rely, to a significant extent, on our “Zhenro (正榮)” brand name and image to attract potential customers to our properties. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, financial position and business, results of operations. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumers’ trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decrease in brand value, or any failure to establish our brand in provinces and cities in which we currently operate, may have a material adverse effect on our business, financial position and results of operations. In addition, any unauthorized use or infringement of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations.

We may be subject to fines or penalties if we fail to comply with any applicable laws, rules or regulations.

Historically, we experienced certain non-compliance incidents during the Track Record Period. One of our project companies was penalized for underpaid corporate income tax in the years of 2011 and 2012. In addition, during the Track Record Period, we commenced or proceeded with construction works with respect to certain of our property projects before completing requisite administrative procedures and/or obtaining requisite permits. We also experienced non-compliance in connection with certain defective land parcels during the development of Nanchang Zhenro The Capital of Great Loch, on which we developed residential properties that had been completed and delivered to our customers. We were subject to penalties or ordered to rectify such non-compliances, as the case may be. As of the date of this prospectus, we had paid all the penalties. We believe these non-compliances did not have a material operational and financial impact on us. See “Business — Compliance with Laws and Regulations” for further details of our non-compliance incidents. There is no assurance that our internal control measures will be effective and there will not be any non-compliance incidents in the future. In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, and we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

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Compliance with PRC laws and regulations regarding environmental protection may result in substantial costs and delays in construction schedule.

We are subject to a variety of laws and regulations concerning the protection of health and the environment and preservation of antiquities and monuments which imposes. Compliance with such laws and regulations may result in delays in our construction work, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas. See “Business — Environmental Matters” for details.

As required by PRC laws and regulations, property projects with a GFA in excess of 50,000 sq.m. or in environmentally sensitive regions or areas are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. For other property projects, we are required to file the environmental impact registration form for approval. If we fail to meet such requirements, the local authorities may issue orders to terminate our construction activities and may impose a penalty in the range of RMB50,000 to RMB200,000. After completion of construction, we are required to apply for environment protection acceptance check for completed property projects. Relevant government authorities will entrust an evaluation authority to investigate property projects with a GFA in excess of 50,000 sq.m. for other property projects, we are required to file the environmental protection acceptance check registration card.

We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. It is possible that the environmental assessments conducted may not reveal all environmental liabilities or their full extent, and there may be material environmental liabilities of which we are unaware. In the event of a termination of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

Current insurance coverage may not be adequate to cover all risks related to our operations.

In line with industry practice, we do not maintain any insurance policies for our residential property development projects. We generally maintain property insurance for our commercial property projects held for investment. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements. Furthermore, we do not maintain insurance covering construction-related property damage or personal injuries of third parties.

In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. We cannot assure you that we will not be sued or held liable for damage arising from, or in connection with, any such tortious acts. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as those suffered due to earthquakes, typhoons, floods, wars, civil disorders and other events of force majeure. If we suffer any loss, damage or liability in the course of our business operations, we may not have sufficient funds to cover such loss, damage or liability or to replace any property development that has been destroyed. In addition, any payment we make to cover any loss, damage or liability could have a material adverse effect on our business, financial condition and results of operations.

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We may be involved in legal and other disputes from time to time arising out of our operations, including any disputes with our contractors, suppliers, employees, tenants or other third parties, and may face significant liabilities as a result.

We have during the Track Record Period and may from time to time be involved in disputes with various parties involved in the development, sale, leasing and management of our properties, including contractors, suppliers, construction workers, purchasers and tenants. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. In addition, we may disagree with regulatory bodies in certain respects in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. For example, in October 2017, our subsidiary, Shanghai Yupin, received a subpoena from the local people's court for an alleged breach of contract. For more details, see "Business — Legal Proceedings and Material Claims." During the Track Record Period, we were not involved in any lawsuit that have a material adverse effect on our business, financial condition and results of operations. However, we cannot assure you that we will not be involved in any major legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

Our operations are dependent on a limited number of major suppliers.

Our suppliers are mainly construction contractors and construction material suppliers. During the Track Record Period, we were dependent on a limited number of major suppliers to operate our businesses. Some of our general contractors and sub-contractors are local level operating entities owned or controlled by group companies in China. Although we transacted with such local level operating entities on an individual basis, we aggregated the purchases from such entities and counted each of the relevant group companies as a major supplier. As such, the five largest suppliers, substantially all of whom were general contractor group companies in China, accounted for approximately 43.0%, 55.2%, 41.0% and 46.5% of our total purchases for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, respectively. Our single largest supplier for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 accounted for approximately 30.0%, 31.1%, 22.5% and 28.7% of our total purchases, respectively.

If a large number of our current major suppliers decide to terminate business relationships with us or, if the services or raw materials supplied by our current suppliers fail to meet our standards, or if our current service or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely fashion, which may materially and adversely affect our business and financial results.

False advertising of our properties may lead to penalties, undermine our sales and marketing efforts, deteriorate our brand name, and have a material adverse effect on our business.

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property development projects, our business and our brand image. If any of our advertisements are considered to be untruthful, we will be subject to

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penalties and will be required to cease publishing the advertisement and eliminate adverse effects by publishing notice in the same media or media with equivalent significance to correct the previous false advertisements and clarify the truth. In addition, any false advertising may cast doubt on our other disclosures, advertisements, filings and other publications, deteriorate our brand name and reputation, and consequently materially and adversely affect our business, financial condition and results of operations.

Our business, financial condition, results of operations and prospects may be adversely affected as a result of negative media coverage relating to us or the real estate market in which we operate or intend to operate.

We may be subject to and associated with negative publicity, including those on the Internet, with respect to our corporate affairs and conduct related to our personnel, the real estate market we operate or intend to operate. We may also be subject to negative reports or criticisms by various media, including in relation to incidents of fraud and bribery. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Nonetheless, any negative coverage, whether or not related to us or our related parties and regardless of truth or merit, may have an impact on our reputation and consequently, may undermine the confidence of our customers and investors, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR INDUSTRY

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

Our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing restrictions on foreign investment and currency exchange. Since 2004, the PRC and local governments introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

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

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In particular, the PRC and local governments also introduced the following policies, among others, to specifically restrain property purchases for speculation purposes and refrain property prices from rising too quickly in certain cities:

- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- raising the minimum percentage of down payment of the purchase price of the residential property of a family;
- restricting purchasers from acquiring second (or more) residential property and imposing property purchase restrictions on non-local residents that cannot provide any proof of local tax or social security payments for more than a specified time period in certain cities; and
- restricting the availability of individual housing loans in the property market to individuals and their family members with more than one residential property, and raising interest rates of such loans.

These and other measures, including additional requirements for pre-sales and restricting the use of funds raised by pre-sales, made the properties we developed more costly, unattractive or even unavailable to certain of our customers. In addition, since January 2010, policies implemented by the PRC government with regard to bank loans and trust financing arrangements for property development projects have had, and may continue to have, a dampening effect on the property markets in which we operate. These measures resulted in downward pressure on the PRC property market starting in the second half of 2011 and reduced transaction volumes in the first quarter of 2012.

Following the market fluctuations in the face of temporary easing of some restrictions by local governments in the second and third quarters of 2012, the property price and transaction volume increased in the last quarter of 2012 and the first quarter of 2013. On February 20, 2013, the General Office of the State Council announced the Notice on Further Regulation of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》). According to such notice, local governments shall increase the supply of housing properties and lands, and set price control targets in cities with rapidly increasing property prices. In addition, the notice also requires the local government to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and interest rates for mortgages for second (or more) residential property. If the property prices increases too quickly, the local government may further increase interest rates and down payment ratio for mortgages for second (or more) properties. For cities with existing purchase restrictions, the city municipals shall impose further restrictions. For cities with no purchase restrictions, the provincial governments must require these cities to promptly adopt purchase restrictions. The tax, building and construction authorities are required to coordinate to ensure that the 20% individual income tax on the difference between the sales proceeds and the original purchase price for the sale of second-hand properties is strictly implemented. These policies aim to serve to

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restrain the trend of excessive increase in housing prices. At the end of 2013, a new round of policies aimed at promoting affordable housing and discouraging speculative investments in residential properties was announced in a number of large cities in China, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou.

The PRC government has eased certain restrictive measures starting in the third quarter 2014 to foster the growth of the residential property market in China, encourage transactions and reduce idle housing inventory. However, such action has resulted in the property markets in first- and certain second-tier cities showing signs of overheating. As a response, in certain first- and second- tier cities including Shanghai, Shenzhen, and Suzhou, local governments have again enhanced restrictive measures such as raising the minimum percentage of down payment of the purchase price of the second (or more) residential property of a family, requiring longer social insurance records in such cities for citizens whose household registration were not in such cities, and restriction on the percentage of price increases by real estate developers during a year. In 2015, the PRC government raised percentage of down payment and changed the calculation base of business tax concerning transfer of individual housing, pursuant to which, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax. In 2016, such tax policies has been further refined.

On February 13, 2017, the Asset Management Association of China issued Circular 4 of Regulation for Registration Management of Private Asset Management Plan by Securities and Future Institutions (the “**Circular 4**”). Circular 4 provides that any private equity and asset management plan that is adopted to make either direct or indirect investment into any ordinary residential property project located in certain PRC cities where the property price rises too fast shall not be filed for a record temporarily. Such cities currently include 16 major cities in the PRC, such as Shanghai, Hefei, Nanjing, Suzhou, Tianjin, Fuzhou, Wuhan and Zhengzhou, and the list of such cities may be updated from time to time in the future according to the relevant regulations of the Ministry of Housing and Urban-Rural Development of the PRC. In addition, a private equity and asset management plan shall neither be used to finance any real estate developer by means of bank entrusted loans, trust plans, or usufruct of transferee assets, for the purpose of paying the price of land grant or supplementing the working capital, nor be used to directly or indirectly facilitate any violation or illegality of various institutions’ granting of loans for down payments.

In March 2017, local governments in certain major cities in the PRC, such as Beijing, Hangzhou and Hebei, introduced further policies to restrain property purchases for specialization purposes and refrain property prices from rising too quickly. Such policies include suspending the provision of individual housing loans with the term of more than 25 years, raising the minimum percentage of down payment of the purchase price and strictly restricting purchasers from acquiring second (or more) residential property. On April 1, 2017, the Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development issued the Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). To maintain a housing supply-demand balance, cities

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facing serious demand over supply and overheating market shall increase the supply of housing land, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build an inspection system to monitor the source of funds for land acquisition to ensure that the real estate developers use their own legal funds to purchase lands. These measures reduced the transaction volumes in certain major cities in the PRC in the second quarter of 2017.

In July 2017, NDRC, CSRC, Ministry of Finance, Ministry of Housing and Urban-Rural Development, Ministry of Public Security, MLR, SAT, SAIC and PBOC jointly issued the Notice on Accelerating the Development of Renting Market in Large and Medium-sized Cities with Influx Population (《關於在人口淨流入的大中城市加快發展住房租賃市場的通知》), promoting the development of renting market through multiple channels, such as increasing the land banks to be granted for renting houses, encouraging the ancillary renting houses in new commodity properties.

There are no assurance that the PRC government will relax existing restrictive measures, impose and enhance restrictive measures, or to impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs, and any easing measures introduced may also not be sufficient. We currently do not expect the impacts on our overall operation of the abovementioned new restrictive policies, regulations and measures be significant because we are able to modify our operating strategies among different regions accordingly as we currently operate in 15 cities in China and such restrictive policies are mainly effective in particular cities. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

The PRC property market industry is highly competitive.

There are a large number of property developers in the PRC and we expect the level of competition to increase over time, especially as new players enter the market and existing players expand, merge, reorganize and become more established. Intense competition among property developers in China for land, financing, construction materials and skilled management and human resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale, a decrease in property prices, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified contractors and personnel. Many of our competitors, including foreign developers and top-tier domestic developers, may have more financial or other resources than us. Domestic and overseas property developers have entered the property development markets in these cities where we have operations. If we fail to compete effectively, our business operations and financial condition will suffer.

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The global financial markets, including the financial markets in China, have experienced significant slowdown and volatility during the past few years, which has affected the PRC property market, and any continued deterioration may materially and adversely affect our business and results of operations.

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC property market, including among other things,

- by reducing the demand for commercial and residential properties resulting in the reduction of property prices;
- by adversely impacting the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices; and
- by negatively impacting the ability of property developers and potential property purchasers to obtain financing.

More recently, global market and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. The PRC economy grew at a slower pace in 2014, 2015 and 2016 than in previous years, with a yearly real GDP growth of 7.3%, 6.9% and 6.7%, respectively. Recently, there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. For example, after a rapid surge from the second half of 2014 to early June 2015, the Chinese domestic equity markets experienced sharp declines and severe volatility beginning from June 13, 2015. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than currently anticipated, or if the PRC economy and financial market continues to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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RISKS RELATING TO DOING BUSINESS IN THE PRC

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

We conduct our business operations in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including but not limited to:

- economic structure;
- level of governmental involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of developed countries. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. The PRC government has implemented economic reform measures emphasizing responsiveness to market forces in the development of the PRC economy. However, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. Furthermore, despite the implementation of such reforms, changes in the PRC's political and social condition, laws, regulations, policies and diplomatic relationships with other countries could have an adverse effect on our business, financial condition or results of operations.

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

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The PRC legal system has inherent uncertainties that could limit the legal protection available to you.

Our business is conducted in mainland China and is governed by PRC laws and regulations. All of our operating subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis, if at all) that some rules may have a retroactive effect. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, when PRC laws, rules, regulations and policies apply in different provinces, there may be different and varying applications and interpretations in different parts of the PRC. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation that it holds available for inspection. As a result, the legal protections available to you under the PRC legal system may be limited.

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

In utilizing the proceeds from the Global Offering or any further offering, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans provided by us to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered or filed on record. We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be filed with or approved by the MOFCOM or its local counterpart and registered with the SAIC or its local branch. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete filing and registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any

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of their respective subsidiaries. If we fail to receive such registrations or approvals or fail to complete such filing or registration procedures, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands and operate our core businesses through our operating subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders largely depends upon dividends received from these subsidiaries. If our subsidiaries incur debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted.

The PRC laws and regulations require that dividends be paid only out of distributable profits, which are net profit of our PRC subsidiaries as determined in accordance with PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that our PRC subsidiaries are required to make. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries. Failure by our operating subsidiaries in the PRC to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Furthermore, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to provide capital or declare dividends to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

In addition, under the EIT Law, if a foreign entity is deemed to be a “non-resident enterprise” as defined under the EIT Law, a withholding tax at the rate of 10% will be applicable to any dividends for earnings accumulated since January 1, 2008 payable to the foreign entity, unless it is entitled to reduction or elimination of such tax, including by tax treaties or agreements.

We may be classified as a “resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders.

The EIT Law provides that enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. “De facto management body” is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, SAT promulgated a circular to

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clarify the certain criteria for the determination of the “de facto management bodies” for foreign enterprises controlled by PRC enterprises. These criteria include: (1) the enterprise’s day-to-day operational management is primarily exercised in China; (2) decisions relating to the enterprise’s financial and human resource matters are made or subject to approval by organizations or personnel in China; (3) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholders’ meeting minutes are located or maintained in China; and (4) 50.0% or more of voting board members or senior executives of the enterprise habitually reside in China. However, as this circular only applies to enterprises established outside of China that are controlled by PRC enterprises or groups of PRC enterprises, it remains unclear how the tax authorities will determine the location of “de facto management bodies” for overseas incorporated enterprises that are controlled by individual PRC residents like us and some of our subsidiaries. Therefore, although substantially all of our management is currently located in the PRC, it remains unclear whether the PRC tax authorities would require or permit our overseas registered entities to be treated as PRC resident enterprises. We do not currently consider our Company to be a PRC resident enterprise. However, if the PRC tax authorities disagree with our assessment and determine that we are a “resident enterprise”, we may be subject to enterprise income tax at a rate of 25% on our worldwide income and dividends paid by us to our non-PRC shareholders as well as capital gains recognized by them with respect to the sale of our Shares may be subject to a PRC withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net income and results of operations, and may require us to withhold tax on our non-PRC shareholders.

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

On February 3, 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, which abolished certain provisions in the Circular on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises’ Share Transfers (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (“SAT Circular No. 698”), previously issued by the State Administration of Taxation on December 10, 2009. SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise (“PRC Taxable Assets”). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition

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by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying SAT Circular No. 7. SAT Circular No. 7 may be determined by the tax authorities to be applicable to our Reorganization, if such transaction were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Fluctuations in the value of the Renminbi and the PRC government’s control over foreign currency conversion may adversely affect our business and results of operations and our ability to remit dividends.

Substantially all of our revenue and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong Dollars. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar or U.S. Dollar will affect the relative purchasing power in Renminbi terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China’s foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for reference rates to consider the previous day’s closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. In 2015 and 2016, the value of the Renminbi depreciated approximately 4.4% and 7.2% against the U.S. dollar, respectively. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. Under China’s current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, must be directly reviewed and handled by banks in accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**Circular 13**”) and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain

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sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business, may be materially and adversely affected.

Our investment properties are located on land that is under long-term land use rights granted by the PRC government. There is uncertainty about the amount of the land grant premium that our Group will have to pay and additional conditions that may be imposed if we decide to seek an extension of the land use rights for our investment properties.

Our investment properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights is 40 years for commercial and mixed-use purposes and 50 years for office complexes. Upon expiration, the land use rights will revert to the PRC government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

These land use rights do not have automatic rights of renewal and holders of land use rights are required to apply for extensions of the land use rights one year prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC government unless the land in issue is to be taken back for the purpose of public interests), the holder of the land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such application is not granted, the properties under the land use rights will be reverted to the PRC government without any compensation. As none of the land use rights granted by the PRC government which are similar to those granted for our investment properties has, as of the Listing Date, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which our Group will have to pay and any additional conditions which may be imposed if our Group decides to seek an extension of the land use rights for our investment properties upon the expiry thereof.

In certain circumstances, the PRC government may, where it considers it to be in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC government charges a high land grant premium, imposes additional conditions, or does not grant an extension of the term of the land use rights of any of our investment properties, our operations and business could be disrupted, and our business, financial condition and results of operations could be materially and adversely affected.

Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from being able to distribute profits and could expose us and our PRC resident Shareholders to liability under the PRC laws.

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管

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理有關問題的通知》) (“SAFE Circular No. 37”), which was promulgated by SAFE and became effective on July 4, 2014, requires a PRC individual resident (“**PRC Resident**”) to register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (“**Offshore SPV**”) that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Pursuant to the Circular 13, the aforesaid registration shall be reviewed and handled by the banks and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. Following the initial registration, the PRC Resident is also required to make registration for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV’s registered capital, share transfer or swap, merger or division. Failure to comply with the registration procedures of SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV’s Chinese subsidiary to distribute dividends to its overseas parent.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, there has been no public market for our Offer Shares. The initial issue price range for our Offer Shares was the result of negotiations between us and the Underwriters, and the Offer Price may differ significantly from the market price for our Offer Shares following the Global Offering. We have applied for listing of, and permission to deal in, our Offer Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Offer Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our Offer Shares will not decline following the Global Offering. Furthermore, the price and trading volume of our Offer Shares may be volatile. The following factors could affect the trading volume and market price of our Offer Shares:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or departure of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, industries and events or factors beyond our control; and

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- the release of lock-up or other transfer restrictions on our outstanding Offer Shares or sales or perceived sales of additional Offer Shares by us or our Shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material adverse effect on the market price and trading volume of our Offer Shares.

Future sales or perceived sales or conversion of substantial amounts of our securities in the public market could adversely affect the market price of our Offer Shares and our ability to raise capital in the future, or may result in dilution of your shareholding.

The market price of our Offer Shares could decline as a result of future sales of substantial amounts of our Offer Shares or other securities relating to our Offer Shares in the public market, or the issuance of new Offer Shares or other securities relating to our Offer Shares or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could materially and adversely affect the prevailing market price of our Offer Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders would experience a dilution in their holdings upon the issuance of additional securities for any purpose. If additional funds were raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders could be reduced and such new securities might confer rights and privileges that take priority over those conferred by the Offer Shares.

A certain number of our Offer Shares held by existing shareholders are or will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Global Offering. See “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Stock Exchange Pursuant to the Listing Rules” and “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings Pursuant to the Hong Kong Underwriting Agreement.” After the lapse of the abovementioned restrictions, future sales or perceived sales of substantial amounts of our Offer Shares, or the possibility of such sales by us, could negatively impact the market price of our Offer Shares and our ability to raise equity capital in the future.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall when the trading of our Shares commences.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be about four Hong Kong business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price or value of our Shares could fall when trading commences as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

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We will be controlled by our Controlling Shareholders, whose interests may differ from those of our other Shareholders.

Upon completion of the Global Offering, assuming the Over-allotment Option is not exercised, our Controlling Shareholders will beneficially own and control approximately 71.25% of our share capital. Subject to the Articles of Association, our Controlling Shareholders will continue to have the ability to exercise a controlling influence over our management, policies, business and affairs by controlling the composition of our Board, determining the timing and amount of dividend distributions, approving material transactions such as major mergers, acquisitions and overseas investments, approving our annual budgets and amending the Articles of Association. The interest of our Controlling Shareholders may differ from the interest of our other Shareholders, and our Controlling Shareholders have no obligation to consider the interests of our other Shareholders. We cannot guarantee that our Controlling Shareholders will not cause us to revise our business strategies, enter into transactions, take or fail to take any other actions or make decisions that conflict with the best interests of our other Shareholders. In the event that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholder may be disadvantaged.

As the Offer Price of our Offer Shares is higher than our net tangible book value per Offer Share, purchasers of our Offer Shares in the Global Offering may experience immediate dilution upon such purchases.

As the Offer Price of our Offer Shares is higher than the net tangible assets per Offer Share immediately prior to the Global Offering, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of HK\$0.06 per Offer Share (assuming an Offer Price of HK\$3.74 per Offer Share, that being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option for the Global Offering is not exercised). Our existing Shareholders will receive an increase in the pro forma adjusted combined net tangible asset value per Offer Share of their Offer Shares.

We cannot guarantee that we will pay dividends.

Our Company did not declare or pay any dividend during the Track Record Period. Our Board of Directors has discretion in determining the frequency and amount of dividend distributions, which will be subject to the approval of our Shareholders at a general meeting. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our cash flows, financial condition and results of operations, capital adequacy ratios, operating and capital expenditure requirements, distributable profits of our PRC subsidiaries as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, statutory and regulatory restrictions on the payment of dividends and other factors that our Board of Directors deems relevant. See “Financial Information — Dividend.” There is no assurance that we will adopt the same dividend policy as we have adopted in the past.

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You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China or Hong Kong based on foreign laws against us and our Directors and senior management.

We are organized under the laws of the Cayman Islands. As a result, a shareholder may not be able to enforce a judgment against us or some or all of the Directors and executive officers outside the Cayman Islands. It may not be possible for a shareholder to effect service of process upon the Directors and executive officers within the shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a shareholder will be able to enforce any judgments in civil and commercial matters against the Directors or executive officers who are residents of countries other than those in which judgment is made.

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

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

You may face difficulties in protecting your interests under the laws of the Cayman Islands.

We are a Cayman Islands company and our corporate affairs are governed by, among other things, our Memorandum of Association, Articles of Association, the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions.

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

We have derived certain facts, forecasts and other statistics in this prospectus, particularly those relating to the PRC, the PRC economy and the PRC real estate industry in which we operate, from information provided by the PRC and other government agencies, industry associations, independent research institutes or other third-party sources. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the

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Underwriters or any of our or their respective affiliates or advisors, and, therefore, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts, forecasts and statistics include the facts, forecasts and statistics used in “Risk Factors,” “Industry Overview” and “Business.” Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts, forecasts or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since all of our Group's business operations and management are located in the PRC, there is no business need to appoint executive Directors based in Hong Kong. As none of our executive Directors or senior management currently resides in Hong Kong, we do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

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

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules. The two authorized representatives are Mr. HUANG Xianzhi (黃仙枝), the chairman of our Board and an executive Director and Mr. LIN Zhaoyang (林朝陽), our chief executive officer and an executive Director. The authorized representatives will act as the principal channel of communication between the Stock Exchange and our Company. The authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;
- (b) each of the authorized representatives has means to contact all Directors (including the non-executive Directors and the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. We will implement a policy whereby:
 - (i) each Director will provide his mobile phone number, office phone number, email address and facsimile number to the authorized representatives;
 - (ii) each Director will provide his phone numbers or means of communication to the authorized representatives when he is travelling; and
 - (iii) each Director will provide his mobile phone number, office phone number, email address and facsimile number to the Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) in compliance with Rule 3A.19 of the Listing Rules, we have retained Guotai Junan Capital Limited to act as our compliance advisor who will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the Listing Date and ending on the date that our Company publishes our financial results for the first full financial year after the Listing Date pursuant to Rule 13.46 of the Listing Rules;
- (d) any meetings between the Stock Exchange and our Directors may be arranged through the authorized representatives within a reasonable time frame;
- (e) our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorized representatives;
- (f) all Directors who are not Hong Kong residents have confirmed that they possess valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and, when required, meet with the Stock Exchange upon reasonable notice; and
- (g) we will retain a Hong Kong legal advisor to advise us on the application of the Listing Rules and other applicable Hong Kong laws and regulations after our Listing.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable.

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

We have appointed Mr. TAN Mingheng as one of the joint company secretaries. Mr. TAN Mingheng has extensive knowledge about our business operations and corporate culture and has extensive experience in matters concerning the Board and our corporate governance. However, Mr. TAN Mingheng does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rule 3.28 and Rule 8.17 of the Listing Rules. As a result, we have appointed Ms. KWONG Yin Ping Yvonne, a fellow of The Hong Kong Institute of Chartered Securities and a fellow of The Institute of Chartered Secretaries and Administrators of the United Kingdom, who meets the requirements under Rule 3.28 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Mr. TAN Mingheng for an initial period of three years from the Listing Date so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Ms. KWONG Yin Ping Yvonne will work closely with Mr. TAN Mingheng to jointly discharge the duties and responsibilities as company secretary and assist Mr. TAN Mingheng to acquire the relevant experience as required under Rule 3.28 of the Listing Rules. In addition, Mr. TAN Mingheng will attend relevant trainings to enhance and improve his knowledge of and familiarity with the Listing Rules and other relevant laws, rules and regulations.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the Listing Date, on the condition that Ms. KWONG Yin Ping Yvonne is engaged as a joint company secretary and provides assistance to Mr. TAN Mingheng during this period. If Ms. KWONG Yin Ping Yvonne ceases to provide assistance and guidance to Mr. TAN Mingheng during this period, the waiver will be immediately withdrawn. Before the expiry of the three-year period, we will conduct a further evaluation of the qualification and experience of Mr. TAN Mingheng to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We and Mr. TAN Mingheng would then endeavor to demonstrate to the Stock Exchange's satisfaction that Mr. TAN Mingheng, having had the benefit of Ms. KWONG Yin Ping Yvonne's assistance for three years, would have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and there is no need to further apply for a waiver.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. See "Connected Transactions" for details.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE GLOBAL OFFERING

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

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

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

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

UNDERWRITING

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Sole Representative (for itself and on behalf of the other Underwriters) and our Company. The International Offering is managed by the Sole Representative and is expected to be underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between our Company and the Sole Representative, for itself and on behalf of the other Underwriters. If, for any reason, the Offer Price is not agreed between our Company and the Sole Representative (for itself and on behalf of the other

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Underwriters) on or before the Price Determination Date, or such later date or time as may be agreed between the Sole Representative (for itself and on behalf of the other Underwriters) and our Company, the Global Offering will not proceed and will lapse. Further details of the Underwriters and the underwriting arrangements are set out in “Underwriting.”

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares was not under public offering or sale, directly or indirectly, in China or the U.S.

Prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries or their respective citizenship, residence or domicile.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Capitalization Issue and the Global Offering and additional Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.

No part of equity or debt securities of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

The principal register of members of our Company will be maintained by its principal share registrar, Walkers Corporate Limited, in the Cayman Islands and the branch register of members of our Company will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Shares to be issued pursuant to the Global Offering and any Shares to be issued upon exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme will be registered on the branch register of members of our Company in Hong Kong. Only Shares registered on the branch register of members of our Company in Hong Kong may be traded on the Stock Exchange.

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

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

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

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, or dealing in, the Shares or exercising any rights attached to, our Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out in “Structure of the Global Offering.”

COMMENCEMENT OF DEALINGS IN OUR SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, January 16, 2018, it is expected that dealings in our Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Tuesday, January 16, 2018. Shares will be traded in board lots of 1,000 Shares each.

The stock code of our Shares is 6158.

Our Company will not issue any temporary documents of title.

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

CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

The Listing does not require the approval of the CSRC or any other PRC government authorities under the current PRC laws, rules and regulations.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB have been translated, for the purpose of illustration only, into Hong Kong Dollar in this prospectus at the following exchange rate: HK\$1.00:RMB0.8456, the Renminbi central parity rate in effect on December 19, 2017 published by the PBOC.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

No representation is made that any amounts in RMB were or could have been or could be converted into Hong Kong Dollars at such rate or any other exchange rates on such date or any other date.

ROUNDING

Certain amounts and percentages figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures proceeding them.

OTHER

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
HUANG Xianzhi (黃仙枝)	Room 602, Block 3 19 Longxing Road Longqiao Street Chengxiang District, Putian City Fujian, PRC	Chinese
LIN Zhaoyang (林朝陽)	Room 502, Unit 1, Building No. 3, Alley No. 785, Eastern Road Zhenhai Street, Licheng District, Putian City Fujian, PRC	Chinese
<i>Non-executive Directors</i>		
OU Guoqiang (歐國強)	No. 1880-1, Yinggang East Road Xujing Town, Qingpu District Shanghai, PRC	Chinese
OU Guowei (歐國偉)	50 Shuixiang Wenquan 2 Minjiang Avenue North Cangshan District, Fuzhou City Fujian, PRC	Chinese
<i>Independent Non-executive Directors</i>		
LOKE Yu (alias LOKE Hoi Lam, 陸海林)	17/F Ascot Tower 45-57 Village Road Happy Valley Hong Kong	Malaysian
SHEN Guoquan (沈國權)	Room 306 No. 736 Hua Shan Road Jing'an District Shanghai, PRC	Chinese
WANG Chuanxu (王傳序)	Room 303, No.7 Lane 65, Jinshajiang Road Putuo District Shanghai, PRC	Chinese

For further information about our Directors and senior management members, see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED

Sole Sponsor

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central
Hong Kong

Joint Global Coordinators

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
26/F-28/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Joint Bookrunners and Joint Lead Managers

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
26/F-28/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

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

Legal Advisors to our Company

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>As to PRC law:</i> Commerce & Finance Law Offices 6F, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing China</p>
	<p><i>As to Cayman Islands law:</i> Walkers 15/F, Alexandra House 18 Chater Road Central Hong Kong</p>
Legal Advisors to the Sole Sponsor and the Underwriters	<p><i>As to Hong Kong law:</i> Sidley Austin Level 39, Two International Finance Centre 8 Finance Street Central Hong Kong</p>
	<p><i>As to PRC law:</i> Jingtian & Gongcheng 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing China</p>
Auditor and Reporting Accountants	<p>Ernst & Young <i>Certified Public Accountants</i> 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong</p>
Industry Consultant	<p>China Index Academy Tower A No. 20 Guogongzhuang Middle Street Fengtai District Beijing China</p>

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Independent Property Valuer	Jones Lang LaSalle Corporate Appraisal and Advisory Limited 6/F Three Pacific Place 1 Queen's Road East Hong Kong
Internal Control Consultant	SHINEWING Risk Services Limited 43/F., Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Compliance Advisor	Guotai Junan Capital Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Receiving Bank	Bank of China (Hong Kong) Limited 1 Garden Road Central Hong Kong

CORPORATE INFORMATION

Registered office in the Cayman Islands	Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands
Head office in the PRC	28/F Gubei International Fortune Center II 1438 Hongqiao Road Changning District Shanghai, PRC
Principal place of business in Hong Kong	18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Company's website	www.zhenrodc.com <i>(The information on the website does not form part of this prospectus)</i>
Joint Company Secretaries	TAN Mingheng (談銘恒) KWONG Yin Ping Yvonne (鄺燕萍) (FCIS, FCS)
Authorized representatives	HUANG Xianzhi (黃仙枝) Room 602, Block 3 19 Longxing Road Longqiao Street Chengxiang District, Putian City Fujian, PRC LIN Zhaoyang (林朝陽) Room 502, Unit 1, Building No. 3, Alley No. 785, Eastern Road Zhenhai Street, Licheng District, Putian City Fujian, PRC
Audit Committee	LOKE Yu (alias LOKE Hoi Lam, 陸海林) (Chairman) OU Guowei (歐國偉) WANG Chuanxu (王傳序)

CORPORATE INFORMATION

Remuneration Committee	WANG Chuanxu (王傳序) (<i>Chairman</i>) HUANG Xianzhi (黃仙枝) SHEN Guoquan (沈國權)
Nomination Committee	HUANG Xianzhi (黃仙枝) (<i>Chairman</i>) WANG Chuanxu (王傳序) SHEN Guoquan (沈國權)
The Cayman Islands Principal Share Registrar and Transfer Agent	Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance Advisor	Guotai Junan Capital Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal Banks	Bank of China Shanghai Branch No. 200 Yinchengzhong Road Pudong New District, Shanghai City PRC Bank of China Fujian Province Branch No. 136 Wusi Road Fuzhou City, Fujian Province PRC Industrial and Commercial Bank of China Shanghai Branch No. 9 Pudong Avenue Shanghai City PRC

INDUSTRY OVERVIEW

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

SOURCES OF INFORMATION

In connection with the Global Offering, we commissioned China Index Academy, an independent third party and an experienced property research institution in the PRC, to prepare the China Index Academy Report as to the real estate markets in China and the regions and cities in which we currently operate. We paid a total consideration of RMB950,000 for this report, which we believe is in line with the market rate.

China Index Academy is the leading independent property research institution with offices in 75 cities nationwide. Currently, China Index Academy has more than 600 experienced research analysts covering real-time property transaction data in more than 600 cities across China.

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

While preparing the industry report and regional ranking information, China Index Academy has relied on the assumptions that (i) all published data by the Statistics Bureaus are accurate; (ii) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate; and (iii) where subscribed data is obtained from renowned public institutions, China Index Academy has relied upon the expertise of such institutions.

Our Directors confirm that, after taking reasonable and up to the Latest Practicable Date care, there is no adverse change in the market information since the date of the China Index Academy Report and up to the Latest Practicable Date, which may qualify, contradict or have an impact on the information as disclosed in this section.

INDUSTRY OVERVIEW

OVERVIEW OF THE PRC ECONOMY

Overview

China has experienced significant economic growth over the last decade with an annual growth rate of approximately 10% development which has accelerated fixed assets investment during the same periods. In recent years, the PRC economic development has transitioned from one that focused on scale and speed of its growth to one that focuses on the quality and efficiency of the development. Since 2012, the real GDP growth of the PRC has started to moderate and the real GDP growth rate decreased slightly from 7.3% in 2014 to 6.9% in 2015 and further to 6.7% in 2016.

Urbanization in the PRC has been accelerating and expanding in the past decade as evidenced by rapidly increasing urban population and urbanization rate, serving as a strong driver for domestic economic growth, particularly, for the real estate industry. The urban population reached 793 million in 2016 from 691 million in 2011, representing a CAGR of approximately 2.8%. In particular, in 2011, total urban population exceeded total rural population for the first time. The robust growth of the PRC economy and the acceleration of urbanization process have contributed to the continuous increase in the per capita disposable income of urban households, which increased from RMB21,810 in 2011 to RMB33,616 in 2016, representing a CAGR of approximately 9.0%.

The following table sets forth selected economic statistics for the PRC for the periods indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	48,930	54,037	59,524	64,397	68,551	74,413	8.7%
Real GDP growth rate (%)	9.5	7.7	7.7	7.3	6.9	6.7	NA
Fixed asset investment (RMB billion)	31,149	37,470	44,629	51,202	56,200	60,647	14.3%
Population (million)	1,347	1,354	1,361	1,368	1,375	1,383	0.5%
Urban population (million)	691	712	731	749	771	793	2.8%
Urbanization rate (%)	51.3	52.6	53.7	54.8	56.1	57.4	NA
Per capita disposable income of urban households (RMB)	21,810	24,565	26,467	28,844	31,195	33,616	9.0%

Source: National Bureau of Statistics

THE PRC REAL ESTATE MARKET

Overview

In line with the growth of the PRC economy and the accelerated fixed assets investment, real estate investment in the PRC has increased rapidly. In addition, the urbanization process and rising living standard encouraged the need of local residential and commercial property demand. The PRC government also plays an active role in shaping China's economic environment. Despite the macro-control policy changes from 2010 to 2014 with the aim of regulating overheated speculative real property investment, total investment in the PRC property market increased from approximately RMB6,180 billion in 2011 to RMB10,258 billion in 2016, representing a CAGR of approximately 10.7%.

INDUSTRY OVERVIEW

The following table sets forth the relevant data relating to the property market in the PRC for the periods indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Total real estate investment (RMB billion)	6,180	7,180	8,601	9,504	9,598	10,258	10.7%
Residential properties							
Investment in residential properties (RMB billion)	4,432	4,937	5,895	6,435	6,460	6,870	9.2%
GFA of residential properties sold (million sq.m.)	965	985	1,157	1,052	1,124	1,375	7.3%
GFA of residential properties completed (million sq.m.)	743	790	787	809	738	772	0.8%
ASP of residential properties (RMB/per sq.m.)	4,993	5,430	5,850	5,933	6,472	7,203	7.6%
Commercial properties							
<i>Office</i>							
Investment in office properties (RMB billion)	256	337	465	564	621	653	28.0%
GFA of office properties sold (million sq.m.)	20	23	29	25	29	38	9.0%
GFA of office properties completed (million sq.m.)	23	23	28	31	34	36	13.5%
ASP of office properties (RMB/per sq.m.)	12,327	12,306	12,997	11,826	12,914	14,334	3.1%
<i>Retail</i>							
Investment in retail properties (RMB billion)	742	931	1,195	1,435	1,461	1,584	16.4%
GFA of retail properties sold (million sq.m.)	79	78	85	91	93	108	6.6%
GFA of retail properties completed (million sq.m.)	95	102	109	121	120	125	5.7%
ASP of retail properties (RMB/per sq.m.)	8,488	9,021	9,777	9,817	9,561	9,786	2.9%

Source: National Bureau of Statistics, CREIS China Index Database

In particular, increased disposable income, along with other factors including change of population structure and changes in birth control regulations and policies, raised the demand of mid- to high-end residential properties for home upgrade needs. We believe mid- to high-end residential properties typically refer to properties targeting purchasers of housing units with a GFA ranging from 90 sq.m. to 200 sq.m. to satisfy their first time and subsequent home-upgrade demand. According to China Index Academy, from 2012 to 2016, the percentage of housing units sold with a GFA of less than 90 sq.m. in 30 selected major cities in China had experienced a decrease from 28.0% in 2012 to 26.1% in 2016, while the percentage of housing units sold with a GFA ranging from 90 sq.m. to 200 sq.m. had increased correspondingly from 51.6% to 56.3% to accommodate the growing home upgrade needs in the PRC real estate market. We expect that the percentage of housing units sold with a GFA ranging from 90 sq.m. to 200 sq.m. to experience a continuous growth across China in the future. In particular, according to China Index Academy, average residential gross floor area per capita in China is expected to increase to 38 sq.m. in 2020, resulting in home upgrade needs of mid- to high-end residential properties of approximately 2.2 billion sq.m., accounted for 26.4% of the aggregate demand for residential properties in 2020.

INDUSTRY OVERVIEW

Recent Developments of Real Estate Policies in the PRC

The real estate market in the PRC is subject to extensive government regulation. The PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by promulgating laws and regulations and imposing industry policies and other economic measures. Over the past few years, in order to avoid over-heating of the real estate market, the PRC government has promulgated various restrictive measures to stabilize housing prices. Recently, some of these measures have been relaxed. See “Regulatory Overview” in this prospectus.

Our Market Position

According to the China Index Academy Report, Zhenro Group is one of the largest unlisted PRC real estate developers and ranked second among all unlisted privately-owned PRC real estate developers in 2016 in terms of contracted sales. As advised by China Index Academy for the purpose of this prospectus, unlisted privately-owned PRC real estate developers refer to those China-based privately-owned real estate developers whose securities have not been listed and traded on any stock exchange in any jurisdiction. We excluded state-owned developers and real estate developers listed on reputable stock exchanges for the following reasons. First, comparing with privately-owned real estate developers in the PRC, state-owned developers, leveraging their reputation and strong existing relationships with respective shareholders with government background, are typically able to access more financing opportunities with favorable commercial terms and potential real estate development opportunities, especially projects sponsored or promoted by the central or local governments, such as indemnificatory and low-rent housing projects. On the other hand, given the limited number of state-owned real estate developers in the PRC, ranking among a large number of privately-owned real estate developers is more representative. Second, on the basis that, comparing with those unlisted privately-owned real estate developers, real estate developers listed on reputable stock exchanges usually have stronger brand images, better reputation and higher standards of corporate governance, which may enable them to (i) have more advantages in obtaining financing facilities from commercial banks and financial institutions with favorable commercial terms, including lower interest rates; (ii) have more opportunities to be designated by local governments as developers in a public tender process, in particular in terms of commercial and industrial projects, and (iii) enjoy the priority to be selected as cooperative partners by other industrial players. As such, China Index Academy is of the view that excluding the state-owned real estate developers and listed real estate developers in the PRC when determining the rank of Zhenro Group in terms of contracted sales is appropriate and reasonable. According to the same source, Zhenro Group ranked 23rd among all real estate developers in China in terms of comprehensive property development capability and ranked 24th among all real estate developers in China whose contracted sales were in excess of RMB10 billion in terms of market share by contracted sales in 2016. According to the China Index Academy Report, in 2016, Zhenro Group accounted for approximately 0.31% of the PRC real estate market in terms of contracted sales.

In addition, Zhenro Properties Holdings ranked 19th in 2017 among the “Top 200 Real Estate Developer in China” according to Yihan Zhiku (億翰智庫). Zhenro Group was also ranked among the top 20 real estate companies in China in terms of brand value in 2017, according to the China Real and Housing Estate Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心).

Competitive Landscape

The property market in the PRC is highly fragmented and competitive, although as a result of intense competition and economies of scale, market concentration for certain property developers have increased in recent years. Our existing and potential competitors include major domestic overseas

INDUSTRY OVERVIEW

property developers. We compete with them in relation to a number of factors, including the ability to acquire land, brand recognition, financial resources, prices, product quality, service quality, ability to react to change in market condition and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater brand recognition, and we may face challenges in maintaining our market position or further enhancing our market position as a result. Furthermore, there are certain barriers to enter into the PRC property development market, including the capital barrier, economy of scale barrier, and product barrier. Property developments require various resources and expertise including intensive capital investment and differentiated product offering. Major property developers also enjoy economies of scale based on their brand value, product, capital and geographic distribution.

We believe the PRC real estate industry still has large growth potential. We believe that, with our highly-developed end-to-end property development capabilities, our focus to develop innovative mid-to high- end products, our dynamic realizable-market-value-based inventory management approach, our reputable brand name and our effective management team, we are able to respond promptly and effectively to challenges in the PRC legal market. As such, we are able to command a premium in the sales price for our residential properties in certain of our markets, as compared to properties of similar quality. For instance, according to the China Index Academy Report, by comparing with residential properties with similar characteristics in close proximity, such as project scale, property unit size, layout and use for the same year, and by comparing the average selling price per sq.m. of the properties in close proximity, the average selling price per sq.m. of Nanjing Zhenro Royal Fame and Nanjing Zhenro Splendid Land, two selective residential projects developed and sold by us in 2016, were found to be 20.4% and 15.8% higher than that of comparative residential properties in their respective close proximity, respectively. By comparing with residential projects with similar characteristics in close proximity, China Index Academy eliminated the difference in average selling price caused by different location and property nature, which better reflected the higher selling prices attributable to our advantages in property design, quality, service and reputation.

Geographic Presence

As of October 31, 2017, we had established operation in 17 cities in four regions in the PRC, including the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Area. We will further enhance our presence in these four regions.

The Yangtze River Delta Economic Region, which covers Shanghai, Jiangsu Province, Zhejiang Province and Anhui Province, enjoys the benefits of a strong economy and a large population. Relevant government policies, including the establishment of the China (Shanghai) Pilot Free Trade Zone, promoted investment in the Yangtze River Delta Economic Region. Shanghai, Nanjing and Suzhou are among the most attractive cities for real estate investment in the PRC.

The Midwest China Economic Region encompasses Hunan, Hubei, Shaanxi, Sichuan and Henan Provinces and certain cities and areas in Jiangxi Province. The real estate investment in the Midwest Economic Area has experienced and is expected to continue to experience rapid growth, especially in the capital city of each province, such as Wuhan and Changsha, which attracted and expect to continue to attract a relatively large percentage of real estate investment in the Midwest China Economic Region.

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The Bohai Economic Rim is comprised of Beijing, Tianjin, Shandong and Hebei Provinces. Beijing and Tianjin are among the four direct-controlled municipalities and the most developed cities in the PRC. Benefited by the policy of integrating the Beijing, Tianjin and Hebei areas in March 2015, several cities in Hebei Province also enjoy increased capital investment.

The Western Taiwan Straits Economic Zone includes Fujian, and certain cities and areas in Guangdong Provinces and Jiangxi Province. In line with the government policies including “One Belt and One Road” and the establishment of free trade zones in Fujian, investment in the Western Taiwan Straits Economic Area is expected to continue to experience strong growth potential, according to China Index Academy.

The “One Belt and One Road” initiatives are expected to stimulate more opportunities in real estate market of cities across the trade route, which will benefit from capital investment, deepened trade and industrial cooperation, and additional energy and public infrastructure construction. Zhenro Group has established its operation in five out of the ten key link cities promoted by the One Belt and One Road initiatives. In particular, Fujian Province, which is recognized as the core area of the “21st Century Maritime Silk Road” under the One Belt and One Road initiatives, has significant growth potentials. Zhenro Group had strategically located its operation in several cities in Fujian Province, including Putian, Fuzhou, Nanping and Pingtan, which are expected to be well positioned to capture future growth opportunities.

REAL ESTATE MARKET OF SELECTED CITIES IN THE PRC

The Yangtze River Delta Economic Region

Shanghai

Shanghai is a central city in the Yangtze River Delta Economic Region and also the economic and finance center in the PRC. It is home to the headquarters of numerous prestigious domestic enterprises and multinational firms and has the first pilot free trade zone in China. Shanghai occupies a total land area of approximately 6,341.0 million sq.m. The nominal GDP, total retail sales of consumer goods of and foreign investment in Shanghai are among the highest in the PRC. Shanghai had a population of approximately 24.2 million as of December 31, 2016, of which more than 40% do not have the household registration in Shanghai.

Shanghai maintained strong and stable GDP growth with its nominal GDP increasing from RMB1,920 billion in 2011 to RMB2,747 billion in 2016, representing a CAGR of 7.4%. Disposable income of urban households per capita increased from RMB36,230 in 2011 to RMB57,692 in 2016, representing a CAGR of 9.8%.

The following table sets forth selected economic indicators relating to Shanghai for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	1,920	2,018	2,182	2,357	2,512	2,747	7.4%
Real GDP growth rate (%)	8.2	7.5	7.7	7.0	6.9	6.8	NA
Fixed asset investment (RMB billion)	507	525	565	602	635	676	5.9%
Population (million)	23.5	23.8	24.2	24.3	24.2	24.2	0.6%
Urbanization rate (%)	89.3	89.3	89.6	89.6	87.6	—	—
Per capita disposable income of urban households (RMB)	36,230	40,188	43,851	47,710	52,962	57,692	9.8%

Source: Shanghai Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

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Real estate investment in Shanghai has experienced an upward trend since 2011, increasing from RMB225.4 billion in 2011 to RMB370.9 billion in 2016, representing a CAGR of 10.5%. The following table sets forth key figures relating to the real estate market in Shanghai for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	15.0	15.9	20.2	17.8	20.1	20.2	6.1%
ASP of residential properties (RMB/per sq.m.)	13,566	13,870	16,192	16,415	21,501	25,910	13.8%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	1.4	1.1	1.6	1.2	2.0	3.1	16.8%
ASP of office properties (RMB/per sq.m.)	25,997	21,000	23,623	24,978	24,755	29,477	2.5%
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	0.9	1.2	1.2	1.0	1.1	2.1	17.9%
ASP of retail properties (RMB/per sq.m.)	19,527	16,218	19,294	22,014	20,043	22,854	3.2%

Source: Shanghai Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Nanjing

Nanjing is the capital city of Jiangsu Province and a central city in the Yangtze River Delta Economic Region. It is a political, economic, technology and cultural center of Jiangsu Province. Nanjing occupies a total land area of approximately 6,587.0 million sq.m. Nanjing had a population of approximately 8.3 million as of December 31, 2016.

Nanjing experienced rapid economic growth and its nominal GDP increased from RMB615 billion in 2011 to RMB1,050 billion in 2016, representing a CAGR of 11.3%. Disposable income of urban households per capita increased from RMB32,200 in 2011 to RMB49,997 in 2016, representing a CAGR of 9.2%.

The following table sets forth selected economic indicators relating to Nanjing for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	615	720	808	882	972	1,050	11.3%
Real GDP growth rate (%)	12.0	11.7	11.0	10.1	9.3	8.0	NA
Fixed asset investment (RMB billion)	401	468	527	546	549	553	6.7%
Population (million)	8.1	8.2	8.2	8.2	8.2	8.3	0.4%
Urbanization rate (%)	79.7	80.2	80.5	80.9	81.4	82.0	NA
Per capita disposable income of urban households (RMB)	32,200	36,322	39,881	42,568	46,104	49,997	9.2%

Source: Nanjing Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

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Real estate investment in Nanjing has experienced an upward trend since 2011, increasing from RMB87.2 billion in 2011 to RMB184.6 billion in 2016, representing a CAGR of 16.2%. The following table sets forth key figures relating to the real estate market in Nanjing for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	6.8	8.8	11.4	11.2	14.3	14.1	15.7%
ASP of residential properties (RMB/per sq.m.)	8,415	9,675	11,078	10,964	11,260	17,884	16.3%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	0.4	0.3	0.2	0.2	0.3	—	—
ASP of office properties (RMB/per sq.m.)	19,332	16,491	17,939	15,156	16,467	—	—
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	0.4	0.3	0.4	0.4	0.6	—	—
ASP of retail properties (RMB/per sq.m.)	16,703	17,847	19,714	16,813	15,026	—	—

Source: Nanjing Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Suzhou

Suzhou is a major economic center and focal point of trade and commerce and the largest city in the Jiangsu Province. Suzhou occupies a total land area of approximately 8,488.4 million sq.m. and had a population of approximately 10.6 million as of December 31, 2016.

Suzhou experienced continuous economic growth and its nominal GDP increased from RMB1,072 billion in 2011 to RMB1,548 billion in 2016, representing a CAGR of 7.6%. Disposable income of urban households per capita increased from RMB33,243 in 2011 to RMB54,341 in 2016, representing a CAGR of 10.3%.

The following table sets forth selected economic indicators relating to Suzhou for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	1,072	1,201	1,302	1,376	1,450	1,548	7.6%
Real GDP growth rate (%)	12.0	10.1	9.6	8.3	7.5	7.5	NA
Fixed asset investment (RMB billion)	450	527	600	623	612	565	4.6%
Population (million)	10.5	10.5	10.6	10.6	10.6	10.6	0.2%
Urbanization rate (%)	71.3	72.3	73.2	74.0	74.8	75.5	NA
Per capita disposable income of urban households (RMB)	33,243	37,531	41,143	46,677	50,390	54,341	10.3%

Source: Suzhou Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

INDUSTRY OVERVIEW

Real estate investment in Suzhou grew from RMB119.9 billion in 2011 to RMB216.3 billion in 2016, representing a CAGR of 12.5%. The following table sets forth key figures relating to the real estate market in Suzhou for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	9.4	12.6	16.3	14.5	19.4	22.6	19.1%
ASP of residential properties (RMB/per sq.m.)	9,060	8,980	9,479	9,639	10,335	13,596	8.5%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	0.4	0.3	0.5	0.3	0.5	—	—
ASP of office properties (RMB/per sq.m.)	8,451	8,122	8,884	9,144	9,290	—	—
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	1.6	1.5	1.7	1.0	1.1	—	—
ASP of retail properties (RMB/per sq.m.)	9,924	11,100	12,051	11,509	11,262	—	—

Source: Suzhou Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Hefei

Hefei is the capital of Anhui province and a link city along the “One Belt, One Road” trade route in the PRC. Located in the central portion of Anhui Province, it borders seven other provinces and one direct-controlled municipality in China, which all together form one of the most dynamic regions in the country in terms of economic growth and domestic consumption. Hefei occupies a total land area of approximately 11,400 million sq.m. and had a population of approximately 7.9 million as of December 31, 2016.

Hefei experienced continuous economic growth and its nominal GDP increased from RMB363.7 billion in 2011 to RMB627.4 billion in 2016, representing a CAGR of 11.5%. Disposable income of urban households per capita increased from RMB22,459 in 2011 to RMB34,852 in 2016, representing a CAGR of 9.2%.

The following table sets forth selected economic indicators relating to Hefei for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	364	416	467	516	566	627	11.5%
Real GDP growth rate (%)	15.4	13.6	11.5	10.0	10.5	9.8	N/A
Fixed asset investment (RMB billion)	338.6	400.1	470.8	538.5	615.3	650.1	13.9%
Population (million)	7.5	7.6	7.6	7.7	7.8	7.9	0.9%
Urbanization rate (%)	64.6	66.4	67.8	69.1	70.4	72.1	N/A
Per capita disposable income of urban households (RMB)	22,459	25,434	28,083	29,348	31,989	34,852	9.2%

Source: Hefei Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

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Real estate investment in Hefei grew from RMB89.0 billion in 2011 to RMB135.3 billion in 2016, representing a CAGR of 8.7%. The following table sets forth key figures relating to the real estate market in Hefei for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	10.6	11.2	14.5	13.3	12.9	17.1	10.0%
ASP of residential properties (RMB/per sq.m.)	5,608	5,754	6,084	6,917	7,512	9,312	10.7%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	0.6	0.3	0.6	0.5	0.7	—	—
ASP of office properties (RMB/per sq.m.)	7,915	8,527	8,117	8,175	8,841	—	—
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	1.1	0.7	0.8	1.9	2.0	1.9	10.5%
ASP of retail properties (RMB/per sq.m.)	12,581	12,288	10,043	9,125	9,172	—	—

Source: Hefei Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

The Midwest China Economic Region

Wuhan

Wuhan is the capital of Hubei province and is the most populous city in Central China. Wuhan is known as a major transportation hub, with dozens of railways, roads and expressways passing through the city and connecting to other major cities. Wuhan occupies a total land area of approximately 8,594.0 million sq.m. and as of December 31, 2016, it had a population of approximately 10.8 million.

Wuhan experienced a stable economic growth and its nominal GDP increased from approximately RMB676 billion in 2011 to approximately RMB1,191 billion in 2016, representing a CAGR of 12.0%. Disposable income of urban households per capita increased from RMB23,738 in 2011 to RMB39,737 in 2016, representing a CAGR of 10.9%.

The following table sets forth selected economic indicators relating to Wuhan for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	676	800	905	1,007	1,091	1,191	12.0%
Real GDP growth rate (%)	12.5	11.4	10.0	9.7	8.8	7.8	NA
Fixed asset investment (RMB billion)	426	503	600	700	773	709	10.8%
Population (million)	10.0	10.1	10.2	10.3	10.6	10.8	1.4%
Urbanization rate (%)	54.6	54.8	54.4	54.1	52.9	79.8	N/A
Per capita disposable income of urban households (RMB)	23,738	27,061	29,821	33,270	36,436	39,737	10.9%

Source: Wuhan Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

INDUSTRY OVERVIEW

Real estate investment in Wuhan experienced a rapid growth from RMB128.2 billion in 2011 to RMB251.7 billion in 2016, representing a CAGR of 14.4%. The following table sets forth key figures relating to the real estate market in Wuhan for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	11.8	13.9	17.5	19.8	24.1	29.3	19.9%
ASP of residential properties (RMB/per sq.m.)	6,676	6,895	7,238	7,399	8,404	9,819	8.0%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	0.3	0.6	0.7	0.6	0.4	0.9	28.6%
ASP of office properties (RMB/per sq.m.)	9,757	13,403	9,372	11,374	10,429	—	—
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	0.8	0.7	1.2	1.6	1.0	1.3	10.6%
ASP of retail properties (RMB/per sq.m.)	14,116	13,155	13,903	14,410	14,193	—	—

Source: Wuhan Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Changsha

Changsha is the capital of Hunan province and an important commercial, manufacturing and transportation center in China. Changsha occupies a total land area of approximately 11,819 million sq.m. and as of December 31, 2015, it had a population of approximately 7.6 million.

Changsha experienced a stable economic growth and its nominal GDP increased from approximately RMB562.0 billion in 2011 to approximately RMB932.0 billion in 2016, representing a CAGR of 7.8%. Disposable income of urban households per capita increased from RMB27,069 in 2011 to RMB43,294 in 2016, representing a CAGR of 6.9%.

The following table sets forth selected economic indicators relating to Changsha for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	562	640	715	783	851	932	7.8%
Real GDP growth rate (%)	14.5	13.0	12.0	10.5	9.9	9.4	N/A
Fixed asset investment (RMB billion)	351	401	459	544	636	669	10.8%
Population (million)	7.1	7.1	7.2	7.3	7.4	7.6	1.4%
Urbanization rate (%)	68.5	69.4	70.6	72.3	74.4	76.0	N/A
Per capita disposable income of urban households (RMB)	27,069	31,044	33,662	36,826	39,961	43,294	6.9%

Source: Changsha Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

INDUSTRY OVERVIEW

Real estate investment in Changsha grew from RMB92.6 billion in 2011 to RMB126.7 billion in 2016, representing a CAGR of 6.5%. The following table sets forth key figures relating to the real estate market in Changsha for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.) . . .	13.9	13.9	16.6	13.3	16.9	23.1	10.6%
ASP of residential properties (RMB/per sq.m.) . . .	5,481	5,603	5,759	5,458	5,544	6,160	2.4%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	0.4	0.4	0.6	0.4	0.4	—	—
ASP of office properties (RMB/per sq.m.)	9,962	12,243	12,148	11,300	9,492	—	—
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	0.5	0.7	0.9	1.2	1.2	—	—
ASP of retail properties (RMB/per sq.m.)	14,027	13,067	12,826	11,783	10,492	—	—

Source: Changsha Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

The Bohai Economic Rim

Tianjin

Tianjin is a central city in the Bohai Economic Rim and an international shipping finance center. Tianjin occupies a total land area of approximately 11,917.0 million sq.m. In 2016, the nominal GDP of Tianjin was approximately RMB1,789 billion, representing an increase of 8.2% from 2015. Tianjin had a population of approximately 15.6 million as of December 31, 2016, of which approximately 5.1 million are immigrant population.

The following table sets forth selected economic indicators relating to Tianjin for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	1,131	1,289	1,437	1,572	1,654	1,789	9.6%
Real GDP growth rate (%)	16.4	13.8	12.5	10.0	9.3	9.0	NA
Fixed asset investment (RMB billion)	751	887	1,012	1,165	1,307	1,463	14.3%
Population (million)	13.6	14.1	14.7	15.2	15.5	15.6	2.9%
Urbanization rate (%)	80.5	81.6	82.0	82.3	82.6	82.9	N/A
Per capita disposable income of urban households (RMB)	26,921	29,626	32,658	31,506	34,101	—	—

Source: Tianjin Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

INDUSTRY OVERVIEW

Real estate investment in Tianjin experienced a rapid growth from RMB108.0 billion in 2011 to RMB230.0 billion in 2016, representing a CAGR of 16.3%. The following table sets forth key figures relating to the real estate market in Tianjin for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	13.7	15.1	17.2	14.8	16.7	25.2	13.1%
ASP of residential properties (RMB/per sq.m.)	8,548	8,010	8,390	8,828	9,870	12,870	8.5%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	0.7	0.3	0.2	0.2	0.2	0.3	(14.3)%
ASP of office properties (RMB/per sq.m.)	8,907	13,349	11,441	16,972	15,512	14,395	10.1%
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	1.3	0.7	0.5	0.7	0.6	1.0	(5.1)%
ASP of retail properties (RMB/per sq.m.)	11,222	13,008	16,550	15,671	13,119	14,435	5.2%

Source: Tianjin Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

The Western Taiwan Straits Economic Zone

Fuzhou

Fuzhou is the capital city of Fujian Province and a central city in the Western Taiwan Straits Economic Zone. It is a political, economic, technology, cultural and finance service center of the Western Taiwan Straits Economic Area. It occupies a total land area of approximately 11,968.0 million sq.m. and has five urban districts including Gulou district, Taijiang district, Cangshan district, Mawei district and Jin'an district. Fuzhou is a major economic hub in Fujian province with a long entrepreneurial tradition. In 2016, the nominal GDP of Fuzhou was approximately RMB620 billion, significantly outpacing the national growth rate for the same period.

The following table sets forth selected economic indicators relating to Fuzhou for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	373	421	468	517	562	620	10.7%
Real GDP growth rate (%)	13.0	12.1	11.5	10.1	9.6	8.5	NA
Fixed asset investment (RMB billion)	272	327	387	443	489	518	13.8%
Population (million)	7.2	7.3	7.3	7.4	7.5	7.6	1.0%
Urbanization rate (%)	63.3	64.8	65.9	66.9	67.7	68.5	NA
Per capita disposable income of urban households (RMB)	26,050	29,399	32,265	32,451	34,982	37,833	7.7%

Source: Fuzhou Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

INDUSTRY OVERVIEW

Real estate investment in Fuzhou experienced a rapid growth from RMB96.3 billion in 2011 to RMB167.9 billion in 2016, representing a CAGR of 11.8%. The following table sets forth key figures relating to the real estate market in Fuzhou for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	5.3	7.3	11.1	8.2	7.5	10.2	13.9%
ASP of residential properties (RMB/per sq.m.)	9,553	10,645	10,155	10,105	11,333	11,058	3.0%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	3.1	5.0	6.5	4.5	4.5	—	—
ASP of office properties (RMB/per sq.m.)	15,825	16,489	19,832	15,296	13,735	—	—
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	2.3	3.9	4.0	5.7	7.1	—	—
ASP of retail properties (RMB/per sq.m.)	23,111	16,780	30,992	17,865	16,984	—	—

Source: Fuzhou Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Nanchang

Nanchang is the capital city of Jiangxi Province. It is a political, economic, commercial, technology and transportation center of Jiangxi Province and a modern manufacturing base in the PRC. Nanchang occupies a total land area of approximately 7,402.4 million sq.m. and as of December 31, 2016, it had a population of approximately 5.3 million.

Nanchang experienced a continuous economic growth and its nominal GDP increased from approximately RMB269 billion in 2011 to approximately RMB436 billion in 2016, representing a CAGR of 10.1%. Disposable income of urban households per capita increased from RMB20,741 in 2011 to RMB34,619 in 2016, representing a CAGR of 10.8%.

The following table sets forth selected economic indicators relating to Nanchang for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Nominal GDP (RMB billion)	269	300	334	367	400	436	10.1%
Real GDP growth rate (%)	13.0	12.5	10.7	9.8	9.6	9.0	NA
Fixed asset investment (RMB billion)	200	262	291	343	400	454	17.8%
Population (million)	5.1	5.1	5.2	5.2	5.3	5.4	1.1%
Urbanization rate (%)	46.3	68.8	69.8	70.9	71.6	72.3	NA
Per capita disposable income of urban households (RMB)	20,741	23,602	26,151	29,091	31,942	34,619	10.8%

Source: Nanchang Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

INDUSTRY OVERVIEW

Real estate investment in Nanchang grew from RMB28.0 billion in 2011 to RMB67.5 billion in 2016, representing a CAGR of 19.2%. The following table sets forth key figures relating to the real estate market in Nanchang for the years indicated:

	2011	2012	2013	2014	2015	2016	CAGR
Residential properties							
GFA of residential properties sold (million sq.m.)	4.4	6.0	7.5	7.5	8.2	10.8	29.1%
ASP of residential properties (RMB/per sq.m.) . . .	5,323	5,880	6,639	6,225	6,955	7,707	7.7%
Commercial properties							
<i>Office</i>							
GFA of office properties sold (million sq.m.)	1.6	4.2	4.0	2.8	3.1	—	—
ASP of office properties (RMB/per sq.m.)	9,633	11,174	9,960	9,603	7,019	—	—
<i>Retail</i>							
GFA of retail properties sold (million sq.m.)	4.5	4.6	4.1	3.8	4.8	—	—
ASP of retail properties (RMB/per sq.m.)	10,510	9,035	12,328	11,256	10,006	—	—

Source: Nanchang Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

PRICES OF KEY CONSTRUCTION MATERIALS

Construction material cost is an important factor for real estate developers and steel and cement make up a major part of the cost of construction materials. According to China Index Academy, the annual average market price of steel rebar 25mm, a major raw material in building construction, decreased from RMB3,288 per ton in 2014 to RMB2,590 per ton in 2016. Average price of coking coal, a major component in the production of cement, decreased from RMB1,119 per ton in 2014 to RMB758 per ton in 2016 according to China Index Academy.

REGULATORY OVERVIEW

Set below is the summary of the PRC laws and regulations in relation to the business and operation of our Company, including the establishment of real estate enterprises, acquisition of land use rights, property development, sales/pre-sales of commodity buildings, and environment protection, etc.

ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

General provisions

In accordance with the Law of the People's Republic of China on Urban Real Estate Administration (《中華人民共和國城市房地產管理法》) (the “**Urban Real Estate Law**”) (promulgated on July 5, 1994, revised on August 30, 2007 and amended on August 27, 2009), real estate development enterprises are defined as the enterprises that engage in real estate development and operation for the purpose of seeking profits. In accordance with the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) (the “**Development Regulations**”) (promulgated and implemented on July 20, 1998 by the State Council, and amended on January 8, 2011), the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfil the following conditions: (i) The registered capital shall be RMB1 million or above; (ii) The enterprise shall have not less than 4 full-time technical personnel with certificates of qualifications of real estate specialty and construction engineering specialty and not less than 2 full-time accountants with certificates of qualifications.

Foreign investment in real estate development

Under the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the “**Catalogue**”) promulgated by MOFCOM and NDRC on March 10, 2015 and becoming effective on April 10, 2015, the construction of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and any other real estate development falls within the category of industries in which foreign investment is permitted. Pursuant to the amended Catalogue which was promulgated by MOFCOM and NDRC on June 28, 2017 and becoming effective on July 28, 2017, real estate development does not falls within the prohibited list for access of foreign investments and the restrictive measures for construction of golf courses and villas are applicable equally to domestic and foreign investment.

On July 11, 2006, the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》) which provides that: (i) foreign organizations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in China; while branches of foreign organizations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US\$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an operation term of one year only after they have paid back all the land premium and

REGULATORY OVERVIEW

obtained the state-owned land use rights certificate; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies. The investor concerned shall submit a letter of guarantee on its promise to perform the State Land Use Right Grant Contract (《國有土地使用權出讓合同》), the Planning Permit on Land for Construction Use (《建設用地規劃許可證》), the Planning Permit on Construction Projects (《建設工程規劃許可證》) etc., and shall submit the Certificate for Use of State Land (《國有土地使用證》), the documents certifying that the change of registration has been filed with the relevant department in charge of construction (real estate) for record, and the certification materials issued by the relevant taxation authority on the tax payment in relevance; foreign investors shall pay off all considerations for the transfer in a lump sum with their own funds if they acquire Chinese real estate enterprises or any equity interest held by Chinese parties in Sino-foreign joint venture engaged in real estate industry.

On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (《關於調整房地產市場外資准入和管理有關政策的通知》) (the “**Circular**”), which amended certain policies on foreign-invested real estate enterprises and property purchase by overseas organizations and individuals as stated in the Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》) as follows, the requirements for the registered capital of foreign-invested real estate enterprises shall follow the provisions in the Provisional Regulations of the State Administration for Industry and Commerce on the Proportion of Registered Capital to Total Amount of Investment of a Sino-Foreign Equity Joint Ventures (《國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定》) promulgated and effective on February 17, 1987; the requirement on full payment of registered capital of the foreign-invested real estate enterprises before applying for domestic or foreign loans or foreign exchange loan settlement is cancelled.

On June 18, 2008, the MOFCOM issued the Notice Regarding the Registration of Foreign-Invested Real Estate Industry (《商務部關於做好外商投資房地產業備案工作的通知》) (the “**Circular 23**”), which requires that registration shall be preliminarily examined by the provincial branch of the MOFCOM before submitting to the MOFCOM for registration.

On November 6, 2015, the MOFCOM and SAFE jointly issued the Circular on Further Improving the Registration of Foreign Investments in Real Estate (《關於進一步改進外商投資房地產業備案工作的通知》), which simplify the administrative procedures for, and improve the management of, foreign-invested real estate companies. In accordance with such circular, the local departments in charge shall approve the establishment and any corporate changes of foreign-invested real estate enterprises in accordance with the laws and statutes regarding foreign investment, and furnish information on real estate projects that they developed in the foreign investment information system of the MOFCOM. In addition, the public registration on the website of MOFCOM is cancelled. Furthermore, the MOFCOM will randomly select foreign-invested real estate enterprises for examinations on a quarterly basis.

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QUALIFICATIONS OF REAL ESTATE DEVELOPERS

In accordance with the Development Regulations, a real estate development enterprise shall, within 30 days starting from the date of obtainment of the business license, file the relevant documents with the competent department of real estate development of the place where the registration authority is located. The competent department of real estate development shall, on the basis of the assets, specialized technical personnel and development and management achievements, verify the level of qualification of the real estate development enterprise in question. The real estate development enterprise shall, in accordance with the verified level of qualification, undertake corresponding real estate development projects. Relevant specific rules may be formulated by the competent administrative department of construction of the State Council.

Pursuant to the Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) (the “**Circular 77**”) which was promulgated on March 29, 2000 and amended on May 4, 2015, an enterprises engaged in real estate development shall be approved in accordance with the provisions of application for the enterprise qualification level. Enterprises that fail to obtain certificates of real estate investments shall not engage in the real estate development business.

Enterprises engaged in real estate development are classified into four qualification levels: Level I, Level II, Level III and Level IV in accordance with their financial conditions, experience of real estate development business, construction quality, the professional personnel they employ, and quality control system etc.

Pursuant to the Circular 77, enterprises of various qualification levels shall engage in real estate development and management within the prescribed scope of business and shall not undertake tasks bypassing their own levels.

LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. Where land in rural areas and suburban areas are legally owned by the State, the State holds ownership rights. The State has the right to resume its ownership of land or the land use rights in accordance with laws if required for the public interest and compensation shall be paid by the State.

Although all land in the PRC is either state-owned or collectively-owned, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways, the two most important being land grants from local land authorities and land transfers from land users who have already obtained land use rights.

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Land grants

National legislation

In April 1988, the National People's Congress (the "NPC") passed an amendment to the Constitution of the PRC (《中華人民共和國憲法》). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the NPC also amended the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.

In May 1990, the State Council enacted the Provisional Regulations of the People's Republic of China Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》). These regulations, generally referred to as the Urban Land Regulations, formalized the process of the grant and transfer of land use rights for value.

Upon paying in full the land premium pursuant to the terms of the contract, a land-grantee may apply to the relevant land bureau for the land use rights certificate. In accordance with the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》), which was issued on March 16, 2007 and effective on October 1, 2007, the term of land use rights for land of residential use will automatically be renewed upon expiry. The renewal of the term of land use rights for other uses shall be dealt with according to the then-current relevant laws. In addition, if the State resumes the possession of land for public interest during the term of the relevant land use rights, compensation shall be paid to the owners of residential properties and other real estate on the land and the relevant land premium shall be refunded to them by the State.

Ways of land grant

Pursuant to PRC laws and the stipulations of the State Council, except for land use rights which may be obtained through allocation, land use rights for property development are obtained through the grant from government. There are two ways by which land use rights may be granted, namely by private agreement or competitive processes (i.e., tender, auction or listing at a land exchange administered by the local government).

As of July 1, 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of Use Right of State-Owned Land by Invitation of Tender, Auction or Listing-for-Bidding (《招標拍賣掛牌出讓國有土地使用權規定》), issued by the Ministry of Land and Resources of the PRC on May 9, 2002 and revised as of September 28, 2007 with the name of Regulations on Granting State-Owned Construction Land Use Right through Tenders, Auction and Listing-for-Bidding (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the "**Land Grant Regulations**") which became effective on November 1, 2007. The Land Grant Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity

REGULATORY OVERVIEW

residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On May 11, 2011, the Ministry of Land and Resources promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing-for-Bidding (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》), which provides stipulations to improve policies on the supply of land through public bidding, auction and listing, and strengthen the active role of land transfer policy in the control of the real estate market.

In June 2003, the Ministry of Land and Resources promulgated the Regulations on Grant of State-Owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》) (the “**2003 Regulations**”), to regulate granting of land use rights by agreement when there is only one party interested in the land, the designated uses of which are other than for commercial purposes as described above.

According to the Notice of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction (《關於加強城市建設用地審查報批工作有關問題的通知》) enacted by the Ministry of Land and Resources on September 4, 2003, from the date of promulgation, land use for luxurious commodity houses shall be stringently controlled, and applications for land use rights to build villas shall be stopped. According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《關於印發〈限制用地項目目錄(2012年本)〉和〈禁止用地項目目錄(2012年本)〉的通知》) promulgated by the Ministry of Land and Resources and NDRC in May 2012, the granted area of the residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which is not lower than 1.0.

Land transfer from current land users

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract with such land user.

For real estate development projects, the Urban Real Estate Law requires that at least 25% of total amount of investment or development must have been made or completed before assignment can take place. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee of the land use rights. Relevant local governments may acquire the land use rights from a land user in the event of a readjustment of the use of land for renovating the old urban area according to city planning. The land user will then be compensated for the loss of land use rights.

REGULATORY OVERVIEW

DEVELOPMENT OF REAL ESTATE PROJECTS

Commencement of real estate development projects

According to the Urban Real Estate Law, those who have obtained the right of land use by way of grant for real estate development must develop the land in accordance with the land use and the construction period as prescribed in the grant contract. When the development has not started one year later than the date for starting the development as prescribed by the grant contract, an idle land fee no more than 20% of the land grant premium may be collected and when the development has not started two years later, the right to use the land may be confiscated without any compensation, except that the delays are caused by force majeure, the activities of government, or the necessary preparatory work for starting the development.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》), which was promulgated on April 28, 1999 by the Ministry of Land and Resources and revised on June 1, 2012, land can be defined as idle land under any of the following circumstances:

- development and construction of the state-owned idle land is not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or
- the development and construction of the state-owned idle land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

Where the delay of commencement of development is caused by the government's behavior or due to the force majeure of natural disasters, the land administrative authorities shall discuss with the holder of state-owned construction land use rights and choose the methods for disposal in accordance with the Measures on Disposal of Idle Land.

Planning of real estate projects

Under the Regulations on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a real estate developer shall apply for a construction land planning permit (《建設用地規劃許可證》) from the municipal planning authority. After obtaining the construction land planning permit, the real estate developer shall conduct all necessary planning and design works in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority in compliance with the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), which was issued on October 28, 2007 and amended on April 24, 2015, and a construction work planning permit (《建設工程規劃許可證》) from the municipal planning authority should be obtained.

REGULATORY OVERVIEW

Construction work commencement permit

The real estate developer shall apply for a construction work commencement permit (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001 and further amended on June 25, 2014 by MOHURD.

Acceptance and examination upon completion of real estate projects

Pursuant to the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council on July 20, 1998 and amended on January 8, 2011, the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of real estate development project, the real estate development enterprise shall submit an application to the competent department of real estate development of local people's government at or above county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

INSURANCE OF REAL ESTATE PROJECTS

There are no nationwide mandatory requirements in the PRC laws, regulations and government rules requiring a real estate developer to maintain insurance for its real estate projects. According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the Standing Committee of the NPC on November 1, 1997 and effective on March 1, 1998 and amended on April 22, 2011, construction enterprises shall maintain accident and casualty insurance for workers engaged in dangerous operations and pay the insurance premium. In the Opinions of the Ministry of Construction on Strengthening the Insurance of Accidental Injury in the Construction Work (《建設部關於加強建築意外傷害保險工作的指導意見》) promulgated by the Ministry of Construction on May 23, 2003, the Ministry of Construction further emphasized the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance.

REAL ESTATE TRANSACTIONS

Sale of commodity properties

Under the Measures for Administration of Sale of Commodity Properties (《商品房銷售管理辦法》) (the "Sale Measures") promulgated by the Ministry of Construction on April 4, 2001 and became effective on June 1, 2001, the sale of commodity properties can include both sales prior to and after the completion of the properties.

REGULATORY OVERVIEW

Pre-sale of commodity properties

Any pre-sales of commodity properties must be conducted in accordance with the Measures for Administration of Pre-sales of Commodity Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as amended on August 15, 2001 and July 20, 2004 (the “**Pre-sales Measures**”).

The Pre-sales Measures provide that any pre-sales of commodity properties is subject to specified procedures. If a real estate developer intends to sell commodity properties in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit.

Under the Pre-sales Measures and the Urban Real Estate Law, the pre-sales proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

Sales after completion of commodity properties

Under the Sale Measures, commodity properties may be put to post-completion sale only when the following preconditions have been satisfied: (1) the real estate development enterprise offering to sell the post-completion buildings shall have an enterprise legal person business license and a qualification certificate of a real estate developer; (2) the enterprise has obtained a land use rights certificate or other approval documents of land use; (3) the enterprise has obtained the construction project planning permit and the construction work commencement permits; (4) the commodity properties have been completed and been inspected and accepted as qualified; (5) the relocation of the original residents has been well settled; (6) the supplementary essential facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of have been specified; and (7) the property management plan has been completed.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (《商品房銷售明碼標價規定》) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency is required to mark the selling price explicitly and clearly for both newly-built and second-hand commodity properties.

On February 26, 2013, the General Office of the State Council issued the Notice on Continuing the Regulation of Real Estate Market (《關於繼續做好房地產市場調控工作的通知》) which is intended to cool down the property market and emphasize the government’s determination to strictly enforce regulatory and macro-economic measures, which include, among other things, (i) home purchase restrictions, (ii) increased down payment requirement for second residential properties purchase, (iii) suspending mortgage financing for third or more residential-properties purchase and (iv) 20% individual income tax rate applied to the gain from the sale of properties.

REGULATORY OVERVIEW

Mortgage of properties

The mortgage of real estate in the PRC is mainly governed by the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》), the Guarantee Law of the PRC (《中華人民共和國擔保法》), and the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》). According to these laws and regulations, land use rights, the buildings and other attachments on the ground may be mortgaged. When a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is situated. The mortgagor and the mortgagee shall sign a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authority at the location where the real estate is situated. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original property ownership certificate and issue a Certificate of Third Party Rights to a Building (《房屋他項權證》) to the mortgagee.

Lease of properties

Both the Urban Land Regulations and the Urban Real Estate Law permit the leasing of granted land use rights and of the buildings or houses erected on the land. On December 1, 2010, MOHURD promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the "New Lease Measures"), which become effective on February 1, 2011, and replaces the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties thereto shall register and file with the local property administration authority within thirty days after the execution of lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB10,000. According to the Urban Real Estate Law, rental income derived from any building situated on allocated land, or land which the landlord has acquired only allocated land use rights, shall be turned over to the State.

Under the Contract Law of the People's Republic of China (《中華人民共和國合同法》) promulgated by the NPC on March 15, 1999, the term of a leasing contract shall not exceed 20 years.

REAL ESTATE REGISTRATION

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014 and effective on March 1, 2015, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall be strictly managed and shall be carried out in a stable and continuous manner that provides convenience for the people.

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REAL ESTATE FINANCING

Loans to real estate development enterprises

On August 30, 2004, the CBRC issued a Guideline for Commercial Banks on Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》). According to this guideline, no loans shall be granted to projects which have not obtained requisite land use rights certificates, construction land planning permits, construction works planning permits and construction work commencement permits. The guideline also stipulated that bank loans shall only be extended to real estate developer who applied for loans and contributed not less than 35% of the total investment of the property development project by its own capital. In addition, the guideline provides that commercial banks shall set up strict approval systems for granting loans.

On July 29, 2008, the PBOC and the CBRC issued the Notice on Financially Promoting the Land Saving and Efficient Use (《關於金融促進節約集約用地的通知》), which, among other things,

- restricts from granting loans to property developers for the purpose of paying land grant premiums;
- provides that, for secured loans for land reserve, legal land use rights certificates shall be obtained and the loan mortgage shall not exceed 70% of the appraised value of the collateral, and the term of loan shall be no more than two years in principle;
- provides that for the property developer who (i) delays the commencement of development date specified in the land grant agreement for more than one year, (ii) has not completed one-third of the intended project, or (iii) has not invested one-fourth of the intended total project investment, loans shall be granted or extended prudently;
- prohibits granting loans to the property developer whose land has been idle for more than two years; and
- prohibits taking idle land as a security for loans.

On September 29, 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which prohibits the grant of new project bank loans or extension of credit facilities for all property companies with non-compliance records regarding, among other things, holding idle land, changing the land use to that outside the scope of the designated purpose, postponing construction commencement or completion, or hoarding properties.

Trust financing

On March 1, 2007, The Measures for Administration of Trust Companies (《信託公司管理辦法》), which was promulgated by the CBRC on January 23, 2007, came into effect. For the purposes of these measures, “**Trust Financing Company**” shall mean any financial institution established pursuant to the PRC Company Law and these Measures, and that primarily engages in trust activities.

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From October 2008 to November 2010, the CBRC issued several regulatory notices in relation to real estate activities conducted by Trust Financing Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》), promulgated by the CBRC on October 28, 2008 and effective beginning the same date, pursuant to which Trust Financing Companies are restricted from providing trust loans, in form or in nature, to property projects that have not obtained the requisite land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits and the property projects of which less than 35% of the total investment is funded by the property developers' own capital (the 35% requirement was changed to 20% for affordable housing and ordinary commodity apartments, and to 30% for other property projects as provided by the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects (《關於調整固定資產投資項目資本金比例的通知》) issued by the State Council on May 25, 2009).

Housing loans to individual buyers

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (《關於堅決遏制部分城市房價過快上漲的通知》), pursuant to which, a stricter differential housing credit policy shall be enforced. It provides that, among other things, (i) for a family member who is a first-time home buyer (including the debtors, their spouses and their juvenile children, similarly hereinafter) of the apartment with a GFA more than 90 sq.m., a minimum 30% down payment shall be paid; (ii) for a family who applies loans for its second house, the down payment requirement is raised to at least 50% from 40% and also provides that the applicable mortgage rate must be at least 1.1 times of that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC; and (iii) for those who purchase three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks may suspend housing loans to third or more home buyers in places where house prices rise excessively rapidly and high and housing supply is insufficient.

The Notice on Certain Matters Concerning Individual Housing Loan Policies (《關於個人住房貸款政策有關問題的通知》) promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and effective on the same date provides that where a household, which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40% of the property price. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower's credit record and financial condition. For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first home, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price.

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The Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Differentiated Housing Credit Lending Policies (《關於進一步完善差別化住房信貸政策有關問題的通知》) issued by PBOC and CBRC on September 24, 2015, provides that in cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase its first ordinary housing property, the minimum down payment shall be adjusted to 25% of the house price. The minimum down payment ratio for the commercial personal housing loan of each city will be independently determined by each provincial pricing self-disciplinary mechanism of market interest based on the actual situation of each city under the guidance of PBOC and the CBRC local office.

The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loan Policies (《關於調整個人住房貸款政策有關問題的通知》), promulgated by PBOC and CBRC on February 1, 2016, provides that in the cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase its first ordinary housing property, the minimum down payment, in principle, shall be 25% of the property price and each city could adjust such ratio downwards by 5%; and where a household which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 30% of the property price. In the cities that control measures on property purchase are imposed, the individual housing loan policies shall be adopted in accordance with the original regulations, and the actual down payment ratio and loan interest rate shall be determined reasonably by the banking financial institutions based on the requirements of minimum down payment ratio determined by provincial pricing self-disciplinary mechanism of market interest, the loan-issuance policies and the risk control for commercial personal housing loan adopted by such banking financial institutions and other factors such as the borrower's credit record and capacity of repayment.

The Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》), promulgated by Ministry of Finance and State Administration of Taxation on March 23, 2016 and effective on May 1, 2016, provides that upon approval by the State Council, the pilot program of replacing business tax with value-added tax shall be implemented nationwide effective from May 1, 2016 and all business tax payers in construction industry, real estate industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot program and pay value-added tax instead of business tax. According to the appendix of this notice, entities and individuals engaging in the sale of services, intangible assets or real property within the territory of the People's Republic of China shall be the taxpayers of value-added tax ("VAT") and shall, instead of business tax, pay VAT in accordance with Measures for Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《營業稅改徵增值稅試點實施辦法》). The sale of real property and the secondhand housing transaction shall adopt this notice.

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ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (《建設項目竣工環境保護驗收管理辦法》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

CIVIL AIR DEFENSE PROPERTY

Pursuant to the PRC Law on National Defense (《中華人民共和國國防法》) promulgated by the NPC on March 14, 1997, as amended on August 27, 2009, national defense assets are owned by the state. Pursuant to the PRC Law on Civil Air Defense (《中華人民共和國人民防空法》) (the “**Civil Air Defense Law**”), promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in the construction of civil air defense property and investors in civil air defense are permitted to use, manage the civil air defense property in time of peace and profit therefrom. However, such use must not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) and the Administrative Measures for Maintaining the Civil Air Defense Property (《人民防空工程維護管理辦法》), which specify how to use, manage and maintain the civil air defense property.

MEASURES ON STABILIZING HOUSING PRICES

The Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (《關於調整個人住房轉讓營業稅政策的通知》) promulgated by Ministry of Finance and SAT on March 30, 2015 and effective on March 31, 2015 provides that where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

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The Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Housing and Urban-Rural Development on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (《財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知》) promulgated on February 17, 2016 and effective on February 22, 2016 provides that: (1) the purchase of a property by an individual as the only house for his/her family (covering the purchaser and the spouse and minor children thereof) is subject to deed tax at a reduced rate of 1% if the area of the house is 90 square meters or less, or 1.5% if the area is over 90 square meters; and (2) the purchase of a second house by an individual for making house improvements for his/her family is subject to deed tax at a reduced rate of 1% if the area of the house is 90 square meters or less, or 2% if the area is over 90 square meters. Meanwhile, the Notice specifies that the sale of a house that has been purchased by an individual for less than two years is subject to business tax at a full rate; and the sale of a house that has been purchased by an individual for two years or more is exempted from business tax. In addition, the Notice stresses that certain preferential business tax policies shall not apply to Beijing Municipality, Shanghai Municipality, Guangzhou City and Shenzhen City for the time being.

In accordance with Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》) (promulgated and implemented on April 1, 2017 by Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development), in cities experiencing serious demand over supply and facing overheating markets, the supply of housing land, in particular those lands for ordinary commercial houses, shall be increased reasonably. In cities with excessive housing supply, the supply of housing land shall be reduced or even suspended. All the local authorities shall build an inspection system to ensure that the real estate developers are using their own legal funds to purchase land.

PROPERTY MANAGEMENT ENTERPRISES

Enterprises that engage in property management shall establish a qualification management system pursuant to relevant provisions under the Property Management Regulations (《物業管理條例》) (implemented on September 1, 2003, as amended on August 26, 2007 and February 6, 2016). Pursuant to relevant provisions under the Measures on Property Service Enterprises Qualification Management (《物業服務企業資質管理辦法》) which was implemented on May 1, 2004 and revised on November 26, 2007 and revised on May 4, 2015, a newly-established property service enterprise shall apply for the qualification by submitting the relevant documents to competent property departments of the people's government of the municipalities directly under the central government and cities with special development zones where its business has been registered within 30 days after the receipt of its business license. Qualification examination and legal authority shall approve and issue the qualification certificate of corresponding levels based on the actual conditions of enterprises.

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Pursuant to the Measures on Property Service Enterprises Qualification Management (《物業服務企業資質管理辦法》), qualification of property service enterprises shall be classified into Level I, Level II and Level III in accordance with their the professional personnel they employ, the scales and types of the property service they provide, performance and operating results, etc. Newly established property service enterprises shall be classified into the lowest level, the term of validity of which is one year. In accordance with the Reply on Relevant Issues Concerning Performing the Measures on Property Service Enterprises Qualification Management (《關於執行〈物業管理企業資質管理辦法〉有關問題的覆函》), in the event that the newly established property service enterprises fail to provide property service within one year, such qualification shall become invalid; Otherwise, the property service enterprises may apply for assessment for Level III or higher level qualification.

Pursuant to the Catalogues of Industries for Guiding Foreign Investment (Amended in 2015) (《外商投資產業指導目錄》(2015年修訂)) and the Catalogues of Industries for Guiding Foreign Investment (Amended in 2017) (《外商投資產業指導目錄》(2017年修訂)), property management services do not fall into such categories which foreign investment is restricted or prohibited.

In accordance with the relevant regulations of Property Rights Law of the PRC (《中華人民共和國物權法》) and Property Management Regulations (《物業管理條例》), selection and engagement of property service enterprises shall have the consent of not less than half of the total number of owners while the gross floor area in the exclusive possession of such owners shall not be less than half of the total gross floor area of the property. In the event that the property service enterprise has been selected by the construction department prior to the engagement of property service enterprise by the owners at the meeting of owners, a preliminary property management contract shall be signed.

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administrative Regulations (《外匯管理條例》) (the “**SAFE Regulations**”) which was promulgated by the State Council and last amended on August 5, 2008. Under the SAFE Regulations, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the State Administration of Foreign Exchange (the “**SAFE**”) is obtained.

Pursuant to the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular No. 37**”), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident (“**PRC Resident**”) shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (“**Overseas SPV**”), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of

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the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Circular 13**”), which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment is directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

TAXES

Corporate Income Tax

Pursuant to the Enterprises Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) which was promulgated on March 16, 2007 and last amended on February 24, 2017, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was promulgated on December 6, 2007 and with effect from January 1, 2008, the income tax for both domestic and foreign-invested enterprises is at the same rate of 25%. Furthermore, resident enterprises, which refer to enterprises that are set up in accordance with the PRC law, or that are set up in accordance with the law of the foreign country (region) but with its actual administration institution in the PRC, shall pay enterprise income tax originating both within and outside the PRC. While non-resident enterprises that have set up institutions or premises in the PRC shall pay enterprise income tax in relation to the income originating from the PRC and obtained by their institutions or establishments, and the income incurred outside the PRC but there is an actual relationship with the institutions or establishments set up by such enterprises. Where non-resident enterprises that have not set up institutions or establishments in the PRC, or where institutions or establishments are set up but there is no actual relationship with the income obtained by the institutions or establishments set up by such enterprises, they shall pay enterprise income tax in relation to the income originating from the PRC.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993 and last amended on February 6, 2016 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, and the importation of goods are required to pay value-added tax.

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Pursuant to the Announcement of the SAT on Promulgating the Interim Administrative Measures for the Collection of Value-added Tax on the Sale of Self-developed Real Estate Projects by Real Estate Developers (《國家稅務總局關於發佈〈房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法〉的公告》) which was promulgated on March 31, 2016 and with effect from May 1, 2016, real estate developer shall pay value-added tax for the sales of its self-developed real estate project.

Land Appreciation Tax (LAT)

Under the Interim Regulations on Land Appreciation Tax of the PRC (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and last amended on January 8, 2011 as well as its implementation rules issued on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of land use rights and buildings or other facilities on such land, after deducting the deductible items.

Labor Protection

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) which were separately with effect from January 1, 1995 (amended on August 27, 2009) and January 1, 2008 (amended on December 28, 2012), respectively, labor contracts shall be concluded if labor relationships are to be established between the employer and the employees.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011, employees shall participate in basic pension insurance, basic medical insurance schemes and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance schemes. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. Moreover, an employer shall declare and make social insurance contributions in full and on time. Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) which was promulgated on April 3, 1999 and amended on March 24, 2002, employers shall undertake registration at the competent administrative center of housing provident fund and then, upon the examination by such administrative center of housing provident fund, undergo the procedures of opening the account of housing provident fund for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing provident fund for their employees in full amount.

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PRC MERGER & ACQUISITION

Pursuant to Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) which was promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation, the State Administration for Industry and Commerce, China Securities Regulatory Commission (the “**CSRC**”) and the SAFE on August 8, 2006, and subsequently amended by the MOFCOM on June 22, 2009, which provided that the scenarios qualify as an acquisition of a domestic enterprise by a foreign investor.

On October 8, 2016, Ministry of Commerce issued the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (the “**Circular 3**”) (《外商投資企業設立及變更備案管理暫行辦法》) which took effect on the same day and amended on July 30, 2017. According to the Circular 3, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Measures, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with the Measures.

OUR HISTORY AND REORGANIZATION

OUR HISTORY

Overview

Our Company acts as the holding company of our Group and was incorporated in the Cayman Islands as an exempted company with limited liability on July 21, 2014.

Our Founder and Early History

ZR Ou founded Zhenro Group's business in 1998 through his investment in Zhenro Group Company. ZR Ou started his career in the construction industry where he gained insight and experience to establish and develop his property development business. He has over 18 years of experience in the property development and construction industries. He graduated from Fuzhou University in the PRC in July 1995 after completing his undergraduate education in enterprise management through distance learning and graduated from Dalian University of Technology in the PRC after completing his top-up learning courses in business administration through distance learning in January 2011. He also attended a series of doctor's level courses in management in Peking University in the PRC and graduated in September 2014. ZR Ou obtained the qualification of senior economist accredited by the Department of Personnel of Fujian Province in June 2009.

Zhenro Group was principally engaged in the development, sales and management of residential, commercial and mixed-use properties, construction materials and contractor services, highway construction and operation, land reclamation business and equity investments. In order to streamline the core business (property development and commercial property management) of Zhenro Group, we underwent a corporate restructuring and Zhenro Properties Holdings was established in July 2015 as the exclusive platform under Zhenro Group to carry out its property development and commercial property management businesses. Given property development and commercial property management businesses require different expertise, skills and resources from the other businesses of Zhenro Group, these other businesses of Zhenro Group have been excluded from our Group after the Corporate Restructuring. See "Relationship with Controlling Shareholders" for further details.

Over the years, ZR Ou has built up a professional management team for Zhenro Group's property development and commercial property management business led by Mr. Huang Xianzhi. In 2012, ZR Ou decided that it was the appropriate time to entrust the ongoing operations and management of our business to Mr. Huang Xianzhi and his management team, while ZR Ou himself pursues other goals, such as to focus on private equity investment and other non-real estate business, and only remains a senior adviser of our Group to provide strategic advice and lend his experience to our Group.

GQ Ou and GW Ou, sons of ZR Ou, also have interests in our Group. Pursuant to an act-in-concert deed, they had agreed to, consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group, and they have confirmed that they have historically voted on such resolutions in the same way since April 19, 2012.

Development of our Business

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

Year	Event
1998	• Our founder, ZR Ou, started Zhenro Group's business
1999	• We established our subsidiary, Jiangxi Real Estate, and commenced our first property development project in Yichun, Jiangxi Province
2002	• We expanded our property development into Nanchang, Jiangxi Province
2005	• We expanded our property development into Putian, Fujian Province
2007	• We expanded our property development into Fuzhou, Fujian Province
2008-2014	• We were awarded "China's Best Employers" (中國最佳僱主企業) each year from 2008 to 2014
2011-2016	• We were awarded "China Top 500 Real Estate Developers" (中國房地產500強企業) by China Real Estate Industry Association (中國房地產業協會) and China Real Estate Appraisal Center (中國房地產測評中心), and ranked number 52, 48, 42, 34, 31 and 27, for the year of 2011, 2012, 2013, 2014, 2015 and 2016, respectively

OUR HISTORY AND REORGANIZATION

Year	Event
2013	<ul style="list-style-type: none"> We expanded our property development to other cities in the PRC such as Shanghai, Nanjing and Suzhou in Jiangsu Province, Changsha in Hunan Province and Xi'an in Shaanxi Province
2014	<ul style="list-style-type: none"> We expanded our property development into Tianjin
2015	<ul style="list-style-type: none"> Zhenro Properties Holdings was established, which provided a separate and independent platform for the future development of our business We completed the development and commenced operation of our first mixed-use property with shopping mall, Putian Zhenro Fortune Center (莆田正榮 • 財富中心) in Putian, Fujian Province
2016	<ul style="list-style-type: none"> We expanded our property development into Wuhan, Hubei Province. We were awarded “2016 Chinese Real Estate Developers — Top 10 in Growth” (Rank No. 1) (2016中國房地產開發企業成長速度10強) by China Real Estate Industry Association (中國房地產業協會) and China Real Estate Appraisal Center (中國房地產測評中心) We were awarded “Top 20 of China Real Estate Developers Brand Value” (中國房地產公司品牌價值20強) for the year of 2015, 2016 and 2017 by Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy, and ranked number 20, 17 and 16, respectively
2017	<ul style="list-style-type: none"> We completed our Reorganization We were awarded “Top 200 Real Estate Developers in China” (中國房企綜合實力TOP200) by Yihan Zhiku (億翰智庫) and ranked 19th

OUR CORPORATE DEVELOPMENT

We undertake our property projects through various project companies or joint ventures. We have also established a number of intermediate investment companies in the PRC to hold some of our project companies. We describe below the major changes in the equity capital of our principal PRC operating subsidiaries which were material to the performance of our Group, during the Track Record Period. Also see “Statutory and General Information — A. Further Information about Our Group — 4. Our Subsidiaries and Joint Ventures” in Appendix V for details of our subsidiaries and joint ventures.

1. Jiangxi Real Estate

Jiangxi Real Estate is the project company for our property development projects, Yichun Zhenro Royal Riverside (宜春正榮 • 御品濱江) and Yichun Zhenro Landscape Riverside (宜春正榮 • 麗景濱江.) Jiangxi Real Estate was established as a limited liability company on July 9, 1999 by Jiangxi Rongyi Real Estate Co., Ltd. (江西省榮益實業有限公司) (“**Jiangxi Rongyi**”) (83%), a subsidiary of Zhenro Group Company which was renamed to Jiangxi Zhengrong City Construction Company (江西正榮市政工程有限公司) in June 1999, and Zhenro Group Company (17%) with an initial registered capital of RMB6 million, of which RMB1.02 million was paid by cash with the remainder paid in the form of land use rights of Jiangxi Rongyi.

As of January 1, 2014, the start of our Track Record Period, Jiangxi Real Estate was owned by GQ Ou (26.9%) and Zhenro Group Company (73.1%), respectively, with a registered capital of RMB188,880,000, fully paid up in March 2013. In November 2015, GQ Ou transferred his 26.9% interest in Jiangxi Real Estate to Zhenro Properties Holdings for a consideration of RMB57.91 million (based on an independent valuation report). In November 2015, the registered capital of Jiangxi Real Estate was increased to RMB238,880,000 by way of capital injection by Zhenro Properties Holdings, fully paid up by cash. Following the equity transfer and capital injection, Zhenro Group Company and Zhenro Properties Holdings owned 57.8% and 42.2% of Jiangxi Real Estate, respectively.

In December 2015, as part of Step 3 under “— The Corporate Restructuring” below in this section, Zhenro Group Company transferred all its equity interest in Jiangxi Real Estate to Zhenro Properties Holdings and Jiangxi Real Estate became a direct wholly-owned subsidiary of Zhenro Properties Holdings. The registered capital of Jiangxi Real Estate was increased to RMB800 million in December 2015 and further increased to RMB1 billion in October 2016, by way of capital injections by Zhenro Properties Holdings, fully paid up by cash.

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2. Nanchang Real Estate

Nanchang Real Estate is the project company for our property development project, Nanchang Zhenro The Capital of Great Loch (南昌正榮•大湖之都). Nanchang Real Estate was established on November 26, 2002 by Jiangxi Real Estate (70%) and True Dragon (30%), a Singapore company which was controlled by ZR Ou and subsequently indirectly wholly-owned by GW Ou and then indirectly wholly-owned by our Company, with an initial registered capital of RMB80 million, fully paid up by cash in August 2004. True Dragon has been an investment holding company without business operations since incorporation.

As of January 1, 2014, the start of our Track Record Period, Nanchang Real Estate was owned by Jiangxi Real Estate (74.52%) and True Dragon (25.48%), with a registered capital of RMB105 million, fully paid up by cash. In November 2015, True Dragon transferred all its equity interest in Nanchang Real Estate to Jiangxi Real Estate for a consideration of approximately RMB52.3 million (based on an independent valuation report), following which Nanchang Real Estate was wholly-owned by Jiangxi Real Estate.

3. Putian Real Estate

Putian Real Estate is the project company for our property development projects, Putian Zhenro Times Plaza (莆田正榮•時代廣場), Putian Zhenro Royal Family (莆田正榮•御品世家) and Putian Zhenro Litchi Garden (莆田正榮•荔園華府). Putian Real Estate was established on April 18, 2005 by Jiangxi Real Estate (60%) and Zhenro Group Company (40%) with an initial registered capital of RMB20 million, fully paid up by cash.

As of January 1, 2014, the start of our Track Record Period, Putian Real Estate was owned by GQ Ou (46.25%), Zhenro Group Company (28.75%) and Jiangxi Real Estate (25%) with a registered capital of RMB80 million, fully paid up by cash, of which 49% equity interest in Putian Real Estate (25% from Zhenro Group Company and 24% from Jiangxi Real Estate) was held by Shenzhen Mirae Asset Huachen Fund Management Co., Ltd. (深圳華宸未來資產管理有限公司), an independent third party and a trust financing provider, as security under a trust financing arrangement, which, pursuant to the trust financing arrangement, was re-transferred to Zhenro Group Company and Jiangxi Real Estate in November 2015 for considerations of RMB20 million and RMB19.2 million (based on the then registered capital amount of Putian Real Estate), respectively, each of which equals to the amount paid to the relevant shareholder by the trust financing provider when the same equity interest was transferred to the trust financing provider as security. Following these equity transfers, GQ Ou, Zhenro Group Company and Jiangxi Real Estate owned 46.25%, 28.75% and 25% of Putian Real Estate, respectively.

In November 2015, Zhenro Group Company and GQ Ou transferred all their interest in Putian Real Estate to Jiangxi Real Estate for considerations of RMB23 million and RMB37 million (based on an independent valuation report), respectively, following which Putian Real Estate became a wholly-owned subsidiary of Jiangxi Real Estate. The registered capital of Putian Real Estate was increased to RMB100 million by way of capital injection by Jiangxi Real Estate in November 2016, fully paid up by cash.

4. Nanjing Property

Nanjing Property is the project company for our property development project, Nanjing Zhenro Riverside Wonderland (南京正榮•潤江城). Nanjing Property was established on September 27, 2013 by Zhenro Group Company (100%) with an initial registered capital of RMB50 million, fully paid up by cash.

As of January 1, 2014, the start of our Track Record Period, Nanjing Property was wholly-owned by Zhenro Group Company with a registered capital of RMB100 million, fully paid up by cash, of which 49% equity interest in Nanjing Property was held by China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司) (49%), an independent third party and a trust financing provider as security under a trust financing arrangement, which, pursuant to the trust financing arrangement, was re-transferred to Zhenro Group Company in July 2015 for a consideration of RMB49 million (based on the then registered capital amount of Nanjing Property), which equals to the amount paid to the relevant shareholder by the trust financing provider when the same equity interest was transferred to

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the trust financing provider as security. In December 2015, as part of Step 3 under “— The Corporate Restructuring” below in this section, Zhenro Group Company transferred all its equity interest in Nanjing Property to Zhenro Properties Holdings. Following these equity transfers, Nanjing Property was wholly-owned by Zhenro Properties Holdings.

5. Suzhou Real Estate

Suzhou Real Estate is the project company for our property development project, Suzhou Zhenro Royal Kingdom (蘇州正榮•國領). Suzhou Real Estate was established on August 12, 2013 by Zhenro Group Company (100%) with an initial registered capital of RMB100 million, fully paid up by cash.

As of January 1, 2014, Suzhou Real Estate was wholly-owned by Zhenro Group Company with a registered capital of RMB100 million. In December 2015, as part of Step 3 under “— The Corporate Restructuring” below in this section, Zhenro Group Company transferred its 100% equity interest in Suzhou Real Estate to Zhenro Properties Holdings. In November 2016, the registered capital of Suzhou Real Estate was increased to RMB159,462,900 by way of capital injection by Pingtan Xingguang Investment Management Partnership (Limited Partnership) (平潭興廣投資管理合夥企業(有限合夥)), an independent third party, following which Zhenro Properties Holdings and Pingtan Xingguang Investment Management Partnership (Limited Partnership) owned approximately 62.7% and 37.3% of Suzhou Real Estate, respectively.

6. Minhou Real Estate

Minhou Real Estate is the project company for our property development project Fuzhou Zhenro Rivage Garden (福州正榮•潤園). Minhou Real Estate was established on February 6, 2012 by Fuzhou Real Estate (63%), Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司) (30%), an independent third party, and Fujian Jingsheng Construction Engineering Company Limited (福建景盛建築工程有限公司) (7%), an independent third party, with an initial registered capital of RMB1 million, fully paid up by cash.

As of January 1, 2014, Minhou Real Estate was owned by Fuzhou Real Estate (63%), Mingye Travel Service Co., Ltd. (30%) and Fujian Jingsheng Construction Engineering Company Limited (7%), with a registered capital of RMB50 million. There has been no change in the shareholding of Minhou Real Estate since then.

7. Putian Fortune Center

Putian Fortune Center is the project company for our property development project Putian Zhenro Fortune Center (莆田正榮•財富中心). Putian Fortune Center was established on June 4, 2012 by Putian Real Estate (100%) with an initial registered capital of RMB80 million, fully paid up by cash.

As of January 1, 2014, Putian Fortune Center was wholly owned by Putian Real Estate, with a registered capital of RMB80 million, fully paid up by cash. In November 2016, the registered capital of Putian Fortune Center was increased to RMB100 million by way of capital injection by Putian Real Estate.

8. Shanghai Yupin

Shanghai Yupin is the project company for our property development project Shanghai Hongqiao Zhenro Center (上海虹橋•正榮中心). Shanghai Yupin was established on November 12, 2013 by Zhenro Group Company (100%) with an initial registered capital of RMB100 million, fully paid up by cash.

As of January 1, 2014, Shanghai Yupin was owned by Zhenro Group Company, with a registered capital of RMB100 million, fully paid up by cash. Later in January 2014, 25% equity interest in Shanghai Yupin was held by Shanghai Guangcheng Ankai Investment Center (Limited Partnership) (上海光晟安凱投資中心(有限合夥)), an independent third party and a trust financing provider as security under a trust financing arrangement, which, pursuant to the trust financing arrangement, was re-transferred to Zhenro Group Company in August 2015 for a consideration of RMB25 million (based on the then registered capital amount of Shanghai Yupin), which equals to the amount paid to the

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relevant shareholder by the trust financing provider when the same equity interest was transferred to the trust financing provider as security. In December 2015, as part of Step 3 under “—The Corporate Restructuring” below, Zhenro Group Company transferred its 100% equity interests in Shanghai Yupin to Zhenro Properties Holdings.

9. Shanghai Yuyuan

Shanghai Yuyuan is the project company for our property development project Shanghai Zhenro Royal Kingdom (上海正榮 • 國領). Shanghai Yuyuan was established on April 17, 2013 by Zhenro Group Company (100%) with an initial registered capital of RMB100 million, fully paid up by cash.

As of January 1, 2014, Shanghai Yuyuan was wholly owned by Zhenro Group Company, with a registered capital of RMB100 million, fully paid up by cash, of which 49% equity interest in Shanghai Yuyuan was held by Shanghai Tianyan Investment Center (Limited Partnership) (上海天岩投資中心(有限合夥)), an independent third party and a trust financing provider as security under a trust financing arrangement, which was re-transferred to Zhenro Group Company in November 2015 for a consideration of RMB49 million (based on the then registered capital amount of Shanghai Yuyuan). In December 2015, as part of Step 3 under “—The Corporate Restructuring” below in this section, Zhenro Group Company transferred its 100% equity interests in Shanghai Yuyuan to Zhenro Properties Holdings.

10. Shanghai Yuzun

Shanghai Yuzun is the project company for our property development project Shanghai Zhenro The Capital of Jinshan (上海正榮 • 御首府). Shanghai Yuzun was established on November 13, 2013 by Zhenro Group Company (100%) with an initial registered capital of RMB25.5 million, fully paid up by cash.

As of January 1, 2014, Shanghai Yuzun was wholly owned by Zhenro Group Company, with a registered capital of RMB25.5 million, fully paid up by cash. In February 2014, Zhenro Group Company transferred 10% interest in Shanghai Yuzun to an independent third party, Mr. Chen Guozhong (陳國忠), for a consideration of RMB5 million (based on the registered capital). Following such transfer, Shanghai Yuzun was owned by Zhenro Group Company as to 90%, of which 39% equity interest in Shanghai Yuzun was held by Value Partners Goldstate Asset Management (Shanghai) Co., Ltd. (上海金元惠理資產管理有限公司), an independent third party and a trust financing provider as security under a trust financing arrangement, which, pursuant to the trust financing arrangement, was re-transferred to Zhenro Group Company in January 2015 for a consideration of RMB19.5 million (based on the then registered capital amount of Shanghai Yuzun), which equals to the amount paid to the relevant shareholder by the trust financing provider when the same equity interest was transferred to the trust financing provider as security.

In January 2015, Mr. Chen Guozhong transferred all his equity interest in Shanghai Yuzun to Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party, for a consideration of RMB5 million (based on the then registered capital amount of Shanghai Yuzun). Later in January 2015, Zhenro Group Company transferred to Zhenro Group (Shanghai) Real Estate Co., Ltd. (正榮集團(上海)置業有限公司), a wholly-owned subsidiary of Zhenro Group, all its equity interest in Shanghai Yuzun for a consideration of RMB45 million (based on the then registered capital amount of Shanghai Yuzun).

In December 2015, as part of Step 4 under “—The Corporate Restructuring” below, Zhenro Group (Shanghai) Real Estate Co., Ltd. transferred all its equity interest in Shanghai Yuzun to Zhenro Properties Holdings. Following these equity transfers, Zhenro Properties Holdings and Fujian Changyuan Construction Company Limited owned 90% and 10% of Shanghai Yuzun, respectively.

11. Nanjing Real Estate

Nanjing Real Estate is the project company for our property development project Nanjing Zhenro Splendid Land 2 (南京正榮 • 潤錦城). Nanjing Real Estate was established on September 11, 2013 by Zhenro Group Company (100%) with an initial registered capital of RMB100 million, fully paid up by cash.

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As of January 1, 2014, Nanjing Real Estate was wholly owned by Zhenro Group Company, with a registered capital of RMB110 million, fully paid up by cash, of which 49% equity interest in Nanjing Real Estate was held by Zhongrong International Trust Co., Ltd. (中融國際信託有限公司), an independent third party and a trust financing provider as security under a trust financing arrangement, which was re-transferred to Zhenro Group Company in October 2015 for a consideration of RMB53.9 million (based on the then registered capital amount of Nanjing Real Estate). In December 2015, as part of Step 3 under “— The Corporate Restructuring” below in this section, Zhenro Group Company transferred its 100% equity interests in Nanjing Real Estate to Zhenro Properties Holdings.

12. Nanjing Dexin

Nanjing Dexin is the project company for our property development project Nanjing Zhenro Riverside Violet Mansion. Nanjing Dexin was established on January 22, 2016 by Jiangxi Real Estate (100%) with an initial registered capital of RMB100 million, fully paid up by cash.

In March 2016, Nanjing Dexin was wholly-owned by Jiangxi Real Estate, with a registered capital of RMB100 million, fully paid up by cash, of which 10% equity interest in Nanjing Dexin was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing arrangement. See “Financial Information — Indebtedness — Trust and Other Financing Arrangements” for further details.

13. Tianjin Real Estate

Tianjin Real Estate is the project company for our property development project Tianjin Zhenro Jade Bay (天津正榮•潤璟灣). Tianjin Real Estate was established on April 21, 2014 by Zhenro Group Company (100%) with an initial registered capital of RMB100 million, fully paid up by cash.

During the period from June 25, 2014 to October 26, 2015, a 5% equity interest in Tianjin Real Estate was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing. During the period from November 6, 2015 to December 25, 2015 and the period from January 8, 2016 to May 10, 2016, a 10% equity interest in Tianjin Real Estate was held by Zhuhai Orient Guixiang Investment Management Centre (Limited Partnership) (珠海東方桂祥投資管理中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing arrangement, which, pursuant to the trust financing arrangement, was re-transferred to Zhenro Properties Holdings for a consideration of RMB10 million (based on the then registered capital amount of Tianjin Real Estate), which equals to the amount paid to the relevant shareholder by the trust financing provider when the same equity interest was transferred to the trust financing provider as security. Since May 10, 2016, 100% of the equity interest in Tianjin Real Estate has been held by Zhenro Properties Holdings.

In December 2015, as part of Step 3 under “— The Corporate Restructuring” below, Zhenro Group Company transferred all its equity interest in Tianjin Real Estate to Zhenro Properties Holdings, upon which, Tianjin Real Estate was 100% owned by Zhenro Properties Holdings.

14. Zhenro Properties Holdings

Zhenro Properties Holdings is our onshore holding company and our centralized management platform. See “— The Corporate Restructuring — Establishment of Zhenro Properties Holdings” below for details of the establishment and “— The Reorganization” for the changes in the shareholdings of Zhenro Properties Holdings.

THE CORPORATE RESTRUCTURING

In order to streamline the core business (property development and commercial property management) of Zhenro Group, we underwent a corporate restructuring (the “**Corporate Restructuring**”) to implement a structure whereby Zhenro Properties Holdings became the onshore holding company of our Group and the exclusive platform under Zhenro Group to carry out its property development and commercial property management businesses.

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In anticipation of the Corporate Restructuring, Zhenro Group Company established Zhenro Properties Holdings and the shareholders of Zhenro Properties Holdings established their shareholding platform as set out below:

Establishment of Zhenro Properties Holdings

On July 22, 2015, Zhenro Group Company established Zhenro Properties Holdings with an initial registered capital of RMB1 billion, fully paid up by cash in November 2015.

On December 16, 2015, Zhenro Properties Holdings was converted from a limited liability company into a joint stock company with limited liability. Based on the audited net book value of the net asset of Zhenro Properties Holdings as of December 1, 2015, Zhenro Properties Holdings had a registered capital of RMB2.637 billion, divided into 2.637 billion shares of RMB1 each following such conversion.

Establishment of the shareholding platform of the shareholders of Zhenro Properties Holdings

On November 30, 2015, Rongjin Partnership was established in the PRC with a registered capital of RMB700 million by GQ Ou as the general partner (holding 1% of Rongjin Partnership's interest) and Fujian Zexing Trading Co., Ltd. (福建澤興貿易有限公司) (“**Fujian Zexing**”), Fujian Guangyun Trading Co., Ltd. (福建廣運貿易有限公司) (“**Fujian Guangyun**”) and Shanghai Dongyun Real Estate Limited (上海東昀實業有限公司) (“**Shanghai Dongyun**”), as the limited partners (holding 13.29%, 28.57 and 57.14% of Rongjin Partnership's interest, respectively). Fujian Zexing, Fujian Guangyun and Shanghai Dongyun are PRC companies wholly-owned by each of Mr. Wu Wanchun (吳萬春), Mr. Zhang Houshi (張后士) and Mr. Lin Zheng (林征), respectively. Mr. Wu Wanchun, Mr. Zhang Houshi and Mr. Lin Zheng are independent third parties known to ZR Ou and were invited to invest in Zhenro Properties Holdings during the Corporate Restructuring. GQ Ou has the control over Rongjin Partnership as the general partner, whereas the wholly-owned PRC companies of Mr. Wu Wanchun, Mr. Zhang Houshi and Mr. Lin Zheng do not participate in the daily operations of Rongjin Partnership as the limited partners.

On December 2, 2015, Shanghai Rongshuo Investment Management Limited Partnership (上海榮朔投資管理合夥企業(有限合夥)) (“**Rongshuo Partnership**”) was established in the PRC with a registered capital of RMB500 million by GQ Ou as the general partner (holding 1% of Rongshuo Partnership's interest) and Fujian Shengwei Commercial Management Co., Ltd. (福建盛偉商業管理有限公司) (“**Shengwei Commercial**”) as the limited partners (holding 99% of Rongshuo Partnership's interest). Shengwei Commercial is a PRC company wholly-owned by GW Ou. GQ Ou has the control over Rongshuo Partnership as the general partner, whereas the wholly-owned PRC company of GW Ou does not participate in the daily operations of Rongshuo Partnership as the limited partner.

The Corporate Restructuring commenced in November 2015 and involved the steps as set out below:

Step 1: Transfer of direct and indirect shareholdings of property development companies from GQ Ou and GW Ou to our Group

Corporate Structure as of November 16, 2015 and immediately before the commencement of Step 1 of the Corporate Restructuring

As of November 16, 2015, immediately before the commencement of Step 1 of the Corporate Restructuring, our project companies and subsidiaries for property development and commercial property management as set out below were held by Zhenro Group Company, GQ Ou and/or GW Ou.

Company name	Shareholding percentage held by Zhenro Group Company, GQ Ou and/or GW Ou
1. Fuzhou Real Estate ⁽¹⁾	Zhenro Group Company (96%), GQ Ou (4%)
2. Zhenro Commerce ⁽²⁾	Zhenro Group Company (100%)
3. Putian Investment	Zhenro Group Company (100%) ⁽³⁾
4. Nanjing Real Estate	Zhenro Group Company (100%)
5. Nanjing Investment	Zhenro Group Company (100%) ⁽⁴⁾
6. Fujian Property	Zhenro Group Company (100%)
7. Tianjin Real Estate	Zhenro Group Company (100%) ⁽⁵⁾
8. Mawei Real Estate	Zhenro Group Company (100%) ⁽⁶⁾

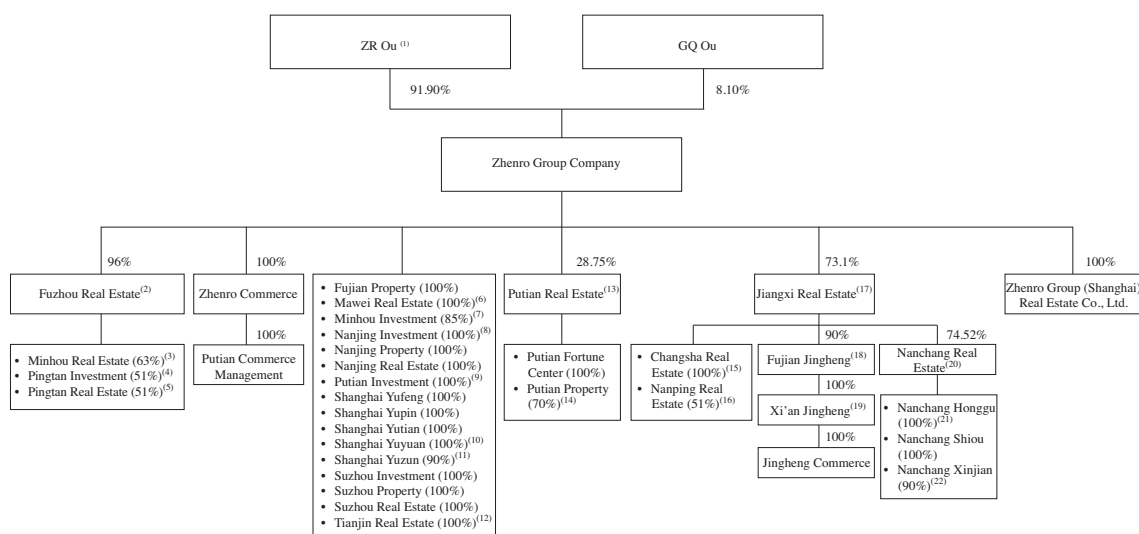
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Company name	Shareholding percentage held by Zhenro Group Company, GQ Ou and/or GW Ou
9. Suzhou Property	Zhenro Group Company (100%)
10. Minhou Investment	Zhenro Group Company (85%)
11. Nanjing Property	Zhenro Group Company (100%)
12. Shanghai Yutian	Zhenro Group Company (100%)
13. Suzhou Investment	Zhenro Group Company (100%)
14. Shanghai Yupin	Zhenro Group Company (100%)
15. Shanghai Yufeng	Zhenro Group Company (100%)
16. Shanghai Yuyuan	Zhenro Group Company (100%) ⁽⁷⁾
17. Suzhou Real Estate	Zhenro Group Company (100%)
18. Putian Real Estate ⁽⁸⁾	Zhenro Group Company (28.75%), GQ Ou (46.25%)
19. Jiangxi Real Estate ⁽⁹⁾	Zhenro Group Company (73.1%), GQ Ou (26.9%)
20. Shanghai Yuzun	Zhenro Group Company (90%)

Notes:

- (1) Fuzhou Real Estate had three directly owned subsidiaries, namely Minhou Real Estate, Pingtan Real Estate and Pingtan Investment.
- (2) Zhenro Commerce had a directly owned subsidiary, Putian Commerce Management.
- (3) A 48% equity interest in Putian Investment was held by Huaneng Guicheng Trust Corporation Limited (華能貴誠信託有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (4) A 49% equity interest in Nanjing Investment was held by Huaneng Guicheng Trust Corporation Limited (華能貴誠信託有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (5) A 10% equity interest in Tianjin Real Estate was held by Zhuhai Orient Guixiang Investment Management Centre (Limited Partnership) (珠海東方桂祥投資管理中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing arrangement.
- (6) A 5% equity interest in Mawei Real Estate was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (7) A 49% equity interest in Shanghai Yuyuan was held by Shanghai Tianyan Investment Center Partnership (Limited Partnership) (上海天岩投資中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing.
- (8) Putian Real Estate had two directly owned subsidiaries, namely Putian Fortune Center and Putian Property
- (9) Jiangxi Real Estate had nine directly and indirectly owned subsidiaries namely Changsha Real Estate, Nanping Real Estate, Fujian Jingheng (10% of its equity interest was held by GQ Ou), Xi'an Jingheng, Jingheng Commerce, Nanchang Real Estate (25.48% of its shareholder was held by an indirectly owned subsidiary of GW Ou), Nanchang Shiou, Nanchang Xinjian and Nanchang Honggu.

Set forth below is the corporate structure of Zhenro Group's business of development of residential properties and development, operation and management of commercial and mixed-use properties as of November 16, 2015 and before the commencement of Step 1 of the Corporate Restructuring:



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Notes:

- (1) 7.62% of the equity interest in Zhenro Group Company was held by ZR Ou on trust for GW Ou during the period from April 19, 2012 to December 23, 2015. Our PRC Legal Advisor has confirmed that such trust arrangement does not contravene any PRC laws or regulations.
- (2) The remaining 4% equity interest in Fuzhou Real Estate was owned by GQ Ou.
- (3) The remaining 37% equity interest in Minhou Real Estate was owned by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司) (30%) and Fujian Jingsheng Construction Engineering Company Limited (福建景盛建築工程有限公司) (7%), both of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (4) The remaining 49% equity interest in Pingtan Investment was owned by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (15%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Mr. Hu Lianrong (胡連榮) (10%), Fujian Yifangtian Investment Management Company Limited (福建億方田投資發展有限公司) (7%), Mr. Zhou Xiaohua (周笑華) (5%) and Mr. Zhai Wei (翟煒) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (5) The remaining 49% equity interest in of Pingtan Real Estate was owned by Fujian Haibo Equity Investment Center Partnership (Limited Partnership) (福建海博股權投資中心(有限合夥)) (20%), Fujian Huiyuan International Business Convention Company Limited (福建匯源國際商務會展有限公司) (10%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Mr. Zhou Xiaohua (周笑華) (5%), Mr. Zhai Wei (翟煒) (2%) and Mr. Hu Lianrong (胡連榮) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies). A 51% equity interest in Pingtan Real Estate (37%, 7%, 3.5% and 3.5% from Fuzhou Real Estate, Fujian Haibo Equity Investment Center Partnership (Limited Partnership), Fujian Huiyuan International Business Convention Company Limited and Fuzhou Yuanqi Investment Management Company Limited, respectively) was held by Sichuan Trust Company Limited (四川信託有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (6) A 5% equity interest in Mawei Real Estate was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (7) The remaining 15% equity interest in Minhou Investment was owned by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (8) A 49% equity interest in Nanjing Investment was held by Huaneng Guicheng Trust Corporation Limited (華能貴誠信託有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (9) A 48% equity interest in Putian Investment was held by Huaneng Guicheng Trust Corporation Limited (華能貴誠信託有限公司), an independent third party and a trust financing provider, as security for a trust financing. The remaining 1% equity interest in Putian Investment was owned by Putian Real Estate.
- (10) A 49% equity interest in Shanghai Yuyuan was held by Shanghai Tianyan Investment Center Partnership (Limited Partnership) (上海天岩投資中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing.
- (11) The remaining 10% equity interest in Shanghai Yuzun was owned by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being a shareholder of Shanghai Yuzun.
- (12) A 10% equity interest in Tianjin Real Estate was held by Zhuhai Orient Guixiang Investment Management Centre (Limited Partnership) (珠海東方桂祥投資管理中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing.
- (13) The remaining 71.25% equity interest in Putian Real Estate was owned by GQ Ou (46.25%) and Jiangxi Real Estate (25%).
- (14) The remaining 30% equity interest in Putian Property was owned by Xiamen Hailan Investment Co., Ltd. (廈門市海藍投資有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (15) A 16.67% equity interest in Changsha Real Estate was held by Guotai Yuanxin Asset Management Company Limited (國泰元鑫資產管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (16) The remaining 49% equity interest in Nanping Real Estate was owned by Putian Junqiming Trading Company Limited (莆田軍奇明貿易有限公司) (45%), an independent third party other than being a shareholder of Nanping Real Estate, and Fuzhou Real Estate (4%).
- (17) The remaining 26.9% equity interest in Jiangxi Real Estate was owned by GQ Ou.
- (18) The remaining 10% equity interest in Fujian Jingheng was owned by GQ Ou.
- (19) A 40% equity interest in Xi'an Jingheng was held by Xiamen International Trust Company Limited (廈門國際信託有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (20) The remaining 25.48% equity interest in Nanchang Real Estate was owned by True Dragon which was then indirectly wholly owned by GW Ou.
- (21) A 49% equity interest in Nanchang Honggu was held by China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (22) A 39% equity interest in Nanchang Xinjian was owned by China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), an independent third party and a trust financing provider, as security for a trust financing. The remaining 10% equity interest in Nanchang Xinjian was owned by Jiangxi Baishaluo Industrial Development Company Limited (江西白莎羅事業發展有限公司), an independent third party other than being a shareholder of our subsidiary(ies).

Details of Step 1 of the Corporate Restructuring

- (1) GQ Ou transferred his 26.9% equity interest in Jiangxi Real Estate to Zhenro Properties Holdings for a consideration of RMB57.91 million (based on an independent valuation report), effective on November 5, 2015 pursuant to a share transfer agreement, following which Jiangxi Real Estate was owned as to 73.1% by Zhenro Group Company and 26.9% by Zhenro Properties Holdings.

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- (2) GQ Ou and Zhenro Group Company transferred their equity interests in Putian Real Estate (46.25% and 28.75%, respectively) to Jiangxi Real Estate for a consideration of RMB37 million and RMB23 million, respectively (based on an independent valuation report), effective on November 17, 2015 pursuant to a share transfer agreement. Following these equity transfers, Putian Real Estate became a wholly-owned subsidiary of Jiangxi Real Estate.
- (3) GQ Ou transferred his 4% equity interest in Fuzhou Real Estate to Zhenro Group Company for a consideration of RMB2 million (based on the then registered capital amount of Fuzhou Real Estate), effective on November 13, 2015 pursuant to a share transfer agreement, following which Fuzhou Real Estate became a wholly-owned subsidiary of Zhenro Group Company.
- (4) True Dragon, which was then indirectly wholly owned by GW Ou, transferred its 25.48% interest in Nanchang Real Estate to Jiangxi Real Estate for a consideration of approximately RMB52.3 million (based on an independent valuation report), effective on November 6, 2015 pursuant to a share transfer agreement, following which Nanchang Real Estate became a wholly-owned subsidiary of Jiangxi Real Estate.
- (5) GQ Ou transferred his 10% equity interest in Fujian Jingheng to Jiangxi Real Estate for a consideration of RMB1 million (based on the then registered capital amount of Fujian Jingheng), effective on November 18, 2015 pursuant to a share transfer agreement, following which Fujian Jingheng became a wholly-owned subsidiary of Jiangxi Real Estate.

Step 2: Capital injection by Rongjin Partnership and Zhenro Group Company

On December 1, 2015, the registered capital of Zhenro Properties Holdings increased to RMB2.637 billion by the injection of RMB637 million by Rongjin Partnership and RMB1 billion by Zhenro Group Company, fully paid up by cash. On December 23, 2015, Rongjin Partnership also injected RMB563 million into Zhenro Properties Holdings as its capital reserve. After the completion of the capital injections, Zhenro Properties Holdings was owned by Zhenro Group Company and Rongjin Partnership as to 75.84% and 24.16%, respectively. The consideration for the capital injection was determined with reference to the net assets value of Zhenro Properties Holdings as of December 1, 2015 after arm's length negotiations among the parties.

Step 3: Capital injection by Zhenro Group Company by way of transferring its entire equity interests in 34 property development subsidiaries

Between October and December 2015, Zhenro Group Company transferred its entire equity interests in 34 directly and indirectly owned property development subsidiaries to Zhenro Properties Holdings as capital injection, at a consideration of approximately RMB2.806 billion, based on an independent valuation, (of which RMB463 million was credited to the registered capital of Zhenro Properties Holdings and RMB2.343 billion was credited to the capital reserve of Zhenro Properties Holdings). After the completion of such capital injection, the registered capital of Zhenro Properties Holdings increased from RMB2.637 billion to RMB3.1 billion and Zhenro Properties Holdings was owned as to 79.45% and 20.55% by Zhenro Group Company and Rongjin Partnership, respectively.

Step 4: Acquisition of 90% equity interest in Shanghai Yuzun by Zhenro Properties Holdings

Zhenro Properties Holdings acquired 90% equity interest in Shanghai Yuzun from Zhenro Group (Shanghai) Real Estate Co., Ltd. (正榮集團(上海)置業有限公司) at a consideration of RMB45 million (based on the then registered capital amount of Shanghai Yuzun), effective on December 4, 2015 pursuant to a share transfer agreement, following which Shanghai Yuzun was owned as to 90% by Zhenro Properties Holdings and 10% by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party.

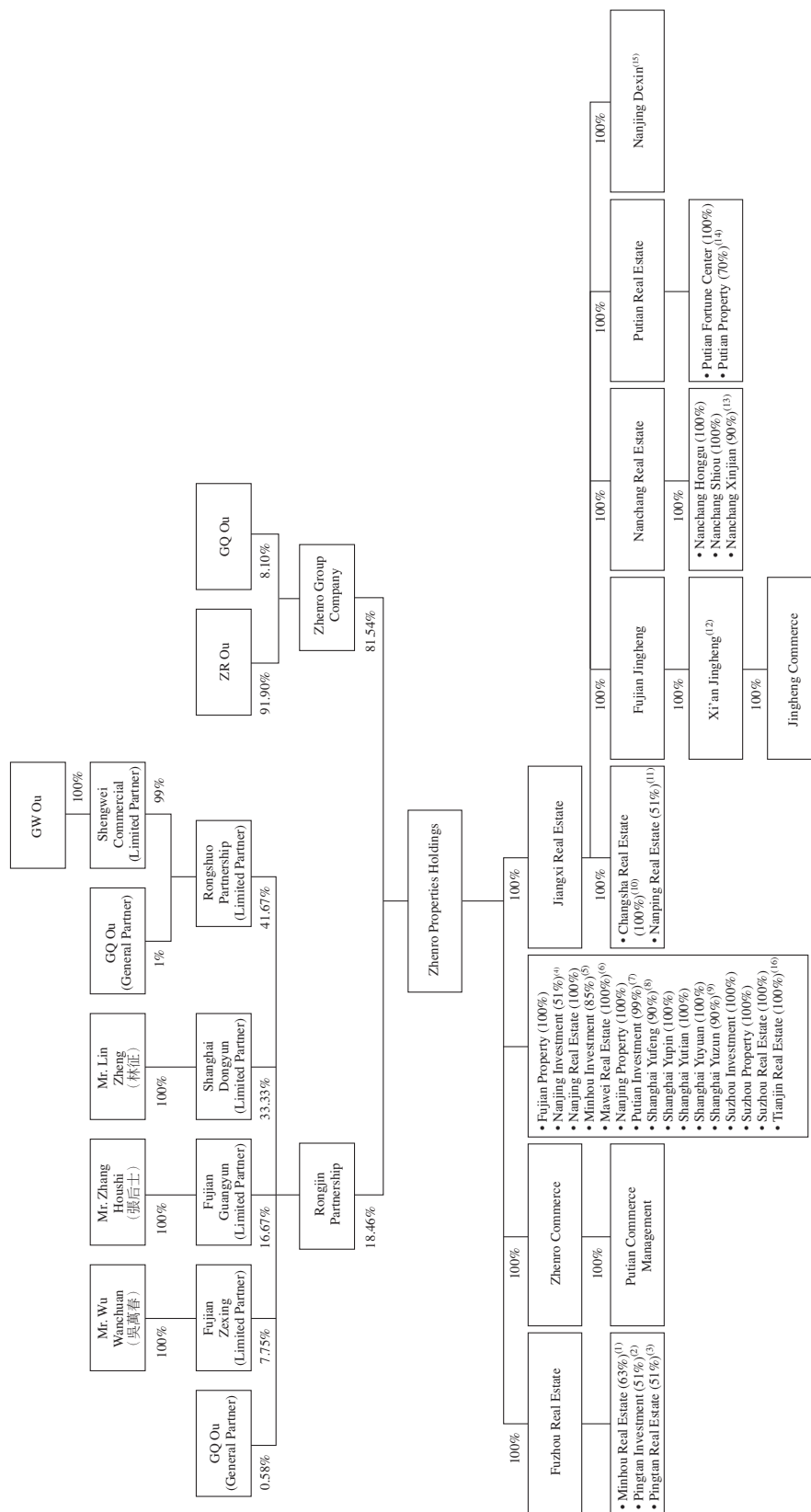
Step 5: Capital injection by Rongshuo Partnership into Rongjin Partnership

The registered capital of Rongjin Partnership increased to RMB1.2 billion by injection of an amount of RMB500 million by Rongshuo Partnership, fully paid up by cash on December 23, 2015. Upon the completion of the capital injection, Rongjin Partnership was owned by Rongshuo Partnership, GQ Ou, Fujian Zexing, Fujian Guangyun and Shanghai Dongyun, as to 41.67%, 0.58%, 7.75%, 16.67% and 33.33%, respectively.

Step 6: Capital increase of Zhenro Properties Holdings with respect to debts owing to Zhenro Group Company

On April 20, 2016, based on debts owing to Zhenro Group Company by Zhenro Properties Holdings (assessed by an independent valuer to be RMB630 million), Zhenro Group Company increased its capital contribution to the registered capital of Zhenro Properties Holdings by RMB350 million and the capital reserve of Zhenro Properties Holdings by RMB280 million. After the completion of this capital contribution, the registered capital of Zhenro Properties Holdings increased from RMB3.1 billion to RMB3.45 billion and Zhenro Properties Holdings was owned as to 81.54% and 18.46% by Zhenro Group Company and Rongjin Partnership, respectively.

Set forth below is our corporate structure immediately after the Corporate Restructuring on April 20, 2016:



OUR HISTORY AND REORGANIZATION

Notes:

- (1) The remaining 37% equity interest in Minhou Real Estate was owned by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司) (30%) and Fujian Jingsheng Construction Engineering Company Limited (福建景盛建築工程有限公司) (7%), both of whom are independent third parties other than being a shareholder of our subsidiary(ies).
- (2) The remaining 49% equity interest in Pingtan Investment was owned by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (15%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Mr. Hu Lianrong (胡連榮) (10%), Fujian Yifangtian Investment Management Company Limited (福建億方田投資發展有限公司) (7%), Mr. Zhou Xiaohua (周笑華) (5%) and Mr. Zhai Wei (翟煒) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (3) The remaining 49% equity interest in of Pingtan Real Estate was owned by Fujian Haibo Equity Investment Center Partnership (Limited Partnership) (福建海博股權投資中心(有限合夥)) (20%), Fujian Huiyuan International Business Convention Company Limited (福建匯源國際商務會展有限公司) (10%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Mr. Zhou Xiaohua (周笑華) (5%), Mr. Zhai Wei (翟煒) (2%) and Mr. Hu Lianrong (胡連榮) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies). A 51% of the equity interest in Pingtan Real Estate (37%, 7%, 3.5% and 3.5% from Fuzhou Real Estate, Fujian Haibo Equity Investment Center Partnership (Limited Partnership), Fujian Huiyuan International Business Convention Company Limited and Fuzhou Yuanqi Investment Management Company Limited, respectively) was held by Sichuan Trust Company Limited (四川信託有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (4) A 49% equity interest in Nanjing Investment was held by Huaneng Guicheng Trust Company Limited (華能貴誠信託有限公司), an independent third party, other than being a shareholder of our subsidiary(ies).
- (5) The remaining 15% equity interest in Minhou Investment was owned by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (6) A 5% equity interest in Mawei Real Estate was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (7) The remaining 1% equity interest in Putian Investment was owned by Putian Real Estate.
- (8) The remaining 10% equity interest in Shanghai Yufeng was owned by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (9) The remaining 10% equity interest in Shanghai Yuzun was owned by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (10) A 16.67% equity interest in Changsha Real Estate was held by Guotai Yuanxin Asset Management Company Limited (國泰元鑫資產管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (11) The remaining 49% equity interest in Nanping Real Estate was owned by Putian Junqiming Trading Company Limited (莆田軍奇明貿易有限公司) (45%), an independent third party, and Fuzhou Real Estate (4%).
- (12) A 40% equity interest in Xi'an Jingheng was held by Xiamen International Trust Company Limited (廈門國際信託有限公司), an independent third party and a trust financing provider, as security for a trust financing arrangement.
- (13) A 39% equity interest in Nanchang Xinjian was held by Shanghai Zhihua Investment Center (Limited Partnership) (上海置華投資中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing. The remaining 10% interest in Nanchang Xinjian was owned by Jiangxi Baishaluo Industrial Development Company Limited (江西白沙羅事業發展有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (14) The remaining 30% equity interest in Putian Property was owned by Xiamen Hailan Investment Co., Ltd. (廈門市海藍投資有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (15) A 10% equity interest in Nanjing Dexin was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (16) A 10% equity interest in Tianjin Real Estate was held by Zhuhai Orient Guixiang Investment Management Centre (Limited Partnership) (珠海東方桂祥投資管理中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing.

OUR HISTORY AND REORGANIZATION

- (1) A 16.67% equity interest in Mawei Property was held by Xingye Wealth Asset Management Co., Ltd. (興業財富資產管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (2) The remaining 20% equity interest in Minhou Zhengsheng was owned by Fujian Hongyuan Ruiteng Investment Company Limited (福建鴻元瑞騰投資有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (3) The remaining 37% equity interest in Minhou Real Estate was owned by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司) (30%) and Fujian Jingsheng Construction Engineering Company Limited (福建景盛建築工程有限公司) (7%), both of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (4) The remaining 49% equity interest in Pingtan Investment was owned by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (15%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Mr. Hu Lianrong (胡連榮) (10%), Fujian Yifangtian Investment Management Company Limited (福建億方田投資發展有限公司) (7%), Mr. Zhou Xiaohua (周笑華) (5%) and Mr. Zhai Wei (翟煒) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (5) The remaining 49% equity interest in Pingtan Real Estate was owned by Fujian Haibo Equity Investment Center Partnership (Limited Partnership) (福建海博股權投資中心(有限合夥)) (20%), Fujian Huiyuan International Business Convention Company Limited (福建匯源國際商務會展有限公司) (10%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Mr. Zhou Xiaohua (周笑華) (5%), Mr. Zhai Wei (翟煒) (2%) and Mr. Hu Lianrong (胡連榮) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (6) The remaining 49% equity interest in Zhenro Shantian Zhengtai was owned by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (18%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司) (10%), Mr. Zhou Xiaohua (周笑華) (5%), Mr. Dong Xuyi (董須義) (4%) and Mr. Zhai Wei (翟煒) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (7) The remaining 15% equity interest in Minhou Investment was owned by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (8) The remaining 37.5% equity interest in Mawei Real Estate was owned by JIC Trust Co., Ltd. (中建投信託有限責任公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (9) The remaining 49% equity interest in Nanjing Investment was owned by Huaneng Guicheng Trust Corporation Limited (華能貴誠信託有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (10) The remaining 1% equity interest in Putian Investment was owned by Putian Real Estate.
- (11) The remaining 48.09% equity interest in Suzhou Property was owned by Pingtan Yilong Investment Management Partnership (Limited Partnership) (平潭億隆投資管理合夥企業(有限合夥)), an independent third party other than being a shareholder of our subsidiary(ies).
- (12) The remaining 37.29% equity interest in Suzhou Real Estate was owned by Pingtan Xingguang Investment Management Partnership (Limited Partnership) (平潭興廣投資管理合夥企業(有限合夥)), an independent third party other than being a shareholder of our subsidiary(ies).
- (13) The remaining 20% equity interest in Suzhou Sutong was owned by Suzhou Qiansheng Trading Company Limited (蘇州乾昇貿易有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (14) The remaining 10% equity interest in Shanghai Yufeng was owned by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (15) The remaining 10% equity interest in Shanghai Yuzun was owned by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (16) A 39% equity interest in Nanchang Xinjian was held by Shanghai Zhihua Investment Center (Limited Partnership) (上海置華投資中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing.
- (17) The remaining 51% equity interest in Fuzhou Investment was owned by Fuzhou Real Estate.
- (18) The remaining 49% equity interest in Nanping Real Estate was owned by Fuzhou Real Estate (4%), Putian Junqiming Trading Company Limited (莆田軍奇明貿易有限公司) (45%), an independent third party other than being a shareholder of our subsidiary(ies).
- (19) A 10% equity interest in Nanjing Dexin was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (20) The remaining 75% of the equity interest in Hefei Yongtuo was owned by Hefei Haozhi Xinchun Investment Co., Ltd. (合肥皓智鑫宸投資有限公司) (17%), Beijing Yuankun Real Estate Development Co., Ltd. (北京遠坤房地產開發有限公司) (17%), Hefei Xuhui Enterprise Management Co., Ltd. (合肥旭輝企業管理有限公司) (17%), Beijing Dongxing Lianyong Tongchang Investment Management Co., Ltd. (北京東興聯永同昌投資管理有限公司) (8%), Hefei Wanlong Hanhai Investment Management Co., Ltd. (合肥萬隆瀚海投資管理有限公司) (8%) and Beijing Yuanshengchang Real Estate Development Co., Ltd. (北京遠盛昌房地產開發有限公司) (8%), all of whom are independent third parties other than being shareholders of Hefei Yongtuo. Hefei Yongtuo is accounted for as a subsidiary of the Company because the Group controls 51% of the voting rights according to the articles of association of Hefei Yongtuo.
- (21) As a limited partner, it does not have any voting rights or control in Rongjin Partnership.

OUR HISTORY AND REORGANIZATION

In anticipation of the Listing, we underwent the Reorganization pursuant to which our Company became the holding company and listing vehicle of our Group.

Step 1: Establishing Onshore Holding Companies to Acquire Zhengro Properties Holdings

Zhenro Group Company established Fuzhou Fengzeweï in the PRC on June 12, 2017, which in turn established Fuzhou Huace and Fuzhou Juntai in the PRC on June 15, 2017 and June 16, 2017, respectively. On June 23, 2017, Fuzhou Huace and Fuzhou Juntai acquired 18.46% and 81.54% equity interest in Zhengro Properties Holdings from Rongjin Partnership and Zhenro Group Company at a cash consideration of RMB1,058,885,100 and RMB4,676,049,900, respectively. The consideration was determined based on independent valuation. After the said transfer, Rongjin Partnership ceased to be a shareholder of Zhenro Properties Holdings and thus, Mr. Wu Wanchuan (吳萬春), Mr. Zhang Houshi (張後士) and Mr. Lin Zheng (林征), whose investment vehicles were limited partners of Rongjin Partnership, ceased to have any interest in the Group.

Step 2: Acquisition of 5% Interest in Fuzhou Fengzeweï by Sheen Billion

See “— Pre-IPO Investment — Investment by Wide China” below for details.

Step 3: Establishing Offshore Holding Companies to Acquire Interest in our Company

On June 28, 2017, ZR Ou incorporated RoYue and RoJing and GQ Ou incorporated RoSheng, in the BVI. On July 13, 2017, RoYue, RoJing and RoSheng subscribed for new shares in our Company at a nominal consideration. Immediately after the share subscription, Warm Shine, RoYue, RoJing and RoSheng held 7.62%, 79.74%, 5% and 7.64% in the total issued share capital of our Company, respectively. Before the share subscription, our Company (i) was 100% held by Warm Shine, which is wholly-owned by GW Ou and (ii) had a direct wholly-owned subsidiary, Zhenro International, which in turn held 100% in Zhenro HK and 100% in True Dragon. All of Warm Shine, our Company, Zhenro International, Zhenro HK and True Dragon have been investment holding companies without business operations since incorporation.

Step 4: Establishing Fuzhou Huiheng to Acquire 95% Interest in Fuzhou Fengzeweï

On July 28, 2017, Zhenro HK established Fuzhou Huiheng in the PRC. On August 24, 2017, Zhenro Group Company transferred the entire 95% equity interest it held in Fuzhou Fengzeweï to Fuzhou Huiheng at a cash consideration of RMB950 million, which was determined with reference to the registered capital of Fuzhou Fengzeweï after arm’s length negotiations among the parties. The consideration was fully paid on August 29, 2017.

Step 5: Transfer of 5% Interest in Fuzhou Fengzeweï to our Company

On August 24, 2017, Wide China transferred the entire equity interest it held in Blooming Force to our Company in exchange for the issue of 2,500 shares in our Company to Sky Bridge, a wholly-owned subsidiary of Wide China. Immediately after this step, our Company was held by Warm Shine, RoYue, RoJing, RoSheng and Sky Bridge as to 7.24%, 75.75%, 4.75%, 7.26% and 5%.

See “— Corporate Structure Immediately Before The Global Offering” below for our corporate structure upon the completion of the Reorganization.

PRE-IPO INVESTMENT

Investment by Wide China

On August 10, 2017, Sheen Billion acquired 5% equity interest in Fuzhou Fengzeweï from Zhenro Group Company at a cash consideration of RMB286,746,568.75 which was fully paid on August 24, 2017. Sheen Billion is a direct wholly-owned subsidiary of Blooming Force, a wholly-owned subsidiary of Wide China, which is 100% owned by Fujian Huamin Import and Export Co., Ltd. (福建華閩進出口有限公司) (“**Fujian Huamin**”). On August 24, 2017, as part of the Reorganization, Wide China transferred the entire interest it held in Blooming Force to our Company in exchange for the issue of 2,500 shares in our Company to Sky Bridge, a wholly-owned subsidiary of Wide China. Details of Wide China’s investment (the “**Pre-IPO Investment**”) are set forth below:

Amount of cash consideration paid:	RMB286,746,568.75 (equivalent to HK\$337,309,220)
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OUR HISTORY AND REORGANIZATION

Basis of determination of the consideration:	based on independent valuation after arm's length negotiations among the parties
Payment date:	August 24, 2017
Cost per Share ⁽¹⁾ :	HK\$2.25
Discount to mid-point of the Offer Price range	39.8%
Use of proceeds:	the consideration was paid to Zhenro Group Company
Shareholding in the Company immediately after the investment:	5%
Shareholding in the Company immediately after the Global Offering ⁽²⁾ :	3.75%
Strategic benefits to the Company:	Experience and strategy in expansion into overseas markets
Special rights:	Sky Bridge is not entitled to any special rights under the Pre-IPO Investment

(1) 3,000,000,000 Shares are in issue and outstanding after the completion of the Share Subdivision and the Capitalization Issue.

(2) Assuming that the Over-Allotment Option is not exercised.

Information regarding Wide China

Wide China is a company incorporated in Hong Kong and a wholly-owned subsidiary of Fujian Huamin, a company incorporated in the PRC on June 13, 1986. Fujian Huamin is a leading foreign trading company in Fujian. Fujian Huamin is owned by Fujian Huatian Investment Co., Ltd. (福建華田投資有限公司) (“**Fujian Huatian**”), Fujian Huagong Investment Co., Ltd. (福建華工投資有限公司) (“**Fujian Huagong**”), Fujian Huahui Investment Co., Ltd. (福建華會投資有限公司) (“**Fujian Huahui**”), Fujian Huiyuan International Exhibition Co., Ltd. (福建蒼源國際展覽有限公司) (“**Fujian Huiyuan**”), Mr. Liu Pingshan (劉平山), Fujian Huamin Industrial Co., Ltd. (福建華閩實業有限公司) (“**Fujian Huamin Industrial**”) and Mr. Hao Zhengyu (郝征宇) (an independent third party) as to 40.09%, 17.99%, 17.25%, 10%, 8.42%, 5% and 1.25%, respectively. Fujian Huatian is owned by Mr. Liu Pingshan and Mr. Wang Zhiming (王志明), both of whom are independent third parties, as to 51% and 49%, respectively. Fujian Huagong and Fujian Huahui are owned by individual employees of Fujian Huamin Industrial who are independent third parties. Fujian Huiyuan is owned by Mr. Ruan Weixing (阮衛星) and Mr. Li Jian (李儉), both of whom are independent third parties, as to 55% and 45%, respectively. Fujian Huamin Industrial is ultimately owned by the State-Owned Assets Supervision and Administration Commission of the People's Government of Fujian Province (福建省人民政府國有資產監督管理委員會).

Lock-up and Public Float

As Sky Bridge is not a core connected person of the Company, Shares held by Sky Bridge will be counted towards the public float after the Listing.

Each of Wide China and Sky Bridge has agreed that, it will not, at any time during the period from August 24, 2017 to the date falling six months following the Listing, dispose of any of the Shares directly or indirectly held by it.

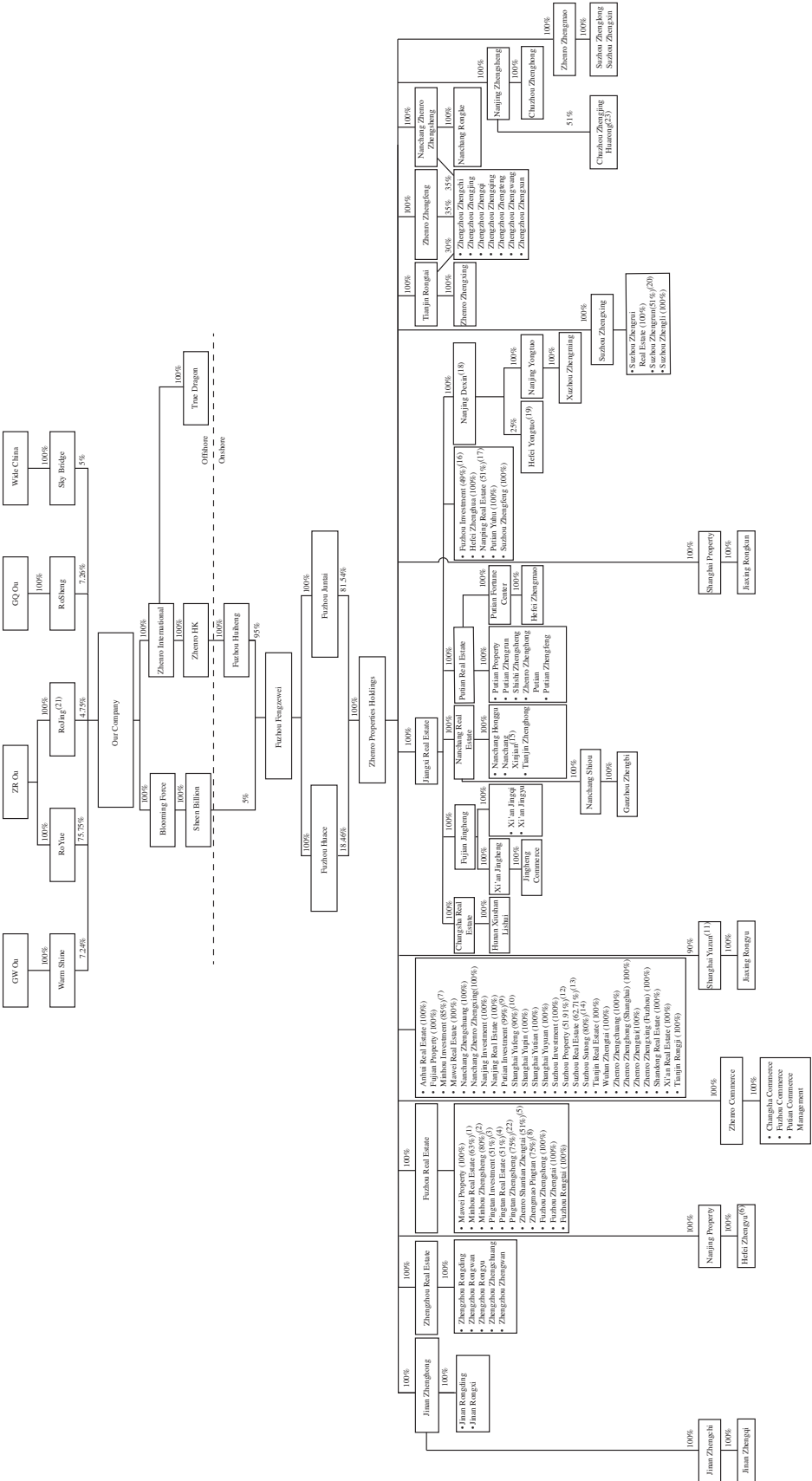
Compliance with Interim Guidance

The Sole Sponsor has confirmed that the terms of the Pre-IPO investment by Wide China are in compliance with (i) the Guidance Letter HKEx-GL-29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017; and (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

OUR HISTORY AND REORGANIZATION

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE GLOBAL OFFERING

Set forth below is our corporate structure upon completion of the Reorganization and immediately before the Global Offering:



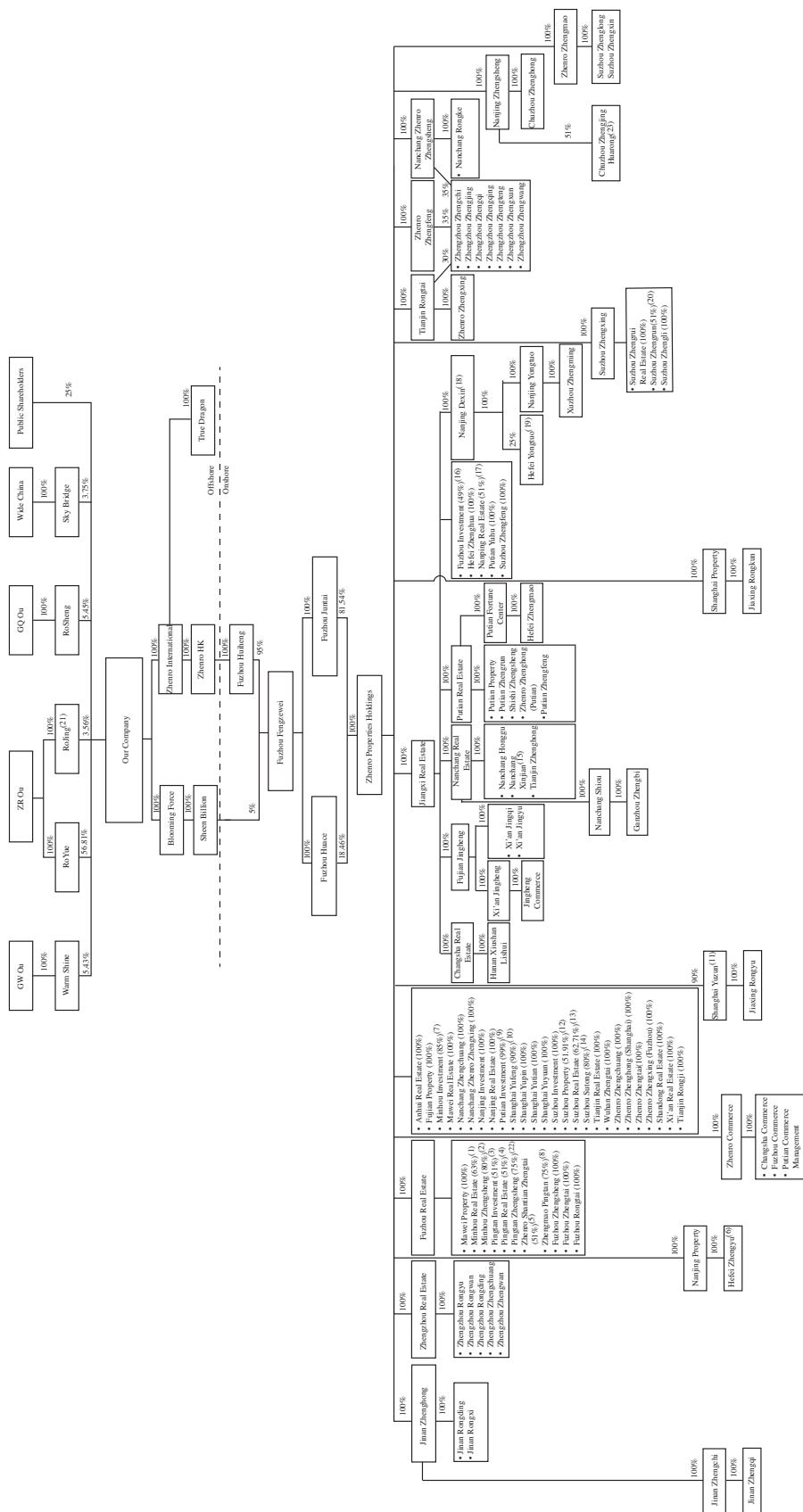
OUR HISTORY AND REORGANIZATION

- (1) The remaining 37% equity interest in Minhou Real Estate was owned by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司) (30%) and Fujian Jingsheng Construction Engineering Company Limited (福建景盛建築工程有限公司) (7%), both of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (2) The remaining 20% equity interest in Minhou Zhengsheng was owned by Fujian Hongyuan Ruiteng Investment Company Limited (福建鴻元瑞騰投資有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (3) The remaining 49% equity interest in Pingtan Investment was owned by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (15%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Mr. Hu Lianrong (胡連榮) (10%), Fujian Yifangtian Investment Management Company Limited (福建億方田投資發展有限公司) (7%), Mr. Zhou Xiaohua (周笑華) (5%) and Mr. Zhai Wei (翟煒) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (4) The remaining 49% equity interest in Pingtan Real Estate was owned by Fujian Haibo Equity Investment Center Partnership (Limited Partnership) (福建海博股權投資中心(有限合夥)) (20%), Fujian Huiyuan International Business Convention Company Limited (福建匯源國際商務會展有限公司) (10%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Mr. Zhou Xiaohua (周笑華) (5%), Mr. Zhai Wei (翟煒) (2%) and Mr. Hu Lianrong (胡連榮) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (5) The remaining 49% equity interest in Zhenro Shantian Zhengtai was owned by Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (18%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司) (10%), Mr. Zhou Xiaohua (周笑華) (5%), Mr. Dong Xuyi (董須義) (4%) and Mr. Zhai Wei (翟煒) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (6) A 20% equity interest in Hefei Zhengyu was held by China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (7) The remaining 15% equity interest in Minhou Investment was owned by Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司), an independent third party other than being shareholders of our subsidiary(ies).
- (8) The remaining 25% equity interest in Zhengmao Pingtan was owned by Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司) (12%), Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (5%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (4%), Fujian Yurong Construction Machinery Services Co., Ltd. (福建域融工程機械服務有限公司) (2%) and Zhou Xiaohua (周笑華) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (9) The remaining 1% equity interest in Putian Investment was owned by Putian Real Estate.
- (10) The remaining 10% equity interest in Shanghai Yufeng was owned by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being shareholders of our subsidiary(ies).
- (11) The remaining 10% equity interest in Shanghai Yuzun was owned by Fujian Changyuan Construction Company Limited (福建昌源建設有限公司), an independent third party other than being shareholders of our subsidiary(ies).
- (12) The remaining 48.09% equity interest in Suzhou Property was owned by Pingtan Yilong Investment Management Partnership (Limited Partnership) (平潭億隆投資管理合夥企業(有限合夥)), an independent third party other than being a shareholder of our subsidiary(ies).
- (13) The remaining 37.29% equity interest in Suzhou Real Estate was owned by Pingtan Xingguang Investment Management Partnership (Limited Partnership) (平潭興廣投資管理合夥企業(有限合夥)), an independent third party other than being a shareholder of our subsidiary(ies).
- (14) The remaining 20% equity interest in Suzhou Sutong was owned by Suzhou Qiansheng Trading Company Limited (蘇州乾昇貿易有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (15) A 39% equity interest in Nanchang Xinjian was held by Shanghai Zhihua Investment Center (Limited Partnership) (上海置華投資中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing.
- (16) The remaining 51% equity interest in Fuzhou Investment was owned by Fuzhou Real Estate.
- (17) The remaining 49% equity interest in Nanping Real Estate was owned by Fuzhou Real Estate (4%) and Putian Junqiming Trading Company Limited (莆田軍奇明貿易有限公司) (45%), an independent third party other than being a shareholder of our subsidiary(ies).
- (18) A 10% equity interest in Nanjing Dexin was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (19) The remaining 75% equity interest in Hefei Yongtuo was owned by Hefei Haozhi Xinchun Investment Co., Ltd. (合肥皓智鑫宸投資有限公司) (17%), Beijing Yuankun Real Estate Development Co., Ltd. (北京遠坤房地產開發有限公司) (17%), Hefei Xuhui Enterprise Management Co., Ltd. (合肥旭輝企業管理有限公司) (17%), Beijing Dongxing Lianyong Tongchang Investment Management Co., Ltd. (北京東興聯永同昌投資管理有限公司) (8%), Hefei Wanlong Hanhai Investment Management Co., Ltd. (合肥萬隆瀚海投資管理有限公司) (8%) and Beijing Yuanshengchang Real Estate Development Co., Ltd. (北京遠盛昌房地產開發有限公司) (8%), all of whom are independent third parties other than being shareholders of Hefei Yongtuo. Hefei Yongtuo is accounted for as a subsidiary of the Company because the Group controls 51% of the voting rights according to the articles of association of Hefei Yongtuo.
- (20) The remaining 49% equity interest in Suzhou Zhengrun was held by Suzhou Jinhui Juye Co., Ltd. (蘇州金輝居業有限公司), an independent third party other than being a shareholder of our subsidiary(ies).
- (21) The Shares held by RoJing may be used for share incentive plan(s) in the future.
- (22) The remaining 25% equity interest in Pingtan Zhengsheng was owned by Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司) (12%), Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (5%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (4%), Fujian Yurong Construction Machinery Services Co., Ltd. (福建域融工程機械服務有限公司) (2%) and Zhou Xiaohua (周笑華) (2%), all of whom are independent third parties other than being shareholders of our subsidiary(ies).
- (23) The remaining 49% equity interest in Chuzhou Zhengjing Huarong was owned by Lai'an Jinghua Real Estate Co., Ltd. (來安縣景華置業有限公司), an independent third party other than being a shareholder of our subsidiary(ies).

OUR HISTORY AND REORGANIZATION

CORPORATE STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING

Set forth below is our corporate structure upon completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes: Please refer to the notes under “— Corporate Structure Immediately Before Global Offering” in this section above.

OUR HISTORY AND REORGANIZATION

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor advised that the acquisition of 5% equity interest in Fuzhou Fengzeweï by Sheen Billion from Zhenro Group Company (the “**First Transfer**”) is subject to the M&A Rules and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (the “**Circular 3**”) (外商投資企業設立及變更備案管理暫行辦法). Fuzhou Fengzeweï has obtained the record-filing receipt for the incorporation of foreign-invested enterprises (外商投資企業設立備案回執) and the new business license for the First Transfer pursuant to the M&A Rules and the Circular 3. After the First Transfer, Fuzhou Fengzeweï became a sino-foreign joint venture enterprise. For the acquisition of 95% equity interest in Fuzhou Fengzeweï by Fuzhou Huiheng from Zhenro Group Company (the “**Second Transfer**”), our PRC Legal Advisor advised that since Zhenro Group Company transferred 95% equity interest in Fuzhou Fengzeweï to Fuzhou Huiheng after Fuzhou Fengzeweï was converted into a sino-foreign joint venture enterprise, the Second Transfer is the equity transfer in a foreign invested enterprise, and thus, the M&A Rules are not applicable to the Second Transfer. Instead, the Second Transfer shall comply with the Rules on the Changes of Shareholding of Foreign-invested Enterprise Investor (外商投資企業投資者股權變更的若干規定) (the “**Rules**”) and the Circular 3, and Fuzhou Fengzeweï has obtained the record-filing receipts for the change of foreign-invested enterprises (外商投資企業變更備案回執) and the new business license for Second Transfer pursuant to the Rules and the Circular 3. Our PRC Legal Advisor is of the view that the First Transfer has been completed in accordance with the M&A Rules and Circular 3, the Second Transfer has been completed in accordance with the Rules and the Circular 3, and the First Transfer is not a circumvention of the M&A Rules.

Our PRC Legal Advisor has confirmed that all the share transfers and increases in registered capital in respect of the PRC companies in our Group as described above have obtained all necessary government approvals and permits and the government procedures involved are in accordance with PRC laws and regulations. Our PRC Legal Advisor also confirmed that we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Corporate Restructuring and the Reorganization.

According to Circular No. 37 and Circular No.13 promulgated by the SAFE, PRC residents are required to make registration regarding establishing or controlling offshore companies. Our PRC Legal Advisor confirmed that ZR Ou and GQ Ou had all completed the initial registration on July 14, 2017 and GW Ou had completed the initial registration on October 21, 2014, under Circular No. 37 and Circular No. 13.

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

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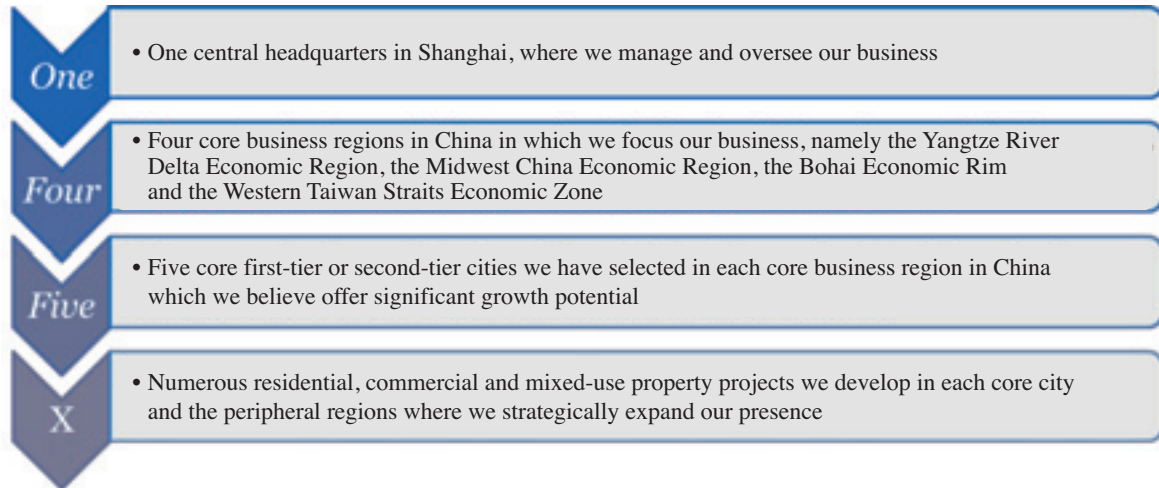
OVERVIEW

We are a large comprehensive property developer in the PRC focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group's exclusive platform to carry out its property development business founded in 1998. We have inherited from Zhenro Group extensive experience and sophisticated property development capabilities. Zhenro Group has earned the accolade of a top 100 real estate developer in China for 13 consecutive years since 2005 in terms of its comprehensive property development capability by various industry research institutes. Zhenro Group was awarded "China Top 100 Real Estate Developers" jointly by Enterprise Research Institute under the Development Research Center of the State Council, Property Research Institute of Tsinghua University and China Index Academy from 2005 to 2012 and from 2015 to 2017, and "China Top 50 Real Estate Developers" jointly by China Real Estate and Housing Research Association, China Real Estate Association and China Real Estate Appraisal Center since 2013. In 2017, Zhenro Properties Holdings was ranked 19th among the "Top 200 Real Estate Developer in China" according to Yihan Zhiku (億翰智庫). According to the China Index Academy Report, Zhenro Group Company was one of the largest unlisted PRC real estate developers and ranked second among all unlisted privately-owned PRC real estate developers in 2016 in terms of contracted sales. As advised by China Index Academy for the purpose of this prospectus, unlisted privately-owned PRC real estate developers refer to those China-based privately-owned real estate developers whose securities have not been listed and traded on any stock exchange in any jurisdiction.

We strive to develop high-quality residential properties primarily for mid- to high-end customers with home upgrade demand. We are also engaged in the development of commercial and mixed-use properties to maintain a balanced development portfolio. In addition, we currently hold as investment properties the commercial spaces of our shopping malls at the mixed-use properties we developed. We believe such commercial and mixed-use properties will help reduce volatility of our revenue, diversify our risk exposure, and deliver stable cash flow for our business operations. Moreover, we provide commercial property management services to certain commercial properties we developed through our commercial property management subsidiaries. Leveraging our comprehensive and high quality development, operation and management capabilities, we have established a track record of bringing to market large-scale, mixed-use property projects that encompass residential, SOHO and office, retail and/or leisure use spaces. As of June 30, 2017, we had one mega mixed-use property project, namely Nanchang Zhenro The Capital of Great Loch, with a total GFA exceeding 1.0 million sq.m. and four large-scale residential and mixed-use property projects, namely Putian Zhenro Fortune Center, Changsha Zhenro Fortune Center, Nanping Zhenro Fortune Center and Nanchang Zhenro Royal Sunrise, each with a total GFA exceeding 0.5 million sq.m.

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Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone, adopting a “145X” strategy to develop an extensive reach of our network in the PRC:



The following are our business highlights as of October 31, 2017:

- a property portfolio of 81 property projects with an aggregate GFA attributable to us of approximately 11.5 million sq.m., including (i) the total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. Our property projects were located in 17 cities in four core business regions at various stages of development, of which 64 property projects were owned and developed by us, ten property projects were developed by our Joint Ventures and seven property projects were developed by our associated companies;
- an aggregate GFA of 10.4 million sq.m. for property projects that were developed by our subsidiaries, comprising completed properties available for sale, lease or investment with an aggregate GFA of approximately 1.4 million sq.m., properties under development with an aggregate GFA of approximately 4.9 million sq.m. and properties held for future development with an aggregate GFA of approximately 4.1 million sq.m.;
- an aggregate GFA attributable to us of 0.8 million sq.m. for property projects that were developed by our Joint Ventures, comprising properties under development with an aggregate GFA attributable to us of approximately 0.4 million sq.m. and properties held for future development with an aggregate GFA attributable to us of approximately 0.4 million sq.m.;
- an aggregate GFA attributable to us of 0.3 million sq.m. for property projects that were developed by our associated companies, comprising properties under development with an aggregate GFA attributable to us of approximately 0.1 million and properties held for future development with an aggregate GFA attributable to us of approximately 0.2 million sq.m.; and

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- completed investment properties with a total GFA of approximately 340,805 sq.m., investment properties under development with a total GFA of approximately 124,617 sq.m., and investment properties held for future development with a total GFA of approximately 262,003 sq.m.

We attribute our success to our distinctive market positioning strategy, strong land sourcing capability, standardized property development procedures and dynamic realizable-market-value-based inventory management approach, all of which enable us to replicate our success as we expand throughout China and create brand recognition. In particular, we position our brand as “改善大師 (home upgrade master),” with a vision of offering customer-oriented, quality residences to affluent mid- to high-end customers with home-upgrade demand. We believe such customers have relatively high disposable income and strong purchasing power and place higher priority on quality rather than price in their property purchase decision making process. To implement our market positioning strategy, we have developed four product series of residential property projects since August 2016, namely, the “優家 (Great Home)” series, the “精工 (Craftsman)” series, the “大師 (Masterpiece)” series and the “典藏 (Collection)” series, each targeting different segments of our customers. Our property development process, starting from site selection to project planning and design, is also centered on the needs and preferences of our targeted mid- to high-end customers. Our property products are generally located in urban centers and central areas of newly developed districts in economically developed cities, as well as other regions in China that we believe have strong growth potential. We believe we are able to command a premium in the sales price for our residential properties in certain of our markets, as compared to properties of similar quality. For instance, according to the China Index Academy Report, by comparing with residential properties with similar characteristics in close proximity, such as project scale, property unit size, layout and use for the same year, and by comparing the average selling price per sq.m. of the properties in close proximity, the average selling price per sq.m. of Nanjing Zhenro Royal Fame and Nanjing Zhenro Splendid Land, two selective residential projects developed and sold by us in 2016, were found to be 20.4% and 15.8% higher than that of comparative residential properties in their respective close proximity, respectively, which we believe are primarily attributable to our customer-oriented approach. By comparing with residential projects with similar characteristics in close proximity, China Index Academy eliminated the difference in average selling price caused by different location and property nature, which better reflected the higher selling prices attributable to our advantages in property design, quality, service and reputation.

Our market position, together with our sizable land bank, our quality product offering and our property development and management capabilities along with strong brand recognition we achieved, all contributed to our sustainable and rapid expansion and financial success in the past. Our revenue grew at a CAGR of 119.2% from RMB3,039.6 million in 2014 to RMB14,603.5 million in 2016, and the total GFA delivered grew at a CAGR of 69.1% from 437,595 sq.m. in 2014 to 1,251,117 sq.m. in 2016. Our revenue increased by 49.6% from RMB5,404.5 million in the six months ended June 30, 2016 to RMB8,085.2 million in the same period in 2017 and our total GFA delivered increased by 37.5% from 536,262 sq.m. in the six months ended June 30, 2016 to 737,522 sq.m. in the same period in 2017.

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OUR STRENGTHS

A Large Comprehensive Property Developer in the PRC

We are a large comprehensive property developer in the PRC focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group's exclusive platform to carry out its property development business founded in 1998. Zhenro Group has earned the accolade of a top 100 real estate developer in China for 13 consecutive years since 2005 in terms of its comprehensive property development capability by various industry research institutes and was one of the largest unlisted PRC real estate developers and ranked second among all unlisted privately-owned PRC real estate developers in 2016 in terms of contracted sales, according to the China Index Academy Report. As advised by China Index Academy for the purpose of this prospectus, unlisted privately-owned PRC real estate developers refer to those China-based privately-owned real estate developers whose securities have not been listed and traded on any stock exchange in any jurisdiction. In 2017, Zhenro Properties Holdings ranked 19th among the "Top 200 Real Estate Developers in China" according to Yihan Zhiku (億翰智庫). Our strong reputation, premium brand name, quality product offering and a proven track record of success in the property development business have also enabled us to receive numerous national awards and recognitions. For example, Zhenro Properties Holdings was granted "the 2016 Comprehensive Strength Award in Prime Real Estate" (2016年度品質地產綜合力大獎) from Golden Brick Awards for Real Estate of China (中國地產金磚獎評選委員會), 21st Century Business Herald (21世紀經濟報導), Bo'ao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) in 2016. See "— Awards and Recognitions" for more information on awards granted to our property development business.

With over 18 years of experience in real estate development, we have grown from a leading regional residential property developer in the Western Taiwan Straits Economic Zone to an established national comprehensive property developer with active presence in 15 cities across four core business regions in China, namely, the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone as of June 30, 2017. Besides the Midwest China Economic Region which we believe entails great growth potentials, the other three core business regions are what we believe to be among the most economically prosperous areas in China and each is expected to further develop as a world-class city clusters. See "Industry Overview — The PRC Real Estate Market — Geographic Presence" for information on the cities and areas covered in each of our four core business regions and their economy and local real estate market.

We strive to develop high-quality residential properties primarily for mid- to high-end customers with home upgrade demand. We are also engaged in the development of commercial and mixed-use properties to maintain a balanced development portfolio. In addition, we currently hold as investment properties the commercial spaces of our shopping malls at the mixed-use properties we developed. We believe such commercial and mixed-use properties will help reduce volatility of our revenue, diversify our risk exposure, and deliver stable cash flow for our business operations. Moreover, we provide commercial property management services to certain commercial properties we developed through our commercial property management subsidiaries. Leveraging our comprehensive and high-quality development, operation and management capabilities, we have established a track record of bringing to market large-scale, mixed-use property projects that encompass residential, SOHO and office, retail and/or leisure spaces. As of June 30, 2017, we had one mega mixed-use property project, namely

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Nanchang Zhenro The Capital of Great Loch, with a total GFA exceeding 1.0 million sq.m. and four large-scale residential and mixed-use property projects, namely Putian Zhenro Fortune Center, Changsha Zhenro Fortune Center, Nanping Zhenro Fortune Center and Nanchang Zhenro Royal Sunrise, each with a total GFA exceeding 0.5 million sq.m.

Our market position, together with our presence in strategic locations across China, position us well to capture the significant growth potential of the relevant real estate markets.

Sizable Land Bank in First- or Second-Tier Cities or in Cities with High Growth Potential in China and Proven Land Acquisition Capability Fueling Our “145X” Expansion Across China

We strategically select and acquire high-quality land parcels for development focusing on the sustainable growth of our business. As of October 31, 2017, we had a land bank with an aggregate GFA attributable to us of approximately 11.5 million sq.m. that was strategically located in 17 cities across four core regions in China, including but not limited to Shanghai, Nanjing, Suzhou, Hefei, Wuhan, Changsha, Xi’an, Tianjin, Fuzhou, Nanchang and Zhengzhou. Most of our land parcels are situated at prime locations in first- or second-tier cities or in cities that we believe have high growth potential. Based on our expansion plan, we believe our land bank would be sufficient to support our business development in the next three years.

In addition, our proven land acquisition capability as evidenced by our regional deep-plough land acquisition strategy, our keen market insight and investment vision into the PRC real estate market and our diversified land acquisition initiatives, will continue to help propel our expansion in the future. As part of our “145X” expansion plan, we adopt a deep-plough strategy in our land acquisition efforts focusing on in-depth market penetration in each city we select and enter. We typically acquire a sizable land bank in one location we intend to operate within a short timeframe before we access to another location for our future expansion. We believe our market insights and investment vision in the PRC real estate market, which is based on years of market research on target cities and potential local market cycles, also bring substantial benefits to our regional land acquisition efforts. In particular, we adopt a “reserve cycle” approach to execute our investment decision. We strive to identify high quality lands with potential in areas that have not yet to experience significant growth in property prices, or in areas that may have experienced pullback in property prices or market slowdowns. For example, we penetrated the real estate markets in Nanjing and Suzhou in 2013 before they experienced an exponential growth starting from 2014. On the other hand, once property prices in an area have experienced significant increase, we take a conservative approach in the acquisition of new lands in such area. Our market insights and land acquisition approach have helped us form a comprehensive property portfolio with attractive property development pipelines as of June 30, 2017 to serve as the core foundation for future expansion, a few of which were acquired by us during the previous market slowdowns of the relevant local real estate markets at competitive costs. In addition to land acquisitions through public tender, auction or listing-for-sale, we have cooperated with third-party business partners through joint ventures and associated companies to jointly acquire land parcels and jointly develop property projects. We also occasionally acquire land parcels from third parties by acquiring equity interests in those companies that possess land use rights. Our various land acquisitions initiatives, together with our deep-plough land acquisition strategy and keen market insight provide us with access to desirable locations at reasonable prices for our future expansion and in turn increase our profitability.

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Focused on Developing Quality and Customized Products Targeting Mid- to High-End Customers with Home Upgrade Demand

We believe a key contributor to our success is our focus on developing properties that cater to the needs of our target customers. We position our brand as “改善大師 (home upgrade master)” with a vision of introducing quality residences with a GFA ranging from 90 sq.m. to 200 sq.m. to affluent mid- to high-end customers with home-upgrade demand. We believe these customers have relatively high disposable income and strong purchasing power and place higher priority on quality rather than price in their property purchase decision making process. To implement our market positioning strategy, we have developed four product series of residential property projects, namely the “優家 (Great Home)” series, the “精工 (Craftsman)” series, the “大師 (Masterpiece)” series and the “典藏 (Collection)” series, each targeting different segments of our target customers. Our “Great Home” series targets mainly first-time home buyers. Our “Craftsman” series focuses primarily on the demand of first-time home upgraders and middle class first-time home buyers, who we believe represent a majority of our target customers. Our “Masterpiece” series mainly targets mid-to-high home upgraders for their second and subsequent home upgrades. We position our “Collection” series as luxury home collection for our target high-end customers. Similarly, our commercial property portfolios are comprised of three products lines, the “財富中心 (Fortune Center)” series, the “時代廣場 (Times Plaza)” series and “正榮街 (Zhenro Street)” series, each with its own positioning and floor size. See “— Management of Commercial Properties.” We believe such market positioning strategy best leverages our property development capabilities and help us maintain sustainable growth in current market conditions.

Our property development process, starting from site selection to project planning and design, is centered on the needs and preferences of our target mid- to high-end customers. During site selection process, we generally pursue opportunities in urban centers and central areas of newly developed districts in economically developed cities, as well as other cities in China that we believe have strong prospects for growth fueled by economic growth. We adopt a customer-oriented product design philosophy, pursuant to which we pay significant attention to details so that the design of our property products will bring increased convenience to our customers based on their lifestyles and habits. We value both in-house design capabilities and external collaboration with other PRC well-known third-party architectural and design firms, such as Aedas, EKISTICS, DLC and S.P.I. Landscape, and we work closely with anchor tenants and customers with specific requirements to better serve their needs. We also endeavor to capture the regional characteristics in our product designs as we expand into different geographies. We continuously innovate our product design based on customer feedback and research as to market trend and development.

In addition, we have developed a “built-to-suit” model (客戶訂製模式) for the management of our commercial and mix-use properties which focuses on obtaining pre-leasing commitments prior to the commencement of construction. We achieved an occupancy rate of over 90% upon commencement of operations of our shopping mall projects in Putian Zhenro Fortune Center and Fuzhou Zhenro Fortune Center in December 2015 and December 2016, respectively. We believe such model enables us to attract well-known tenants as it enables tenants to maximize their ability to customize their leased spaces during the construction of the development projects to best suit their needs, which also serves to enhance the value of our investment properties.

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Our product development capability was recognized by the “Most Innovative Real Estate Enterprise in 2015” award (2015中國最具創新力地產企業大獎) issued by the Organizing Committee of 2015 Bo’ao Real Estate Forum (博鰲房地產論壇組委會). Our efforts have also led to several of our developments receiving awards for their design, such as “Asia Top 10 Well-Crafted Condo in 2015” (2015亞洲十大精工名宅) and “2016-2017 China New Hundred Urban Landmark Architecture” (2016-2017中國百城建築新地標) for Shanghai Hongqiao Zhenro Mansion, and “Asia Real Estate Leadership Award — Top 10 Best Urban Complexes” (亞洲地產領袖大獎—十大最佳城市綜合體) for Putian Zhenro Fortune Center.

Proven Property Development and Management Capabilities together with Strong Brand Recognition

We believe a strong brand name starts with the high quality of our property projects. Since the inception of Zhenro Group’s property development business in 1998, we have developed sophisticated property development and management capabilities that we believe are instrumental to the success of our business. Specifically, we believe the following key capabilities, in addition to our proven land acquisition capability and distinctive marketing strategies, provide us with a competitive advantage, allowing us to replicate our success as we expand throughout China and create brand recognition:

- *Proven development capability.* With over 18 years of experience in property development, our business has a proven track record of successfully developing numerous customer-oriented, quality property projects that are diverse in design elements and geographic locations, each with its own unique market characteristics, and managed to span 15 cities across four core business regions in China. While we first started as a residential property developer, we have expanded into commercial and mixed-use property market by introducing high-end office buildings, such as Hongqiao Zhenro Center in Shanghai, and mega-scale and large-scale mixed-use properties, such as the Putian Zhenro Fortune Center in Putian, Fujian Province.
- *Customer-oriented approach with diversified product portfolio.* Covering the tiniest of details, we pride ourselves in our customer-oriented design philosophy that aims to bring increased convenience to potential customers in the use of our products.
- *Strong execution capabilities with standardized and scalable property development procedures.* We have developed standardized property development procedures which cover the entire life cycle of a property project. Such procedures, supported by our advanced IT system, include detailed reporting protocols for each aspect of the property development cycle to facilitate efficient operation, expedite asset turnover and to ensure consistent high quality and cost control of our projects. We also only engage reputable and well-known architectural and design firms, as well as general contractors with premium class constructor qualifications. During the construction process, we deploy stringent control standards. We utilize both our internal team and independent certified project supervisory companies to monitor the progress and quality standards of our projects. Furthermore, we adopt strict selection criteria as to the materials and equipment used in our projects, including their specifications in terms of quality, technical standards and brand requirements to ensure consistent high quality of our property development.
- *Sales and marketing expertise with a realizable-market-value-based inventory management approach.* We primarily rely on the efforts of our own marketing management teams for the sale of our properties. We have adopted a dynamic management approach in the entire life cycle of a property project, focusing on maximizing returns for our property projects,

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optimizing cash position and responding quickly to market changes. We conduct quarterly review and may establish additional or adjust our investment plans and product positioning, design, sales price and marketing approach in view of the estimated realizable market value of our projects which are based on our annual sales targets, our profit targets, our real time property inventory position and the changing market conditions. In particular, although sales targets are set at our headquarters, we empower a senior management team in each city which performs regional management functions with the ability to adjust sales price for our projects based on changing market conditions due to their familiarity with the local property markets. For example, rather than becoming fixated on a pre-determined price levels, in times of market downturn and subject to approvals of our headquarters, such regional management teams can quickly adopt discounts and other incentive measures to promote our properties as to ensure a healthy cash flow while maintain revenue generating. On the other hand, in more robust markets, these regional management teams are able to quickly increase the sales price for our properties to keep abreast of the developing market situations. Such ability to adjust our inventory status, sales price and cash flow to proactively respond to trends in local property markets has enabled us to maintain profitability. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we achieved gross profit margin of 22.0%, 23.4%, 21.7%, 26.7% and 20.8%, with net profit margin of 2.6%, 9.7%, 8.5%, 10.3% and 4.7%, respectively.

Our proven property development capabilities and our dedication in providing customer-orientated quality property projects have enabled us to build a distinguished and well-recognized brand image nationally. As a result of our strong brand recognition, we believe our property development is able to command a premium in the sales price for our property in certain of our markets as compared with the average prices of similar properties in the relevant cities, districts and neighboring properties. For instance, according to the China Index Academy Report, by comparing with residential properties with similar characteristics in close proximity, such as project scale, property unit size, layout and use for the same year, and by comparing the average selling price per sq.m. of the properties in close proximity, the average selling price per sq.m. of Nanjing Zhenro Royal Fame and Nanjing Zhenro Splendid Land, two selective residential projects developed and sold by us in 2016, were found to be 20.4% and 15.8% higher than that of comparative residential properties in their respective close proximity, respectively. By comparing with residential projects with similar characteristics in close proximity, China Index Academy eliminated the difference in average selling price caused by different location and property nature, which better reflected the higher selling prices attributable to our advantages in property design, quality, service and reputation. In addition, we believe such brand recognition has also strengthened our ability to access to capital to finance our business operation. As of the Latest Practicable Date, we were granted facilities of RMB101.9 billion in total pursuant to our strategic cooperation agreements with several reputable PRC commercial banks and other PRC financial institution, to meet the cash requirements arising from our business across the four core regions in China, which distinguished us from other regional property developers. We believe our well-known brand and reputation provides us with significant leverage for our business growth and will continue to provide a positive effect in advancing the expansion of our business and our geographic reach into other cities and regions in the PRC.

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Professional and Experienced Management Team Benefiting from Our Founder’s Extensive Experience to Support Our Long Term Sustainable Growth

Our success has been, and will continue to be, dependent on our professional and experienced management team which has in-depth understanding of the real estate industry in China. Our business was founded by Mr. ZR Ou, our founder and Controlling Shareholder who is an influential industry leader with 18 years of experience in the PRC real estate market, and is now professionally managed by Mr. Huang Xianzhi, our Chairman and an executive Director, and Mr. Lin Zhaoyang, our Chief Executive Officer and an executive Director. Mr. ZR Ou remains as our senior advisor, offering strategic insights and giving us the benefit of his industry experience. Mr. Huang is an experienced professional manager with 18 years of experience in the PRC real estate market. He was recognized as an “Outstanding Professional Manager in China for the Year of 2008” (2008年度中國傑出職業經理人) and “Chief Accountant in China for the Year of 2011” (2011中國總會計師年度人物). He also received the honors of “Figure with Contributions to China Real Estate Brands in 2015” (2015中國房地產品牌貢獻人物) and “Top 100 Figures with Contributions to China Real Estate Industry in 2016” (2016中國房地產百強貢獻人物). Mr. Lin has more than 20 years of experience in the PRC real estate market and is a councilor of China Real Estate Association (中國房地產業協會). In October 2011, Mr. Lin was awarded “Outstanding Professional Manager in China for the Year of 2011” (2011年度中國傑出經理人). In March 2017, Mr. Lin was awarded “2017 China Top 100 Real Estate Entrepreneurs” (2017中國房地產百強企業家). Many members of our senior management team also have extensive experience and expertise in their respective fields, which covers all the key aspects of our operation. This diversity of knowledge and expertise has helped us to form a broad strategic vision to further our sustainable growth. In addition, we have experienced and dedicated employees with substantial expertise in property development, product design, finance and other relevant areas. We recruit employees from well-known universities in the PRC and leading enterprises in their respective fields. We also provide our employees with continuing vocational training to expand their expertise and professional knowledge. We believe with the leadership of a professional and experienced management team supported by our team of experienced professionals, along with their commitment to a high level of corporate governance and sound business practices, we will achieve sustainable long-term growth and maximize value to our shareholders, customers and employees.

OUR STRATEGIES

We strive to become one of the largest real estate developers in the PRC. To achieve our goal, we intend to implement the following strategies:

Enhance Leading Position in Existing Markets and Strategically Expand into Other Selected Markets

We intend to adhere to our “145X” strategy and will continue to enhance our leading position in markets in which we currently have a presence to expand our economies of scale and market shares in such regions and cities. In addition, we plan to leverage our deep-plough strategy, brand name, extensive experience and sophisticated property development capabilities to strategically expand into selected new cities, such as Beijing, Jinan and Guangzhou, as well as selected new regions, such as the Pearl River Delta Region. We select these regions and cities based on our existing geographic presence and the growth potential of their real estate markets. These regions are either the most

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economically prosperous areas in China, or regions we envisage entail strong growth potential under the urbanization and other policies of the PRC government. Moreover, we may also prudently seek appropriate opportunities to tap into overseas markets. As of the Latest Practicable Date, we have not formulated any concrete plans for such overseas expansion.

Focus on High Quality and Balanced Future Growth

We will utilize a balanced and disciplined approach to grow our property development projects while also focusing on the quality of such growth. We will continue to implement “reserve cycle” land acquisition strategy in order to obtain additional quality land parcels at competitive costs. We expect to improve our internal land acquisition and evaluation procedures and further improve our target market research analysis capability. Decision as to land acquisition will be made only after comprehensive and in-depth market research, feasibility study and forecast with strict internal review procedures performed. We expect such continued enhancement in our land acquisition evaluation model to better identify high-premium projects and reduce land acquisition cost. At the same time, we will refine our managerial capability and optimize resource allocation to advance scalability. We plan to further strengthen the managerial capability at our headquarters level, to enable our city and project companies to better reduce the resources required to successfully manage its daily operations, while increase efficiency in managing project development, marketing and sales and customer services activities. We will also forge additional strategic relationships with contractors and suppliers, devote resources to enhancing procurement, marketing and pre-sale/sales activities, aiming at reducing our development and operational costs. Finally, we intend to carefully monitor our expansion in conjunction with the increase in our professional workforce and management capacities to ensure that we are able to manage all of our projects efficiently and continue to offer high quality products. We believe such efforts will enable us to further shorten development cycle, ensure stable level of high quality growth, thereby preserving sound returns for our shareholders.

Utilize Diversified Investment Strategy and Identify New Growth Opportunities

We intend to utilize a diversified investment strategy to achieve continued growth of our business at competitive costs. Such strategy includes enhancing our land acquisition methodology, such as by identifying strategic partners and exploring new investment opportunities. For example, we will continue to increase our efforts in cooperating with other third-party developers through joint ventures and associated companies, or acquire land from third parties by acquiring equity interest in companies that possess land use rights.

We also intend to further expand our development in commercial and mixed-use properties and selectively increase our investment property portfolio to maintain a balanced and comprehensive development portfolio. In particular, we will further strengthen our presence in the first-tier cities, such as Shanghai, and certain second-tier cities in China with a prosperous real estate market, such as Nanjing, by offering new commercial and mixed-use projects to promote our brand recognition in the next three to five years. We believe that our investment properties will be able to generate sustainable rental income, thereby help reduce volatility of our revenue, diversify our risk exposure,

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provide stable cash flow and complement the value of our properties located in the same or neighboring complexes. We will strengthen our capability to procure well-known brands as anchor tenants to increase the attractiveness of our investment properties and establish long-term relationships with such brands.

Furthermore, we may strategically invest in or partner with companies in industries related to our property development business or that can increase the value or attractiveness of our properties, such as companies that operate along the property development industry value chain, provide premium services in our investment properties or value-added services to our residential properties. We believe such growth opportunities will further assist the sustainable growth of our business in the property market in China.

Further Enhance Our Customer-Oriented Product Offerings, Brand Equity and Customer Loyalty

We will further innovate our product designs and tailor our product offerings based on the preferences and demands of our target customers. We will endeavor to expand our database of standardized designs, components and modules for our projects. We plan to optimize our product portfolio to better serve the demand for mid- to high-end properties, while further fine-tuning our products for the different geographical regions and cities to suit various types of land reserves and to best appeal to target customers in different cities with their different demands and purchasing power. We intend to continue to pay significant attention to details so that the design of our products will bring increased convenience to our customers based on their lifestyle and habits. In addition, we will also enhance our in-house product design team through recruitment and fortify our relationship with leading architectural and design firms to provide quality products to our customers. We will continue to develop high quality residential properties with notable architectural and landscape designs that offer comfortable living environment, catering to the needs of our target customers. We also endeavor to develop well-planned commercial and mixed-use properties, secure well-known anchor stores as tenants and present attractive experience stores and spaces to boost in-store consumer experiences and increase consumer flow. Moreover, we plan to advance our brand through marketing initiatives and other measures such as advertising campaigns, participating in property exhibitions and trade conventions, sponsoring sports teams, and charity activities. We believe our efforts will enable us to further augment our brand equity, which will also serve to amplify the value of our properties and facilitate to increase customer satisfaction and loyalty.

Remain Dedicated to Prudent Financial Policies and Optimize Our Capital Structure

The property development industry is highly capital intensive. During the Track Record Period, in order to capture market opportunities in the real estate market, we significantly expanded our development activities, which subjected us to substantial bank and other borrowings. In addition, property developments typically require substantial capital outlay during the construction period but may take a significantly longer period of time before any revenue can be generated through the sales and delivery of completed projects. As of June 30, 2017, advances from pre-sales of our properties amounted to RMB36,549.9 million. We believe our cash flows and liquidity position will be continuously improved as such properties, together with other properties currently under development, are completed and delivered.

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We plan to continue to adhere to internal and industry financial policies and prudent financial and cost management practices. We have adopted and aim to refine various measures to control our cost and monitor our cash flow. Especially, we intend to continue our prudent policies in controlling costs relating to our land acquisitions and construction activities. We will continue our centralized procurement policies to control our development costs. We will also constantly review and verify the costs and expenses incurred along with the development activities against the master budget of each project, in order to ensure that the target costs are met. We will strive to further utilize our working capital more efficiently. To this end, we will proactively consider multiple opportunities available to us in order to dilute risks of concentration of a particular type of property projects or in a particular location.

On the other hand, we will further adhere to our established dynamic realizable-market-value-based inventory management approach as to our operation to ensure flexibility in the pricing of our properties while maintaining appropriate level of cash flow and return of our property projects. We will also ensure sufficient level of cash flow while pursuing land acquisition opportunities prudently. Additionally, we endeavor to shorten our project development cycle to improve our operating efficiency, which we believe will expedite our asset turnover and enhance our liquidity position.

We will also increase the close monitoring of our capital and indebtedness level by reviewing our gearing ratio and leverage ratio. We closely analyze the maturity profiles of our borrowings and manage our liquidity level to ensure sufficient cash flow to service our indebtedness and meet cash requirements arising from our business. We will continue to carefully review any leverage that we use when we acquire new assets to expand our business with reference to cost, equity size and profit impact.

Furthermore, we will explore various financing opportunities to improve our capital structure and reduce our cost of capital, including but not limited to issuance of new corporate bonds, asset-based securities programs or other debt financings. We may also seek investments from strategic equity investors to reduce our capital commitments. Since 2017, we have also actively explored co-development opportunities with other reputable real estate developers, which enabled us to reduce the capital commitments in connection with land acquisitions and relevant project construction activities. Finally, we expect that the utilizing of proceeds we receive from the Global Offering to finance our property development activities will also effectively improve our leverage.

Attract, Retain and Motivate Skilled and Talented Employees

We believe high-quality employees who value our corporate culture are essential elements for our sustainable growth. We intend to attract and retain skilled and talented employees from reputable PRC universities through various initiatives, including our creative trainee programs, competitive compensation packages and effective incentive system. We will also further arrange for internal seminars and external training opportunities to enhance their competency. In addition, we will continue to build up our corporate culture by fostering entrepreneurial working environment and elite culture. We believe such culture will promote innovation and collaboration, leading to increased

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efficiency, greater loyalty, job satisfaction, engagement and commitment to their work, resulting in improved return on the overall operation of our Group. With a strong reputation for excellence and a dedicated workforce, we believe we are well-positioned to expand our business and maximize the value of our shareholders.

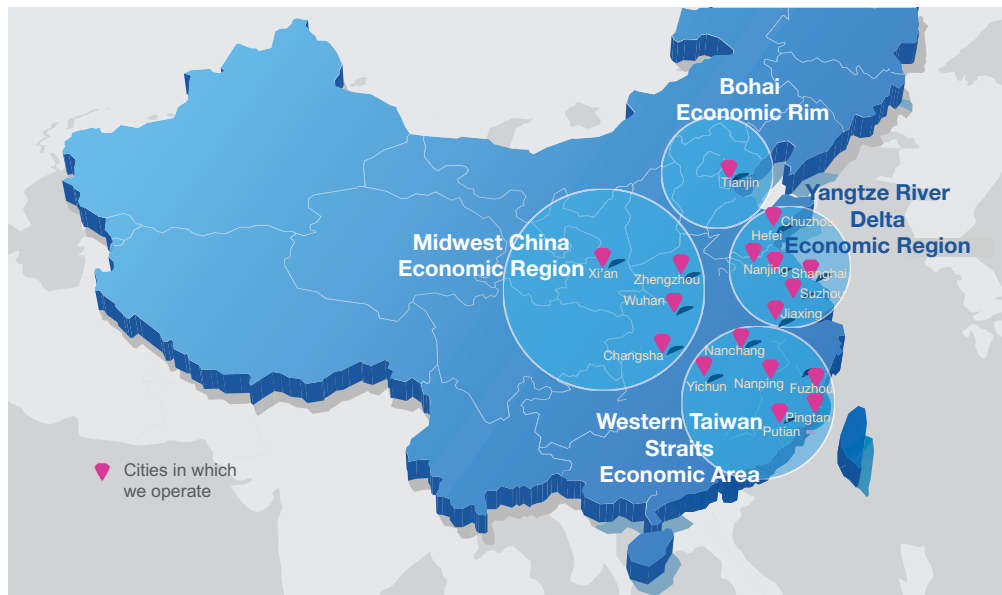
OUR PROPERTY PROJECTS

Overview

We develop a variety of residential, commercial and mixed-use properties. For our residential projects, we focus on developing quality residential units with comfortable living environment and convenient ancillary facilities at prime locations, which we believe meet the needs of our target customers. Our residential properties primarily include high-rise, mid-rise and low-rise apartment buildings and townhouses. Our commercial properties generally consist of office spaces, SOHO spaces shopping malls and retail spaces which comprise of pedestrian shopping streets and ground-floor shops. Such commercial properties are integrated with or in the vicinity of the residential buildings in our mixed-use complexes. We currently hold as investment properties the commercial spaces of our shopping malls at the commercial or mixed-use complexes we developed. As of October 31, 2017, we had 81 property projects with an aggregate GFA attributable to us of approximately 11.5 million sq.m., including (i) the total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. Our property projects are located in 17 cities in four core business regions at various stages of development, of which 64 property projects were owned and developed by us, ten property projects were developed by our Joint Ventures and seven property projects were developed by our associated companies. As of October 31, 2017, we had an aggregate GFA of 10.4 million sq.m. for property projects that were developed by our subsidiaries, comprising completed properties available for sale or lease with an aggregate GFA of approximately 1.4 million sq.m., properties under development with an aggregate GFA of approximately 4.9 million sq.m. and properties held for future development with an aggregate GFA of approximately 4.1 million sq.m. As of the same date, we had an aggregate GFA attributable to us of 0.8 million sq.m. for property projects that were developed by our Joint Ventures, comprising properties under development with an aggregate GFA attributable to us of approximately 0.4 million sq.m. and properties held for future development with an aggregate GFA attributable to us of approximately 0.4 million sq.m. As of the same date, we had an aggregate GFA attributable to us of 0.3 million sq.m. for property projects that were developed by our associated companies, comprising properties under development with an aggregate GFA attributable to us of approximately 0.1 million sq.m. and properties held for future development with an aggregate GFA attributable to us of approximately 0.2 million sq.m. As of the same date, completed investment properties with a total GFA of approximately 340,805 sq.m., investment properties under development with a total GFA of approximately 124,617 sq.m., and investment properties held for future development with a total GFA of approximately 262,003 sq.m., which were owned and managed by us.

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The following map shows the geographical locations and key information of our developments as of October 31, 2017:



Classification of Our Property Projects

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

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

A project or project phase is classified as completed when the required land use rights certificates issued by the relevant government authorities and the completion certificate has been obtained from the relevant government construction authorities.

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

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

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

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Detailed descriptions of each of our projects as set forth in this prospectus are as of June 30, 2017, unless otherwise dated. The commencement date relating to each project or each phase of a project refers to the date construction commenced on the first building of the project or phase. The completion date set out in the descriptions of our completed projects or phases refers to the date on which the completed construction works certified report was obtained for each project or each phase of a multi-phase project. For projects or phases under development or for future development, the completion date reflects our best estimate based on our current development plans.

Site area is calculated as follows:

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

Total GFA is calculated as follows:

- for projects and phases that are completed, based upon relevant property completion certificate or property inspection report;
- for projects and phases that are under development, based upon the relevant construction work planning permit, or based upon other documentation issued by relevant government authorities if the construction work planning permit is not available; and
- for projects and phases that are held for future development, based upon the total GFA indicated in property master plans or based on our internal records and development plans, which may be subject to change.

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

Total saleable GFA is calculated as follows:

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

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- for projects and phases that are held for future development, based upon our internal records and development plans. The total GFA we intend to sell does not exceed the multiple of site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project.

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

Our Classification	Property Valuation Report	Accountants’ Report
<ul style="list-style-type: none"> • Completed projects or project phases 	<ul style="list-style-type: none"> • Group I — Property held for sale by our Group in the PRC • Group II — Projects held for investment by our Group in the PRC 	<ul style="list-style-type: none"> • Completed properties held for sale • Investment properties
<ul style="list-style-type: none"> • Projects or project phases under development 	<ul style="list-style-type: none"> • Group II — Projects held for investment by our Group in the PRC • Group III — Properties held under development by our Group in the PRC 	<ul style="list-style-type: none"> • Investment properties • Properties under development
<ul style="list-style-type: none"> • Projects or project phases held for future development 	<ul style="list-style-type: none"> • Group II — Projects held for investment by our Group in the PRC • Group IV — Properties held for future development by our Group in the PRC • Group V — Properties contracted to be acquired by our Group in the PRC 	<ul style="list-style-type: none"> • Investment properties • Prepaid land lease payments • Prepayments, deposits and other receivables

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Land Bank and Property Portfolio

The following table sets forth the GFA breakdown of our property portfolio as of October 31, 2017 in terms of geographic location:

	Number of Projects	Completed GFA available for Sale/ Leasable GFA ⁽¹⁾ (in sq.m.)	GFA Under Development (in sq.m.)	Planned GFA of Future Development (in sq.m.)	Total Land Bank ⁽²⁾ (in sq.m.)	% of Total Land Bank
Property Projects Developed by Our Subsidiaries						
<i>Yangtze River Delta Economic Region</i>						
Shanghai	5	180,448	484,403	233,617	898,468	7.8
Jiaxing	1	—	—	185,027	185,027	1.6
Nanjing	4	259,870	610,368	325,530	1,195,768	10.4
Chuzhou	1	—	—	191,708	191,708	1.7
Suzhou	8	165,811	677,928	267,393	1,111,131	9.7
Hefei	3	—	421,938	386,246	808,184	7.0
Sub-total	22	606,129	2,194,638	1,589,520	4,390,287	38.1
<i>Midwest China Economic Region</i>						
Wuhan	1	—	161,023	35,819	196,842	1.7
Changsha	2	66,378	251,422	629,336	947,136	8.2
Xi'an	2	—	124,217	211,093	335,310	2.9
Sub-total	5	66,378	536,662	876,248	1,479,288	12.9
<i>Bohai Economic Rim</i>						
Tianjin	3	7,713	416,526	127,711	551,950	4.8
Sub-total	3	7,713	416,526	127,711	551,950	4.8
<i>Western Taiwan Straits Economic Zone</i>						
Fuzhou	9	86,059	600,969	215,117	902,145	7.8
Nanping	1	47,404	188,297	260,076	495,777	4.3
Pingtian	5	29,033	304,528	441,631	775,192	6.7
Putian	11	465,593	404,089	450,855	1,320,537	11.5
Nanchang	6	76,915	190,732	118,534	386,181	3.4
Yichun	2	7,590	77,484	2,700	87,773	0.8
Sub-total	34	712,594	1,766,099	1,488,913	3,967,606	34.5
Attributable-total⁽³⁾	64	1,392,813	4,913,926	4,082,392	10,389,131	90.2
Property Held by Our Joint Ventures						
<i>Yangtze River Delta Economic Region</i>						
Jiaxing ⁽⁴⁾	1	—	—	42,373	42,373	0.4
Suzhou ⁽⁵⁾	3	—	40,189	17,975	58,164	0.5
Hefei ⁽⁶⁾	2	—	154,294	32,974	187,268	1.6
<i>Midwest China Economic Region</i>						
Wuhan ⁽⁴⁾	1	—	—	194,566	194,566	1.7
Changsha ⁽⁴⁾	1	—	152,438	20,680	173,117	1.5
<i>Western Taiwan Straits Economic Zone</i>						
Nanchang ⁽⁷⁾	2	—	45,776	90,354	136,130	1.2
Attributable-total⁽³⁾	10	—	392,696	398,921	791,617	6.9
Property Held by Our Associated Companies						
<i>Yangtze River Delta Economic Region</i>						
Shanghai ⁽⁸⁾	1	—	—	61,445	61,445	0.5
Nanjing ⁽⁸⁾	1	—	—	49,776	49,776	0.4
Suzhou ⁽⁹⁾	2	—	85,668	22,597	108,266	0.9
<i>Midwest China Economic Region</i>						
Wuhan ⁽¹⁰⁾	1	—	—	31,132	31,132	0.3
Zhengzhou ⁽¹¹⁾	1	—	19,468	33,645	53,114	0.5
<i>Bohai Economic Rim</i>						
Tianjin ⁽¹²⁾	1	—	—	27,463	27,463	0.2
Attributable-total⁽³⁾	7	—	105,137	226,060	331,196	2.9
Total	81	1,392,813	5,411,758	4,707,372	11,511,944	100.0

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Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land bank equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. For projects held by our Joint Ventures and associated companies, total GFA will be adjusted by our equity interest in the respective project.
- (3) For projects held by our Joint Ventures or our associated companies, total GFA will be adjusted by our equity interest in the respective project.
- (4) We hold a 50% equity interest in each of these projects.
- (5) We hold a 49% equity interest in Suzhou Jinhui Zhenro Four Seasons, which is jointly controlled and developed by us with an independent third party property developer. We hold a 50% equity interest in each of Suzhou No. WJ-J-2017-017 and Suzhou No. WJ-J-2017-016.
- (6) We hold a 49% equity interest in Hefei Country Garden Zhenro Jade Yue and a 33% equity interest in Hefei Century World.
- (7) We hold a 19% equity interest in Nanchang Garden and a 25% equity interest in Nanchang Zhenro Linlong Mansion.
- (8) We hold a 20% equity interest in this project.
- (9) We hold a 20% equity interest in Suzhou Yuzhou Zhaoshang Shili and a 36% equity interest in Suzhou WJ-J-2017-019.
- (10) We hold a 5% equity interest in this project.
- (11) We hold a 24% equity interest in this project.
- (12) We hold a 13% equity interest in this project.

We confirm that as of the Latest Practicable Date, we had 26 completed civil air defense properties with an aggregate GFA of 272,077 sq.m., which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio. We have accounted for such properties as completed properties held for sale. As part of our day-to-day operations, we monitor our business practice related to the Civil Defense Law to ensure such compliance. See “Regulatory Overview — Civil Air Defense Property” for details.

Our Property Projects

The following table sets forth a summary of our property projects and project phases developed, including projects and project phases held for future development as of October 31, 2017.

Project	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Pre-sale Commencement Date	Completed			Under Development			Future Development			Estimated Future Development Cost as of June 30, 2017 ⁽³⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)	Group's Attributable Value as of the Valuation Date ⁽⁵⁾ (in RMB millions)	Reference to Property Valuation Report (Property No.)
				Actual/ Estimated GFA Available for Sale / Leasable GFA ⁽²⁾ (in sq.m.)	Unsateable GFA/GFA Sold ⁽¹⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)	Development Cost Incurred as of June 30, 2017 (in RMB millions)					
Property Projects Developed by Our Subsidiaries																
Shanghai																
1. Shanghai																
Hongqiao																
Zhenro Mansion	82,362	Jun. 2017	Jul. 2015	19,696	74,560	94,256	46,230	31,630	58,897	—	106,112	3,832.1	1,216.4	100.0	4,607.6	56
Phase 1	35,759	Feb. 2015	Jul. 2015	19,696	74,560	94,256	—	—	—	—	—	—	—	—	—	—
Phase 2	22,564	Aug. 2015	Apr. 2016	—	—	—	46,230	31,630	58,897	—	—	—	—	—	—	—
Shanghai																
Hongqiao Fortune																
Center	24,039	Jun. 2018	Dec. 2020	—	—	—	—	—	—	—	106,112	—	—	—	—	—
Shanghai																
2. Shanghai																
Hongqiao Zhenro																
Center	73,695	Dec. 2016	Aug. 2015	73,818	69,992	143,810	87,375	12,250	89,623	—	—	4,113.1	520.6	100.0	3,174.0	54
Phase 1	50,585	Sep. 2014	Aug. 2015	73,818	69,992	143,810	—	—	—	—	—	—	—	—	—	—
Phase 2	23,110	Jun. 2015	Sep. 2017	—	—	—	87,375	12,250	89,623	—	—	—	—	—	—	—
Shanghai Zhenro																
Royal Kingdom	110,022	May 2016	Aug. 2014	64,439	30,947	95,386	80,065	44,830	104,988	—	—	3,167.4	382.8	100.0	2,454.0	55
Phase 1	55,274	Jan. 2014	Aug. 2014	64,439	30,947	95,386	—	—	—	—	—	—	—	—	—	—
Phase 2	54,748	Aug. 2015	Dec. 2015	—	—	—	80,065	44,830	104,988	—	—	—	—	—	—	—

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Project	Site Area (in sq.m.)	Completed			Under Development				Future Development				Estimated Future Development Cost as of June 30, 2017 ⁽⁵⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)	Group's Attributable Value as of the Valuation Date ⁽⁵⁾ (in RMB millions)	Reference to Property Valuation Report	
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale/ Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)					Development Cost Incurred as of June 30, 2017 (in RMB millions)
4. Shanghai Zhenro The Capital of Jinshan	145,685																
Phase 1	60,692	Jul. 2014	Jun. 2016	Oct. 2014	117,054	4,278	121,333	102,604	56,377	111,603	117,054	1,687.2	909.1	90.0	1,683.9	57	
Phase 2	43,045	Jul. 2014	Jul. 2018	Jul. 2016	—	—	121,333	—	—	—	—	—	—	—	—	—	—
Phase 3	41,948	Jun. 2018	Dec. 2020	Mar. 2019	—	—	—	102,064	56,377	111,603	—	—	—	—	—	—	—
5. Shanghai Zhenro Fontainebleau	102,806																
Phase 1	33,008	Mar. 2015	Dec. 2016	Sep. 2015	45,036	670	45,706	98,553	60,355	119,292	—	1,225.8	297.6	90.0	1,113.3	58	
Phase 2	32,000	Jul. 2015	Mar. 2018	Jun. 2016	—	—	—	55,274	34,034	62,606	—	—	—	—	—	—	—
Phase 3	37,798	Dec. 2015	Feb. 2019	May 2017	—	—	—	43,279	26,321	56,686	—	—	—	—	—	—	—
Shanghai subtotal	514,570				320,043	180,448	500,491	414,288	205,441	484,403	233,617	—	—	—	—	—	—
Jiaxing																	
6. Jiaxing No. 2017 Jiaxiuzhou-044	72,100	Apr. 2018	Apr. 2020	Jul. 2018	—	—	—	—	—	—	—	—	—	—	—	—	—
Jiaxing subtotal	72,100				—	—	—	—	—	—	—	—	—	—	—	—	—
Nanjing																	
7. Nanjing Zhenro Riverside Wonderland	71,545	Apr. 2014	Dec. 2018	Aug. 2014	171,919	12,129	184,048	78,653	62,400	103,794	—	2,822.6	379.9	100.0	2,344.0	41	
8. Nanjing Zhenro Splendid Land	105,553	Jun. 2014	Jan. 2019	Dec. 2014	99,161	103,115	202,277	158,400	99,125	190,645	—	3,942.7	555.9	100.0	7,356.0	40	
9. Nanjing Zhenro Royal Fame	89,559	Nov. 2014	May 2019	Jan. 2015	44,154	144,625	188,779	117,544	97,821	152,873	—	5,155.1	813.9	100.0	7,478.0	42	

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Project	Site Area (in sq.m.)	Completed				Under Development				Future Development				Estimated Future Development Cost as of June 30, 2017 ⁽⁵⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)	Group's Attributable Value as of the Valuation Date ⁽⁵⁾ (in RMB millions)	Reference to Property Valuation Report
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Actual/ Estimated Pre-sale Completion Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale/ Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)				
10. Nanjing Zhenro Riverside Violet Mansion	83,048																
Parcel A	N.A. ⁽⁷⁾	Dec. 2016	Dec. 2020	Jan. 2018	—	—	163,056	153,596	—	163,056	—	3,842.2	—	—	—	—	—
Parcel B	N.A. ⁽⁷⁾	Mar. 2018	Dec. 2020	Aug. 2018	—	—	—	—	—	—	325,530	—	—	—	—	—	—
Nanjing subtotal	349,305				315,234	259,870	575,104	508,173	259,347	610,368	325,530	3,842.2	3,288.1	100.0	4,336.0	43	
Chuzhou																	
11. Chuzhou Zhenro Mansion	80,867	Dec. 2017	Apr. 2021	Dec. 2017	—	—	—	—	—	—	191,708	N.A.	N.A.	100.0	447.0	44	
Chuzhou subtotal	80,867				—	—	—	—	—	—	191,708	—	—	62.7	663.3	45	
Suzhou																	
12. Suzhou Zhenro Royal Kingdom	107,542	May 2014	Dec. 2018	Nov. 2014	194,513	18,644	213,158	2,376	—	2,376	—	2,346.6	161.0	62.7	663.3	45	
13. Suzhou Zhenro Happiness Town	84,678				181,351	34,491	328,518	—	—	—	—	3,423.3	142.6	51.9	980.4	46	
Phase 1	48,866	Dec. 2014	Aug. 2017	Dec. 2014	75,257	112,676	187,932	—	—	—	—	—	—	—	—	—	
Phase 2	35,812	May 2015	Aug. 2017	Sep. 2015	106,095	34,491	140,586	—	—	—	—	—	—	—	—	—	
14. Suzhou Zhenro Top Mountain	65,679	Mar. 2016	May 2018	May 2016	—	—	—	104,876	104,876	133,632	—	611.6	170.6	100.0	1,010.0	47	
15. Suzhou Zhenro Majestic Garden	29,531	Oct. 2016	Dec. 2018	Apr. 2017	—	—	—	43,034	20,719	54,647	—	354.4	132.2	80.0	337.6	48	
16. Suzhou Yue Tang Bay Garden House	105,210	Jul. 2017	Sep. 2020	Jul. 2017	—	—	—	209,768	55,802	265,876	56,846	490.5	1,164.6	100.0	1,935.6	51	

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Project	Site Area (in sq.m.)	Completed			Under Development				Future Development				Group's Interest in the Project as of Valuation Date ⁽⁴⁾	Group's Attributable Value as of the Valuation Date ⁽⁵⁾	Reference to Property Valuation Report	
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Unsaleable GFA/GEA Sold ⁽¹⁾	GFA Available for Sale/ Leasable GFA ⁽²⁾	Total GFA Completed	Saleable GFA	Pre-Sold GFA	Total GFA Under Development	GFA with Land Use Right not yet Obtained	Total Estimated GFA for Future Development				Development Cost Incurred as of June 30, 2017
17. Suzhou No. Sudi 2016-WG-77	62,582															
Parcel A	7,239	Apr. 2018	Oct. 2020	Nov. 2020	—	—	—	—	—	—	—	—	—	—	—	—
Parcel B	24,583	Oct. 2017	Nov. 2019	Dec. 2019	—	—	—	—	—	—	—	—	—	—	—	—
Parcel C	30,760	Sep. 2017	May 2019	Jun. 2019	—	—	—	—	—	—	—	—	—	—	—	—
18. Suzhou No. 320582004060 GB00020 and 320582004060 GB00022	98,783	Dec. 2017	Dec. 2019	Mar. 2018	—	—	—	—	—	—	—	—	—	—	—	—
19. Suzhou No. 320517503401	21,638	Sep. 2017	Nov. 2019	Dec. 2017	—	—	—	—	—	—	—	—	—	—	—	—
Suzhou subtotal	575,643				375,865	165,811	541,676	181,397	677,928	156,240	267,393	2,522.4	1,395.7	100.0	2,748.9	49
Hefei																
20. Hefei Capital Yue Mansion	120,705	Sep. 2017	May 2020	Oct. 2017	—	—	—	—	—	—	—	—	—	—	—	—
21. Hefei City 1907	111,380	Jul. 2017	Jul. 2020	Sep. 2017	—	—	—	—	—	—	—	—	—	—	—	—
22. Hefei Zhenro Mansion	38,221	Aug. 2017	Oct. 2020	Mar. 2018	—	—	—	—	—	—	—	—	—	—	—	—
Hefei subtotal	270,305				—	—	—	39,376	70,325	—	264,902	1,922.2	1,315.1	25.0	514.8	67
								347,606	421,938	—	386,246	898.2	516.9	100.0	954.0	68

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Project	Site Area (in sq.m.)	Completed			Under Development				Future Development				Reference to Property Valuation Report			
		Actual/ Construction Commencement Date	Actual/ Estimated Construction Date	Actual/ Estimated Pre-sale Commencement Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale/ Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)		Development Cost Incurred as of June 30, 2017 (in RMB millions)	Estimated Future Development Cost as of June 30, 2017 ⁽³⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)
Wuhan																
23. Wuhan Zhenro Mansion	48,736				—	—	143,869	31,182	161,023	—	35,819	1,211.8	693.5	100.0	1,219.7	64
Parcel A	39,235	Jan. 2017	Sep. 2019	May 2017	—	—	143,869	31,182	161,023	—	—	—	—	—	—	—
Parcel B	9,501	Jan. 2018	Apr. 2019	Apr. 2018	—	—	—	—	—	35,819	35,819	—	—	—	—	—
Wuhan subtotal	48,736				—	—	143,869	31,182	161,023	—	35,819	1,211.8	693.5	100.0	1,219.7	64
Changsha																
24. Changsha Zhenro Fortune Center	145,220				113,949	66,378	205,472	96,097	251,422	—	293,818	1,791.5	1,409.7	100.0	1,013.5	38
South 1.	48,021 ⁽⁷⁾	Dec. 2013	May 2018	Jun. 2014	95,715	4,564	—	—	42,979	—	—	—	—	—	—	—
South 2.	48,021 ⁽⁷⁾	Dec. 2013	May 2018	Mar. 2017	—	—	97,062	96,097	99,908	—	—	—	—	—	—	—
North 1.	97,199 ⁽⁷⁾	Apr. 2015	Mar. 2020	Sep. 2015	18,234	61,814	39,491	—	39,491	—	—	—	—	—	—	—
North 2.	97,199 ⁽⁷⁾	Oct. 2017	Oct. 2019	May 2018	—	—	68,918	—	69,044	—	293,818	—	—	—	—	—
25. Changsha Binjiang Zhenro Mansion	106,652	Apr. 2018	May 2021	Jul. 2018	—	—	—	—	—	—	335,519	752.3	736.5	100.0	979.0	39
Changsha subtotal	251,872				113,949	66,378	205,472	96,097	251,422	—	629,336	1,791.5	1,409.7	100.0	979.0	39
Xi'an																
26. Xi'an Jingheng Rainbow Valley	30,422	Sep. 2015	Mar. 2018	Dec. 2015	—	—	119,772	6,153	124,217	—	—	654.5	143.0	100.0	960.7	62
27. Xi'an No. QJ10-8-484 and QJ10-8-485	39,322				—	—	—	—	—	—	211,093	N.A.	N.A.	100.0	376.7	63
Parcel of Land No. QJ10-8-484	24,150	Nov. 2017	Oct. 2019	Dec. 2017	—	—	—	—	—	—	108,002	—	—	—	—	—
Parcel of Land No. QJ10-8-485	15,172	Nov. 2017	Jul. 2020	Oct. 2018	—	—	—	—	—	—	103,091	—	—	—	—	—
Xi'an subtotal	69,743				—	—	119,772	6,153	124,217	—	211,093	N.A.	N.A.	100.0	376.7	63

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Project	Site Area (in sq.m.)	Completed				Under Development				Future Development				Group's Interest in the Project as of Valuation Date ⁽⁴⁾	Group's Attributable Value as of the Valuation Date ⁽⁵⁾	Reference to Property Valuation Report	
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Actual/ Estimated Pre-sale Completion Date	Unsaleable GFA/GEA Sold ⁽¹⁾	GFA Available for Sale/ Leasable GFA ⁽²⁾	Total GFA Completed	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development	GFA with Land Use Right not yet Obtained	Total Estimated GFA for Future Development				Development Cost Incurred as of June 30, 2017
Tianjin																	
28. Tianjin Zhenro Jade Bay	127,697					173,019	7,713	180,733	96,932	93,860	131,652	—	2,902.1	353.0	100.0	2,236.0	59
Phase 1	66,955	Jan. 2015	Dec. 2016	Apr. 2015		173,019	7,713	180,733	—	—	—	—	—	—	—	—	—
Phase 2	60,742	Aug. 2015	Apr. 2018	Dec. 2015		—	—	—	96,932	93,860	131,652	—	—	—	—	—	—
29. Tianjin Zhenro Zhenro Mansion	129,309					—	—	—	211,043	115,805	284,874	28,456	2,149.4	1,101.2	100.0	2,671.0	60
Phase 1	111,524	Feb. 2017	Jun. 2019	Mar. 2017		—	—	—	211,043	115,805	270,646	—	—	—	—	—	—
Phase 2	17,785	Jul. 2017	Nov. 2019	N/A ⁽⁸⁾		—	—	—	—	—	14,228	28,456	—	—	—	—	—
30. Tianjin No. Jinmehonggua 2016-099	18,190	May 2018	Nov. 2020	Dec. 2018		—	—	—	—	—	—	99,255	1,904.2	1,100.9	100.0	1,952.7	61
Tianjin subtotal	275,196					173,019	7,713	180,733	307,975	209,665	416,526	127,711	—	—	—	—	—
Fuzhou																	
31. Fuzhou Zhenro Fortune Center	113,333					309,788	84,694	394,483	—	—	—	—	2,834.4	241.9	85.0	652.6	2
Phase 1	66,667	Apr. 2014	Aug. 2016	May 2014		247,303	6,110	253,414	—	—	—	—	—	—	—	—	—
Phase 2	46,667 ⁽⁷⁾	Mar. 2015	Sep. 2016	Jul. 2015		—	77,199	77,199	—	—	—	—	—	—	—	—	—
Phase 3	46,667 ⁽⁷⁾	Oct. 2014	Dec. 2016	Dec. 2014		62,485	1,385	63,871	—	—	—	—	—	—	—	—	—
32. Fuzhou Mawei Zhenro Fortune Center	67,032					—	—	—	231,618	135,918	253,198	—	1,571.2	426.8	62.5	1,369.7	3
Phase 1	N.A. ⁽⁷⁾	Apr. 2015	Sep. 2018	May 2015		—	—	—	139,684	97,634	159,022	—	—	—	—	—	—
Phase 2	N.A. ⁽⁷⁾	May 2015	Jan. 2019	Apr. 2016		—	—	—	91,934	38,284	94,176	—	—	—	—	—	—
33. Fuzhou Zhenro Rivage Garden	51,447					193,905	1,365	195,270	—	—	—	—	1,032.4	11.6	63.0	14.1	1
Phase 1	N.A. ⁽⁷⁾	Oct. 2012	Oct. 2015	Oct. 2012		160,854	1,365	162,218	—	—	—	—	—	—	—	—	—
Phase 2	N.A. ⁽⁷⁾	Oct. 2012	Oct. 2015	May 2013		33,051	—	33,051	—	—	—	—	—	—	—	—	—

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Project	Site Area (in sq.m.)	Completed			Under Development				Future Development				Reference to Property Valuation Report				
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale/ Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)		Development Cost Incurred as of June 30, 2017 (in RMB millions)	Estimated Future Development Cost as of June 30, 2017 ⁽³⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)	Group's Attributable Value as of the Valuation Date ⁽⁵⁾ (in RMB millions)
34. Fuzhou Zhenro Mansion	66,872																
Phase 1	6,290	Dec. 2016	Dec. 2019	N.A. ⁽⁸⁾	—	—	—	—	600	—	—	—	—	—	—	—	—
Phase 2	19,434	Mar. 2017	Dec. 2019	Nov. 2017	—	68,305	—	—	70,124	—	—	—	—	—	—	—	—
Phase 3	41,149	Sep. 2016	Dec. 2019	Nov. 2016	—	138,540	—	2,1771	144,660	—	—	—	—	—	—	—	—
35. Fuzhou Zhenro Rivage City	22,778	Jan. 2010	Aug. 2012	Sep. 2012	84,240	—	—	—	—	—	—	1,013.3	—	—	100.0	N.A.	N.A.
36. Mawei Zhenro Top Mountain	25,027	Nov. 2016	Apr. 2019	Mar. 2017	—	—	—	41,712	15,213	43,400	—	184.2	187.9	100.0	353.0	7	
37. Fuzhou Zhenro Yue Lan Bay	29,160	Nov. 2016	Apr. 2019	Dec. 2016	—	—	—	85,796	19,920	88,988	—	400.7	276.4	80.0	383.2	8	
38. Fuzhou Zhenro Yuejingtai	35,164	Apr. 2018	Jul. 2020	Aug. 2018	—	—	—	—	—	—	154,554	N.A.	N.A.	100.0	N/A	13	
39. Mawei No. Mazhongqi 2017-07	36,014	Feb. 2019	Sep. 2020	Mar. 2019	—	—	—	—	—	—	44,298	N.A.	N.A.	100.0	N/A	12	
Fuzhou subtotal	446,828				587,933	86,059	673,992	565,971	192,822	600,969	198,851	215,117					

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Project	Site Area (in sq.m.)	Completed				Under Development				Future Development				Report			
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Actual/ Estimated Pre-sale Completion Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale/ Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)		Development Cost Incurred as of June 30, 2017 (in RMB millions)	Estimated Future Development Cost as of June 30, 2017 ⁽³⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)
Nanping																	
40. Nanping Zhenro Fortune Center	205,827			178,193	47,404	225,597	151,138	37,940	188,297	—	260,076	1,725.5	928.6	55.0	497.8	14	
Parcel 1																	
Phase 1	87,546	Jun. 2013	Nov. 2019	178,193	47,404	225,597	68,878	37,940	92,125	—	—	—	—	—	—	—	
Parcel 1																	
Phase 2	42,231	Dec. 2018	Nov. 2020	—	—	—	—	—	—	159,856	—	—	—	—	—	—	
Parcel 2																	
Phase 2	76,050	Jul. 2013	Apr. 2019	—	—	82,260	—	—	96,171	—	100,220	—	—	—	—	—	
Nanping subtotal																	
	205,827			178,193	47,404	225,597	151,138	37,940	188,297	—	260,076	—	—	—	—	—	
Pingtan																	
41. Pingtan Zhenro Smooth Sea	86,217			266,213	29,033	295,246	44,849	42,389	57,749	—	—	1,614.0	236.6	51.0	374.9	4	
Phase 1																	
Phase 1	48,282	Sep. 2014	Sep. 2018	133,326	5,249	138,575	44,849	42,389	57,749	—	—	—	—	—	—	—	
Phase 2																	
Phase 2	37,935	Dec. 2014	Mar. 2017	132,887	23,785	156,671	—	—	—	—	—	—	—	—	—	—	
Pingtan subtotal																	
	23,228	Sep. 2015	Dec. 2018	—	—	—	86,893	86,834	109,428	—	—	446.7	100.3	51.0	300.5	5	
Royal Lake Bay																	
Phase 1																	
Phase 1	38,550			—	—	—	102,505	64,102	137,351	—	—	401.6	467.6	51.0	249.9	9	
Phase 2																	
Phase 2	19,275	Mar. 2017	Apr. 2020	—	—	—	51,042	45,404	69,558	—	—	—	—	—	—	—	
Pingtan subtotal																	
	66,560	Mar. 2018	Oct. 2021	—	—	—	—	—	—	239,620	239,620	—	1,963.3	100.0	NH	10	
Mansion Phase 1																	
Phase 1																	
Phase 1	52,321	May 2018	Sep. 2021	—	—	—	—	—	—	202,011	202,011	—	1,823.4	100.0	NH	11	
Phase 2																	
Phase 2	266,876			266,213	29,033	295,246	234,246	193,326	304,528	441,631	441,631	—	—	—	—	—	
Pingtan subtotal																	

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Project	Site Area (in sq.m.)	Completed				Under Development				Future Development				Reference to Property Valuation Report			
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Actual/ Estimated Pre-sale Completion Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	Available for Sale / Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)		Development Cost Incurred as of June 30, 2017 (in RMB millions)	Estimated Future Development Cost as of June 30, 2017 ⁽³⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)
Putian																	
46. Putian Zhenro Smooth Jade	70,655	Sep. 2014	Apr. 2017	Sep. 2014	86,481	181,680	268,162	—	—	—	—	—	2,358.6	185.6	100.0	1,978.1	20
47. Putian Zhenro Fortune Center	199,941				592,016	232,666	819,405	—	—	—	—	109,919	4,877.5	787.3	100.0	4,157.9	19
Parcel A1	N.A. ⁽⁷⁾	Jun. 2014	Jan. 2017	Jun. 2014	98,499	192,527	285,749	—	—	—	—	—	—	—	—	—	—
Parcel A2	N.A. ⁽⁷⁾	Mar. 2018	Dec. 2020	Apr. 2018	—	—	—	—	—	—	109,919	—	—	—	—	—	—
Parcel B1	N.A. ⁽⁷⁾	Apr. 2013	Jan. 2016	Apr. 2013	222,526	17,399	239,926	—	—	—	—	—	—	—	—	—	—
Parcel B2	N.A. ⁽⁷⁾	Nov. 2013	Nov. 2016	Dec. 2013	270,990	22,739	293,730	—	—	—	—	—	—	—	—	—	—
48. Putian Zhenro Royal Orchid Bay	30,844	Jun. 2011	Apr. 2014	Aug. 2011	110,054	64	110,117	—	—	—	—	—	595.8	—	100.0	0.7	18
49. Putian Zhenro Times Plaza	118,943	May 2007	Mar. 2014	Dec. 2009	184,318	44,769	229,088	—	—	—	—	—	1,437.9	—	100.0	614.3	16
50. Putian Zhenro Litchi Garden	35,268	Jan. 2007	Jun. 2010	Dec. 2007	77,324	819	78,143	—	—	—	—	—	341.2	—	100.0	2.4	17
51. Putian Zhenro Royal Family	42,431	Sep. 2012	Oct. 2016	Nov. 2012	89,947	5,595	95,542	—	—	—	—	—	589.2	—	100.0	72.6	15
52. Putian Zhenro Mansion	94,108	Aug. 2016	Dec. 2019	Aug. 2016	—	—	—	275,747	179,808	293,673	—	—	1,040.8	675.3	100.0	1,092.5	21
53. Putian Zhenro Royal Mansion	33,283	Sep. 2017	Nov. 2019	Dec. 2017	—	—	—	110,416	—	110,416	—	—	680.5	378.1	100.0	715.1	22

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Project	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Completed				Under Development				Future Development				
					Unsaleable GFA/GEA Sold (1) (in sq.m.)	Available for Sale / Leasable GFA (2) (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)	Development Cost Incurred as of June 30, 2017 (in RMB millions)	Estimated Future Development Cost as of June 30, 2017 (3) (in RMB millions)	Group's Interest in the Project as of Valuation Date (4) (%)	Group's Attributable Value as of the Valuation Date (5) (in RMB millions)	Reference to Property Valuation Report
54. Putian No. PS Pai-2017-10	79,698	Feb. 2018	Aug. 2020	May 2018	—	—	—	—	—	—	159,487	159,487	539.1	1,132.5	100.0	1,018.3	23
55. Putian Binxi Zhenro Mansion	23,926	Mar. 2018	May 2020	Jun. 2018	—	—	—	—	—	—	65,850	65,850	N.A.	N.A.	100.0	Nil	24
56. Putian Shishi Zhenro Mansion	33,942	Dec. 2017	Mar. 2020	May 2018	—	—	—	—	—	—	115,599	115,599	N.A.	N.A.	100.0	414.9	25
Putian subtotal	763,037				1,140,139	465,593	1,600,456	386,164	179,808	404,089	159,487	450,855	—	—	—	—	—
Nanchang																	
57. Nanchang Zhenro First Mansion	59,558	Nov. 2014	Aug. 2017	Jun. 2015	160,113	2,391	162,504	—	—	—	—	—	1,226.3	83.1	100.0	41.3	32
58. Nanchang Zhenro Embellish City	68,313	Jun. 2014	Sep. 2016	Sep. 2014	280,451	8,181	288,632	—	—	—	—	—	1,537.6	—	100.0	87.8	33
59. Nanchang Zhenro Royal Sunrise	177,761				577,981	23,263	601,244	—	—	—	—	—	3,628.1	—	100.0	—	—
Nanchang Zhenro The Country	36,488	Mar. 2013	Feb. 2016	Aug. 2014	151,567	9,442	161,009	—	—	—	—	—	—	—	—	133.8	31
Nanchang Zhenro Royal Summit	44,387	Jun. 2013	Jun. 2016	May 2014	133,293	5,266	138,559	—	—	—	—	—	—	—	—	94.5	30
Nanchang Zhenro Royal Quality	46,986	Aug. 2011	Sep. 2015	Aug. 2013	135,585	6,288	141,874	—	—	—	—	—	—	—	—	122.5	29
Nanchang Zhenro Royal Statue	22,185	Aug. 2011	May 2015	Nov. 2011	63,469	1,807	65,276	—	—	—	—	—	—	—	—	25.8	28
Nanchang Zhenro Royal Garden	27,715	Dec. 2010	Nov. 2013	Nov. 2011	94,067	460	94,527	—	—	—	—	—	—	—	—	7.6	27
60. Nanchang Zhenro The Capital of Great Loch	872,794	May 2004	Jun. 2017	Oct. 2004	1,296,256	43,081	1,339,336	—	—	—	—	—	4,092.8	305.4	100.0	346.8	26

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Project	Site Area (in sq.m.)	Completed			Under Development				Future Development				Reference to Property Valuation Report		
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale/ Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Estimated Future Development Cost Incurred as of June 30, 2017 (in RMB millions)		Estimated Future Development Cost as of June 30, 2017 ⁽³⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)
61. Nanchang Zhenro Mansion	103,413	Mar. 2017	Nov. 2020	Jul. 2017	—	—	124,438	29,239	170,011	—	1,577.2	949.9	100.0	1,613.0	34
62. Nanchang West Lake Violet Mansion	7,049	Apr. 2017	Nov. 2019	Nov. 2017	—	—	13,980	—	20,721	—	163.9	121.2	100.0	192.0	35
Nanchang subtotal	1,288,888				2,314,802	76,915	138,418	29,239	190,732	—	1,715.0	254.3	100.0	589.4	37
Yichun															
63. Yichun Zhenro Royal Riverside	171,791	Mar. 2012	Apr. 2013	Mar. 2012	398,361	7,564	405,924	73,805	77,484	—	—	—	—	—	—
South 1	N.A. ⁽⁷⁾	Mar. 2012	Apr. 2013	Mar. 2012	29,891	—	29,891	—	—	—	—	—	—	—	—
South 2	N.A. ⁽⁷⁾	Mar. 2012	Dec. 2013	May 2012	180,258	1,274	181,532	—	—	—	—	—	—	—	—
North 1	N.A. ⁽⁷⁾	Aug. 2013	Aug. 2015	Nov. 2013	107,191	4,444	111,635	—	—	—	—	—	—	—	—
North 2	N.A. ⁽⁷⁾	Jun. 2014	Jun. 2018	Apr. 2015	81,021	1,845	82,866	12,241	13,764	—	—	—	—	—	—
North 3	N.A. ⁽⁷⁾	Jul. 2015	Aug. 2018	Mar. 2017	—	—	—	61,245	63,720	—	—	—	—	—	—
64. Yichun Zhenro Landscape Riverside	138,667	Sep. 2007	Sep. 2013	Dec. 2007	223,761	26	223,787	—	—	—	480.3	—	100.0	0.1	36
Yichun subtotal	310,458				622,122	7,590	629,712	73,805	77,484	—	2,700	—	100.0	0.1	36
Total	5,790,253				6,407,512	1,392,813	7,795,048	4,121,209	4,913,926	1,141,236	4,082,392	—	50.0	N.A.	N.A.
Property Held by Our Joint Ventures															
Jaxing															
65. Jiaxing Zhongnan Zhenro Haishang Mingyue	33,424	Nov. 2017	Dec. 2019	Dec. 2018	—	—	—	—	—	—	84,746	N.A.	50.0	N.A.	N.A.

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Project	Site Area (in sq.m.)	Completed			Under Development				Future Development				Group's Attributable Value as of the Valuation Date ⁽⁵⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)	Estimated Future Development Cost as of June 30, 2017 ⁽³⁾ (in RMB millions)	Reference to Property Valuation Report
		Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale/ Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Total Estimated GFA for Future Development (in sq.m.)				
Suzhou																
66. Suzhou Jinhui Zhengro Four Seasons	32,044	May 2017	Mar. 2019	Sep. 2017	—	—	62,488	2,530	82,018	—	—	N.A.	N.A.	49.0	N.A.	N.A.
67. Suzhou No. WJ-J-2017-017	5,759	Nov. 2017	Mar. 2019	Mar. 2019	—	—	—	—	—	21,534	N.A.	N.A.	50.0	N.A.	N.A.	N.A.
68. Suzhou No. WJ-J-2017-016	7,585	Nov. 2017	Mar. 2019	Mar. 2019	—	—	—	—	—	14,417	N.A.	N.A.	50.0	N.A.	N.A.	N.A.
Hefei																
69. Hefei Country Garden Zhengro Jade Yue	44,787	Apr. 2017	Jun. 2020	Jul. 2017	—	—	108,994	90,353	117,976	—	—	N.A.	N.A.	49.0	N.A.	N.A.
70. Hefei Century World	130,918	Jul. 2017	Oct. 2019	Aug. 2017	—	—	276,805	42,976	292,379	99,922	N.A.	N.A.	33.0	N.A.	N.A.	N.A.
Wuhan																
71. Wuhan Zhengro Royal Summit	136,139				—	—	—	—	—	389,131	N.A.	N.A.	50.0	2,413.4	65	
Phase 1	N.A. ⁽⁷⁾	Apr. 2018	Jan. 2020	Jun. 2018	—	—	—	—	—	192,806	—	—				
Phase 2	N.A. ⁽⁷⁾	Mar. 2019	Jun. 2021	Sep. 2019	—	—	—	—	—	196,325	—	—				
Changsha																
72. Changsha Meixi Zhengro Mansion	108,221				—	—	238,133	121,766	304,876	41,359	N.A.	N.A.	50.0	N.A.	N.A.	
Phase 1	N.A. ⁽⁷⁾	Sep. 2016	Sep. 2018	Nov. 2016	—	—	148,097	121,766	193,487	—	—	—				
Phase 2	N.A. ⁽⁷⁾	Dec. 2017	Apr. 2020	Dec. 2017	—	—	90,036	—	111,388	41,359	—	—				
Nanchang																
73. Nanchang Garden Linlong Mansion	90,420	Sep. 2017	Sep. 2019	Sep. 2017	—	—	189,408	75,343	240,926	—	N.A.	N.A.	19.0	N.A.	N.A.	
74. Nanchang Zhengro Linlong Mansion	72,103	Dec. 2017	Nov. 2019	Jan. 2018	—	—	—	—	—	361,414	603.2	507.0	25.0	N.A.	N.A.	
Total	658,630				—	—	875,828	332,968	1,038,175	1,012,523						

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Project	Site Area (in sq.m.)	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Completed			Under Development			Future Development			Estimated Future Development Cost as of June 30, 2017 ⁽⁵⁾ (in RMB millions)	Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)	Group's Attributable Value as of the Valuation Date ⁽⁵⁾ (in RMB millions)	Reference to Property Valuation Report	
					Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale/ Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)	Estimated GFA for Future Development (in sq.m.)	Development Cost Incurred as of June 30, 2017 (in RMB millions)					
Attributable total⁽⁹⁾																		
Property Held by our Associated Companies																		
Shanghai																		
75. Shanghai No. 20141937077643 9142	70,857	May 2018	Nov. 2020	Dec. 2020	—	—	—	—	—	—	—	—	307,227	N.A.	N.A.	20.0	N.A.	N.A.
Nanjing																		
76. Nanjing No. 320115001022 GB00780-GB00784	54,173	Apr. 2018	Jun. 2021	Jun. 2018	—	—	—	—	—	—	—	248,880	N.A.	N.A.	20.0	N.A.	N.A.	
Suzhou																		
77. Suzhou Yuzhou Zhaoshang Shili	128,313	Jul. 2017	Nov. 2019	Oct. 2017	—	—	—	118,354	17,853	207,594	—	—	112,986	N.A.	N.A.	20.0	N.A.	N.A.
78. Suzhou WJ-J-2017-019	66,738	Oct. 2017	Nov. 2018	Dec. 2018	—	—	—	68,949	—	122,638	—	—	244.3	1,229.1	36.0	354.7	50	
Wuhan																		
79. Wuhan Qingmeng Zhenro Mansion	156,511	Apr. 2018	Nov. 2021	Oct. 2018	—	—	—	—	—	—	—	—	622,643	N.A.	N.A.	5.0	N.A.	N.A.
Zhengzhou																		
80. Zhengzhou Xuhui Zhenro Capital Mansion	69,439	Aug. 2017	Mar. 2019	Oct. 2017	—	—	—	81,118	—	81,118	—	—	140,189	N.A.	N.A.	24.0	N.A.	N.A.
Tianjin																		
81. Tianjin No. Jinhinbeitangua 2017-1-A/B/C/D/E/F/G/H/I/J	149,245	Apr. 2018	Dec. 2019	Jun. 2018	—	—	—	—	—	—	—	219,707	N.A.	N.A.	12.5	N.A.	N.A.	

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Project	Completed			Under Development				Future Development			Group's Interest in the Project as of Valuation Date ⁽⁴⁾ (%)	Group's Attributable Value as of the Valuation Date ⁽⁵⁾ (in RMB millions)	Reference to Property Valuation Report	
	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Actual/ Estimated Pre-sale Commencement Date	Unsaleable GFA/GEA Sold ⁽¹⁾ (in sq.m.)	GFA Available for Sale / Leasable GFA ⁽²⁾ (in sq.m.)	Total GFA Completed (in sq.m.)	Saleable GFA (in sq.m.)	Pre-Sold GFA (in sq.m.)	Total GFA Under Development (in sq.m.)	GFA with Land Use Right not yet Obtained (in sq.m.)				Total Estimated GFA for Future Development (in sq.m.)
Total	695,415						268,421	17,853	411,350	468,587	1,651,633			
Attributable total ⁽⁹⁾	117,868						72,066	3,571	105,137	77,239	226,060			
Total Land Bank ⁽¹⁰⁾	6,169,713			6,407,512	1,392,813	7,795,048	4,519,596	1,873,124	5,411,758	1,141,236	4,707,372			

- (1) Includes unsaleable GFA and GFA sold. Equals to total completed GFA minus GFA available for sale and leasable GFA.
- (2) Includes saleable GFA remaining unsold and leasable GFA.
- (3) Based on our internal record and current plan and subject to changes resulting from changes of market environment and our adjustment of the cost structure of the entire project.
- (4) Based on our effective equity interest in the respective project companies as of the valuation date set forth in the "Property Valuation Report" in Appendix III.
- (5) Equals to value of the project in proportion to our Group's interest in the project as of the Valuation Date.
- (6) Shanghai Hongqiao Fortune Centre is planned to be held for investment.
- (7) Relevant land use right certificate was granted to the entire land parcel and breakdown of site area for each phase was not available.
- (8) Represent unsaleable ancillary areas.
- (9) For projects held by our Joint Ventures and associated companies, total GFA will be adjusted by our equity interest in the respective project. We use attributable total GFA in the calculation of our total land bank.
- (10) Total land bank equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. For projects held by our Joint Ventures and associated companies, total GFA will be adjusted by our equity interest in the respective project.

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Property Projects Developed by Our Subsidiaries — Shanghai

(1) *Shanghai Hongqiao Zhenro Mansion (虹橋 • 正榮府)*



Shanghai Hongqiao Zhenro Mansion (虹橋 • 正榮府) is located in Qingpu District, Shanghai. The project is featured among “Asia Top 10 Well-Crafted Condo in 2015” (2015亞洲十大精工名宅) by Hurun report and provides convenient access to schools and high-end health services in the neighborhood. The project is comprised of high- and low-rise apartment buildings and commercial spaces. We intend to keep the commercial spaces for investment while all the residential units are for sale. The project occupies a total site area of approximately 82,362 sq.m. with a planned aggregate GFA of approximately 259,265 sq.m. The project is planned to be developed in three phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA				Total	Actual/Estimated Commencement Date	Actual/Estimated Completion Date
	Residential	Retail	Car Parks	Ancillary Areas			
	(in sq.m.)						
Phase 1 . . .	71,073	2,039	20,266	877	94,256	February 2015	June 2017
Phase 2 . . .	45,386	—	13,511	—	58,897	August 2015	March 2018
Shanghai Hongqiao Fortune Center . .	—	70,111	31,281	4,720	106,112	June 2018	December 2020
Total	<u>116,459</u>	<u>72,150</u>	<u>65,058</u>	<u>5,597</u>	<u>259,265</u>		

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As of October 31, 2017, phase 1 of this project had been completed with an aggregate GFA of 94,256 sq.m., of which an aggregate GFA of 74,560 sq.m. were available for sale or lease. As of October 31, 2017, phase 2 of the project was under development and was expected, upon completion, to have a saleable GFA of 46,230 sq.m. As of October 31, 2017, we had pre-sold 31,630 sq.m. for phase 2 of this project. As of October 31, 2017, Shanghai Hongqiao Fortune Center was planned for future development and was expected, upon completion, to have an aggregate GFA of 106,112 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB2,966.3 million and had provided mortgage guarantee of RMB270.2 million for customers who purchased properties of this project.

We intend to hold Shanghai Hongqiao Fortune Center of this project with a planned total GFA of approximately 106,112 sq.m. as investment properties, which will be used as shopping mall. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Shanghai Yutian. We entered into the relevant land grant contract in February 2014 and had paid the total land premium of RMB2,560.0 million in full. We obtained the relevant land use right certificates in May 2014. As of June 30, 2017, we had incurred development costs for the project of RMB3,832.1 million. We estimate that we will incur additional development costs of approximately RMB1,216.4 million for the completion of the project.

(2) *Shanghai Hongqiao Zhenro Center* (虹橋 • 正榮中心)



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Shanghai Hongqiao Zhenro Center (虹橋 • 正榮中心) is located in Minhang District, Shanghai. The project is located at the economic center of the Hongqiao central business district and is well connected to public transportation such as airport, railway and subway. The project is comprised of office premises and commercial spaces, and was awarded “Asia Model For Eco-Commercial in 2015” (2015亞洲生態商務旗艦) by Hurun report. While most of the properties are for sale, certain properties within this project are kept for investment. The project occupies a total site area of approximately 73,695 sq.m. with a planned aggregate GFA of approximately 233,433 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA				Total	Actual Commencement Date	Actual/Estimated Completion Date
	Retail	SOHO and Office	Car Parks	Ancillary Areas			
			(in sq.m.)				
Phase 1 . . .	6,329	90,614	46,150	717	143,810	September 2014	December 2016
Phase 2 . . .	<u>58,475</u>	<u>5,811</u>	<u>25,152</u>	<u>185</u>	<u>89,623</u>	June 2015	November 2018
Total	<u><u>64,804</u></u>	<u><u>96,425</u></u>	<u><u>71,302</u></u>	<u><u>902</u></u>	<u><u>233,433</u></u>		

As of October 31, 2017, phase 1 of this project had been completed with an aggregate GFA of 143,810 sq.m., of which an aggregate GFA of 69,992 sq.m. were available for sale or lease. As of October 31, 2017, phase 2 of this project was under development and was expected, upon completion, to have a saleable GFA of 87,375 sq.m. As of October 31, 2017, we had pre-sold 12,250 sq.m. for phase 2 of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB591.7 million and had not provided mortgage guarantee for customers who purchased properties of this project.

We intend to hold a portion of phase 2 of this project with a planned GFA of 5,811 sq.m. as investment properties, which will be used as SOHO and offices. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Shanghai Yupin. We entered into the relevant land grant contract in October 2013 and had paid the total land premium of RMB2,380.0 million in full. We obtained the relevant land use right certificates in January 2014. As of June 30, 2017, we had incurred development costs for the project of RMB4,113.1 million. We estimate that we will incur additional development costs of approximately RMB520.6 million for the completion of the project.

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(3) *Shanghai Zhenro Royal Kingdom (正榮 • 國領)*



Shanghai Zhenro Royal Kingdom (正榮 • 國領) is located in Baoshan District, Shanghai. The project is comprised of high-end low-density townhouses and low-rise apartments buildings which are all intended for sale. The project occupies a total site area of approximately 110,022 sq.m. with a planned aggregate GFA of approximately 200,375 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Actual Commencement Date	Actual/Estimated Completion Date
	Residential	Retail	Car Parks	Ancillary Areas	Total		
	(in sq.m.)						
Phase 1	69,490	456	24,518	921	95,386	January 2014	May 2016
Phase 2	79,601	—	24,523	865	104,988	August 2015	March 2018
Total	<u>149,092</u>	<u>456</u>	<u>49,041</u>	<u>1,786</u>	<u>200,375</u>		

As of October 31, 2017, phase 1 of this project had been completed with an aggregate GFA of 95,386 sq.m., of which an aggregate GFA of 30,947 sq.m. were available for sale or lease. As of October 31, 2017, phase 2 of this project was under development and was expected, upon completion, to have a saleable GFA of 80,065 sq.m. As of October 31, 2017, we had pre-sold 44,830 sq.m. for phase 2 of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB935.5 million and had provided mortgage guarantee of RMB11.8 million for customers who purchased properties of this project.

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The project is developed by Shanghai Yuyuan. We entered into the relevant land grant contract in March 2013 and had paid the total land premium of RMB1,353.2 million in full. We obtained the relevant land use right certificates in June 2013. As of June 30, 2017, we had incurred development costs for the project of RMB3,167.4 million. We estimate that we will incur additional development costs of approximately RMB382.8 million for the completion of the project.

(4) *Shanghai Zhenro The Capital of Jinshan (正榮 • 御首府)*



Shanghai Zhenro The Capital of Jinshan (正榮 • 御首府) is located in Jinshan District, Shanghai. The project is close to convenient public transportation and well established facilities such as supermarkets, hospitals and schools. The project is comprised of high-rise apartment buildings and SOHO offices, which are all intended for sale. The project occupies a total site area of approximately 145,685 sq.m. with a planned aggregate GFA of approximately 360,441 sq.m. The project is planned to be developed in three phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA						Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
	(in sq.m.)							
Phase 1 . . .	108,276	—	—	10,065	2,992	121,333	July 2014	June 2016
Phase 2 . . .	77,357	—	—	31,201	3,045	111,603	July 2014	July 2018
Phase 3 . . .	—	18,714	74,857	31,864	2,070	127,505	June 2018	December 2020
Total	<u>185,633</u>	<u>18,714</u>	<u>74,857</u>	<u>73,130</u>	<u>8,107</u>	<u>360,441</u>		

BUSINESS

As of October 31, 2017, phase 1 of this project had been completed with an aggregate GFA of 121,333 sq.m., of which an aggregate GFA of 4,278 sq.m. were available for sale or lease. As of October 31, 2017, phase 2 of this project was under development and was expected, upon completion, to have a saleable GFA of 102,064 sq.m. As of October 31, 2017, we had pre-sold 56,377 sq.m. for phase 2 of this project. As of October 31, 2017, phase 3 of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 127,505 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB665.5 million and had not provided mortgage guarantee for customers who purchased properties of this project.

The project is developed by Shanghai Yuzun. We entered into the relevant land grant contract in December 2013 and had paid the total land premium of RMB611.9 million in full. We obtained the relevant land use right certificates in December 2013. As of June 30, 2017, we had incurred development costs for the project of RMB1,687.2 million. We estimate that we will incur additional development costs of approximately RMB909.1 million for the completion of the project.

(5) *Shanghai Zhenro Fontainebleau* (正榮 • 璟園)



Shanghai Zhenro Fontainebleau (正榮 • 璟園) is located in Jinshan District, Shanghai. The project is comprised of low-rise apartment buildings and townhouses, which are all intended for sale. The project occupies a total site area of approximately 102,806 sq.m. with a planned aggregate GFA of approximately 164,998 sq.m. The project is planned to be developed in three phases.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Actual Commencement Date	Actual/Estimated Completion Date
	Residential	Retail	Car Parks	Ancillary Areas	Total		
	(in sq.m.)						
Phase 1	42,902	1,033	—	1,771	45,706	March 2015	December 2016
Phase 2	38,210	907	23,489	—	62,606	July 2015	March 2018
Phase 3	51,713	—	3,441	1,531	56,686	December 2015	February 2019
Total	132,826	1,940	26,930	3,302	164,998		

As of October 31, 2017, phase 1 of this project had been completed with an aggregate GFA of 45,706 sq.m., of which an aggregate GFA of 670 sq.m. were available for sale or lease. As of October 31, 2017, phase 2 and phase 3 of this project were under development and were expected, upon completion, to have a saleable GFA of 55,274 sq.m. and 43,279 sq.m., respectively. As of October 31, 2017, we had pre-sold 34,034 sq.m. and 26,321 sq.m., respectively, for phase 2 and phase 3 of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB661.8 million and had not provided mortgage guarantee for customers who purchased properties of this project.

The project is developed by Shanghai Yufeng. We entered into the relevant land grant contract in February 2014 and had paid the total land premium of RMB625.0 million in full. We obtained the relevant land use right certificates in May 2014. As of June 30, 2017, we had incurred development costs for the project of RMB1,225.8 million. We estimate that we will incur additional development costs of approximately RMB297.6 million for the completion of the project.

Property Projects Developed by Our Subsidiaries — Jiaxing

(6) *Jiaxing No. 2017 Jiaxiuzhou—044 (嘉興 • 2017 嘉秀州 — 044)*

Jiaxing No. 2017 Jaixiuzhou—044 (嘉興 • 2017 嘉秀州 — 044) is located in Xiuzhou District, Jiaxing, Zhejiang Province. The project is adjacent to a lake and has convenient access to schools and public transportation. The project is expected to be comprised of residential buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 72,100 sq.m. with a planned aggregate GFA of approximately 185,027 sq.m.

Details of this project as of October 31, 2017 were as follows:

Residential	Retail	GFA			Estimated Commencement Date	Estimated Completion Date
		Car Parks	Ancillary Areas	Total		
(in sq.m.)						
121,932	1,000	48,473	13,622	185,027	April 2018	April 2020

BUSINESS

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 185,027 sq.m. As of October 31, 2017, we had not started pre-sale of this project.

The project is developed by Shanghai Yuzun. We entered into the relevant land grant contract in October 2017 and the total land premium is RMB878.2 million, of which approximately RMB173.0 million was paid as of October 31, 2017 and the remaining balance was paid by November 10, 2017. We had not obtained and expected to obtain the relevant land use right certificate by March 2018.

Property Projects Developed by Our Subsidiaries — Nanjing

(7) *Nanjing Zhenro Riverside Wonderland* (正榮 • 潤江城)



Nanjing Zhenro Riverside Wonderland (正榮 • 潤江城) is located in Pukou District, Nanjing, Jiangsu Province. The project is adjacent to a river and has convenient access to public transportation. The project was awarded “2014-2015 Reputation Real Estate Project” (2014-2015口碑樓盤) by www.fang.com (搜房網). The project is comprised of high-rise apartment buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 71,345 sq.m. with a planned aggregate GFA of approximately 287,843 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
261,323	1,842	22,321	2,356	287,843	April 2014	December 2018

As of October 31, 2017, a portion of this project had been completed with an aggregate GFA of 184,048 sq.m., of which an aggregate GFA of 12,129 sq.m. were available for sale or lease. The remaining portion of this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 78,633 sq.m. As of October 31, 2017, we had pre-sold 62,400 sq.m. for this portion of the project. As of June 30, 2017, we had received advanced proceeds of approximately RMB1,218.6 million and had provided mortgage guarantee of RMB716.6 million for customers who purchased properties of this project.

The project is developed by Nanjing Property. We entered into the relevant land grant contract in July 2013 and had paid the total land premium of RMB1,520.0 million in full. We obtained relevant land use right certificate in March 2014. As of June 30, 2017, we had incurred development costs for the project of RMB2,822.6 million. We estimate that we will incur additional development costs of approximately RMB379.9 million for the completion of the project.

BUSINESS

(8) *Nanjing Zhenro Splendid Land* (正榮 • 潤錦城)



Nanjing Zhenro Splendid Land (正榮 • 潤錦城) or Nanjing Zhenro Riverside Wonderland 2 (正榮 • 潤江城2期) is located in Pukou District, Nanjing, Jiangsu Province. The project is adjacent to a river and has convenient access to public transportation. The project is comprised of high-rise apartment buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 105,353 sq.m. with a planned aggregate GFA of approximately 392,922 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA					Actual	Estimated
Residential	Retail	Car Parks	Ancillary Areas	Total	Commencement Date	Completion Date
(in sq.m.)						
284,515	6,183	96,308	5,916	392,922	June 2014	January 2019

As of October 31, 2017, a portion of this project had been completed with an aggregate GFA of 202,277 sq.m., of which an aggregate GFA of 103,115 sq.m. were available for sale or lease. The remaining portion of this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 158,400 sq.m. As of October 31, 2017, we had pre-sold 99,125 sq.m. for this portion of the project. As of June 30, 2017, we had received advanced proceeds of approximately RMB5,194.5 million and had provided mortgage guarantee of RMB1,902.8 million for customers who purchased properties of this project.

The project is developed by Nanjing Real Estate. We entered into the relevant land grant contract in July 2013 and had paid the total land premium of RMB2,100.0 million in full. We obtained the relevant land use right certificate in February 2014. As of June 30, 2017, we had incurred development costs for the project of RMB3,942.7 million. We estimate that we will incur additional development costs of approximately RMB555.9 million for the completion of the project.

BUSINESS

(9) *Nanjing Zhenro Royal Fame (正榮 • 潤峯)*



Nanjing Zhenro Royal Fame (正榮 • 潤峯) is located in Jianye District, Nanjing, Jiangsu Province. The surrounding area has convenient transportation, and is well established with various facilities, such as shopping malls, schools, parks and business areas. The project is comprised of high-rise apartment buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 89,559 sq.m. with a planned aggregate GFA of approximately 341,652 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
244,057	4,196	89,472	3,927	341,652	November 2014	May 2019

As of October 31, 2017, a portion of this project had been completed with an aggregate GFA of 188,779 sq.m., of which an aggregate GFA of 144,625 sq.m. were available for sale or lease. The remaining portion of this project was under development and was expected, upon completion, to have a saleable GFA of 117,544 sq.m. As of October 31, 2017, we had pre-sold 97,821 sq.m. of this portion of the project. As of June 30, 2017, we had received advanced proceeds of approximately RMB6,991.5 million and had provided mortgage guarantee of RMB2,825.2 million for customers who purchased properties of this project.

BUSINESS

The project is developed by Nanjing Investment. We entered into the relevant land grant contract in October 2013 and had paid the total land premium of RMB3,120.0 million in full. We obtained the relevant land use right certificates in May 2014. As of June 30, 2017, we had incurred development costs for the project of RMB5,155.1 million. We estimate that we will incur additional development costs of approximately RMB813.9 million for the completion of the project.

(10) *Nanjing Zhenro Riverside Violet Mansion* (正榮 • 濱江紫闕)

Nanjing Zhenro Riverside Violet Mansion (正榮 • 濱江紫闕) is located in Jianye District, Nanjing, Jiangsu Province. The project is planned to be comprised of residential buildings, retail spaces and SOHO and offices spaces. The project occupies a total site area of approximately 83,048 sq.m. with a planned aggregate GFA of approximately 488,586 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA						Actual/ Estimated Commencement Date	Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
	(in sq.m.)							
Parcel A . .	123,062	1,031	—	37,507	1,456	163,056	December 2016	December 2020
Parcel B . .	—	53,000	153,960	116,570	2,000	325,530	March 2018	December 2020
Total	<u>123,062</u>	<u>54,031</u>	<u>153,960</u>	<u>154,077</u>	<u>3,456</u>	<u>488,586</u>		

As of October 31, 2017, Parcel A of this project was under development and was expected, upon completion, to have a saleable GFA of 153,596 sq.m. Parcel B of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 325,530 sq.m. As of October 31, 2017, we had not started pre-sale of this project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

We intend to hold a portion of this project with a planned GFA of 135,891 sq.m. as investment properties, which will be used as commercial complex with shopping mall and offices. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Nanjing Dexin. We entered into the relevant land grant contract in February 2016 and had paid the total land premium of RMB3,400.0 million in full. We obtained the relevant land use right certificate in August 2016. As of June 30, 2017, we had incurred development costs for the project of RMB3,842.2 million. We estimate that we will incur additional development costs of approximately RMB3,288.1 million for the completion of the project.

BUSINESS

Property Projects Developed by Our Subsidiaries — Chuzhou

(11) *Chuzhou Zhenro Mansion* (滁州正榮府)

Chuzhou Zhenro Mansion (滁州正榮府) is located in the southern part, the central district, of Chuzhou City, Anhui Province. The project is adjacent to a major wetland park and has convenient access to schools and public transportation. The project is expected to be comprised of residential buildings, including high-rise apartments and townhouses, and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 80,867 sq.m. with a planned aggregate GFA of approximately 191,708 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

GFA					Estimated Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
122,774	6,509	52,188	10,237	191,708	December 2017	April 2021

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 191,708 sq.m. As of October 31, 2017, we had not started pre-sale of this project.

The project is developed by Chuzhou Zhenghong. We entered into the relevant land grant contract in August 2017 and had paid the total land premium of RMB413.0 million in full. We had obtained the relevant land use right certificate in October 2017.

BUSINESS

Property Projects Developed by Our Subsidiaries — Suzhou

(12) *Suzhou Zhenro Royal Kingdom* (正榮 • 國領)



Suzhou Zhenro Royal Kingdom or Zhenro Guo Ling (正榮 • 國領) is located in Wuzhong District, Suzhou, Jiangsu Province. The project has convenient access to public transportation. The project is comprised of high- and low-rise apartment buildings, townhouses and commercial spaces, which are all intended for sale. The project was awarded “2015 Most influential Real Estate Project” (2015年度最具影響力樓盤) separately by Anjuk.com (安居客) and house.qq.com (騰訊房產). The project occupies a total site area of approximately 107,542 sq.m. with a planned aggregate GFA of approximately 215,534 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
159,889	6,820	40,438	8,387	215,534	May 2014	December 2018

As of October 31, 2017, a portion of this project had been completed with an aggregate GFA of 213,158 sq.m., of which an aggregate GFA of 18,644 sq.m. were available for sale or lease. The remaining portion of this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 2,376 sq.m. As of October 31, 2017, we had not started pre-sale of this portion of the project. As of June 30, 2017, we had received advanced proceeds of approximately RMB267.3 million and had provided mortgage guarantee of RMB895.4 million for customers who purchased properties of the project.

BUSINESS

The project is developed by Suzhou Real Estate. We entered into the relevant land grant contract in July 2013 and had paid the total land premium of RMB995.8 million in full. We obtained relevant land use right certificate in January 2014. As of June 30, 2017, we had incurred development costs for the project of RMB2,346.6 million. We estimate that we will incur additional development costs of approximately RMB161.0 million for the completion of the project.

(13) *Suzhou Zhenro Happiness Town (正榮 • 華府)*



Suzhou Zhenro Happiness Town (正榮 • 華府) is located in Wuzhong District, Suzhou, Jiangsu Province. The project provides convenient access to public transportation. The project is comprised of high- and mid-rise apartment buildings, which are all intended for sale. The project occupies a total site area of approximately 84,678 sq.m. with a planned aggregate GFA of approximately 328,518 sq.m. The project is developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA				Total	Actual Commencement Date	Actual Completion Date
	Residential	Retail	Car Parks	Ancillary Areas			
	(in sq.m.)						
Phase 1	148,233	1,558	26,870	11,271	187,932	December 2014	August 2017
Phase 2	110,612	233	16,715	13,026	140,586	May 2015	August 2017
Total	258,845	1,792	43,584	24,297	328,518		

BUSINESS

As of October 31, 2017, phase 1 and phase 2 of this project had been completed with an aggregate GFA of 187,932 sq.m. and 140,586 sq.m., respectively, of which an aggregate GFA of 112,676 sq.m. and 34,491 sq.m., respectively, were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB2,510.5 million and had provided mortgage guarantee of RMB1,307.9 million for customers who purchased properties of this project.

The project is developed by Suzhou Property. We entered into the relevant land grant contract in March 2014 and had paid the total land premium of RMB1,680.0 million in full. We obtained the relevant land use right certificates in October 2014. As of June 30, 2017, we had incurred development costs for the project of RMB3,423.3 million. We estimate that we will incur additional development costs of approximately RMB142.6 million for the completion of the project.

(14) *Suzhou Zhenro Top Mountain (正榮 • 悦嵐山)*

Suzhou Zhenro Top Mountain (正榮 • 悦嵐山) is located in Gaoxing District, Suzhou, Jiangsu Province. It is expected to be a residential project comprised of high- and mid-rise apartment buildings, which are all intended for sale. The project occupies a total site area of approximately 65,679 sq.m. with a planned aggregate GFA of approximately 133,632 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA				Actual	Estimated
Residential	Car Parks	Ancillary Areas	Total	Commencement Date	Completion Date
(in sq.m.)					
104,876	10,784	17,972	133,632	March 2016	May 2018

As of October 31, 2017, this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 104,876 sq.m. As of October 31, 2017, we had pre-sold all of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB1,329.1 million and had provided mortgage guarantee of RMB719.9 million for customers who purchased properties of this project.

The project is developed by Suzhou Investment. We entered into the relevant land grant contract in December 2015 and had paid the total land premium of RMB276.8 million in full. We obtained the relevant land use right certificate in March 2016. As of June 30, 2017, we had incurred development costs for the project of RMB611.6 million. We estimate that we will incur additional development costs of approximately RMB170.6 million for the completion of the project.

(15) *Suzhou Zhenro Majestic Garden (正榮 • 悦玲瓏)*

Suzhou Zhenro Majestic Garden (正榮 • 悦玲瓏) is located in Xiang Cheng District, Suzhou, Jiangsu Province. It is expected to be a residential project comprised of low-rise apartment buildings, which are all intended for sale. The project occupies a total site area of approximately 29,531 sq.m. with a planned aggregate GFA of approximately 54,647 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
42,656	378	10,784	829	54,647	October 2016	December 2018

As of October 31, 2017, this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 43,034 sq.m. As of October 31, 2017, we had pre-sold 20,719 sq.m. of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB70.3 million and had provided mortgage guarantee of RMB15.8 million for customers who purchased properties of the project.

The project is developed by Suzhou Sutong. We entered into the relevant land grant contract in May 2016 and had paid the total land premium of RMB251.7 million in full. We obtained the relevant land use right certificate in July 2016. As of June 30, 2017, we had incurred development costs for the project of RMB354.4 million. We estimate that we will incur additional development costs of approximately RMB132.2 million for the completion of the project.

(16) *Suzhou Yue Tang Bay Garden House* (正榮 • 悦棠灣花苑)

Suzhou Yue Tang Bay Garden House (正榮 • 悦棠灣花苑) is located in Wujiang District, Suzhou, Jiangsu Province. It is expected to be a residential project comprised of mid- and high-rise apartments, which are all intended for sale. The project occupies a total site area of approximately 105,210 sq.m. with a planned aggregate GFA of approximately 322,722 sq.m. The project is planned to be developed in four phases.

Details of this project as of October 31, 2017 were as follows:

GFA				Actual Commencement Date	Estimated Completion Date
Residential	Car Parks	Ancillary Areas	Total		
(in sq.m.)					
254,540	59,123	9,058	322,722	July 2017	September 2020

BUSINESS

As of October 31, 2017, a portion of this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 209,768 sq.m. As of October 31, 2017, we had pre-sold 55,802 sq.m. for this portion of the project. The remaining portion of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 56,846 sq.m. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

We obtained the project subject to a project transfer agreement with a third party project company in November 2016. The project is developed by Suzhou Zhengrui Real Estate. The total land premium is RMB535.5 million, of which approximately RMB532.0 million was paid as of October 31, 2017 and the remaining balance is expected to be paid by March 2018. The relevant land use right certificate was transferred to us in June 2017. As of June 30, 2017, we had incurred development costs for the projects of RMB490.5 million. We estimate that we will incur additional development costs of approximately RMB1,164.6 million for the completion of the project.

(17) *Suzhou No. Sudi 2016-WG-77 (蘇州 • 蘇地 2016-WG-77)*

Suzhou No. Sudi 2016-WG-77 (蘇州 • 蘇地 2016-WG-77) is located in Taihu New Town, Suzhou, Jiangsu Province. The project is planned to be comprised of high-rise apartments and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 62,582 sq.m. with a planned aggregate GFA of approximately 226,743 sq.m. The project is planned to be developed in three phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Total	Actual/ Estimated Commencement Date	Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas			
	(in sq.m.)							
Parcel A . . .	—	12,903	24,931	13,941	2,532	54,307	April 2018	October 2020
Parcel B . . .	56,767	—	—	19,687	1,345	77,799	October 2017	November 2019
Parcel C . . .	71,338	—	—	21,887	1,411	94,636	September 2017	May 2019
Total	<u>128,105</u>	<u>12,903</u>	<u>24,931</u>	<u>55,515</u>	<u>5,289</u>	<u>226,743</u>		

As of October 31, 2017, Parcel B and Parcel C of this project were under development and were expected, upon completion, to have an aggregate saleable GFA of 56,767 sq.m. and 71,338 sq.m., respectively. Parcel A of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 54,307 sq.m. As of June 30, 2017, we had not started pre-sale of this project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

BUSINESS

The project is developed by Suzhou Zhengrun. We entered into the relevant land grant contract in April 2017 and had paid the total land premium of RMB2,398.0 million in full. We obtained the relevant land use right certificate in June 2017. As of June 30, 2017, we had incurred development costs for the projects of RMB2,522.4 million. We estimate that we will incur additional development costs of approximately RMB1,395.7 million for the completion of the project.

(18) *Suzhou No. 320582004060GB00020 and 320582004060GB00022*
(蘇州 • 320582004060GB00020 和 320582004060GB00022)

Suzhou No. 320582004060GB00020 and 320582004060GB00022 (蘇州 • 320582004060GB00020 和 320582004060GB00022) is located in Zhangjiagang, Suzhou, Jiangsu Province. The project is planned to be comprised of high-rise apartments, townhouses and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 98,783 sq.m. with a planned aggregate GFA of approximately 156,240 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Estimated Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
113,715	1,565	37,700	3,260	156,240	December 2017	December 2019

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 156,240 sq.m. As of October 31, 2017, we had not started pre-sale of this project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Zhenro Zhengmao. We entered into the relevant land grant contract in June 2017 and the total land premium is RMB459.6 million, of which approximately RMB229.8 million was paid as of October 31, 2017 and the remaining balance is expected to be paid by the end of 2017. We had not obtained and expected to obtain the relevant land use right certificate by January 2018. As of June 30, 2017, we had not incurred any development costs for the project, including land acquisition cost, as we had not obtained the relevant land use right certificate. We estimate that we will incur development costs of approximately RMB775.8 million for the completion of the project.

(19) *Suzhou No. 320517503401* (蘇州 • 320517503401)

Suzhou No. 320517503401 (蘇州 • 320517503401) is located in Taicang City, Suzhou, Jiangsu Province. The project is expected to be comprised of residential buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 21,638 sq.m. with a planned aggregate GFA of approximately 48,960 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
34,905	1,248	8,243	4,565	48,960	September 2017	November 2019

As of October 31, 2017, this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 36,153 sq.m. As of October 31, 2017, we had not started pre-sale of this project.

The project is developed by Suzhou Zhengfeng. We entered into the relevant land grant contract in July 2017 and had paid the total land premium of RMB118.8 million in full. We had obtained the relevant land use right certificate in September 2017.

Property Projects Developed by Our Subsidiaries — Hefei

(20) *Hefei Capital Yue* (正榮 • 悦都薈)

Hefei Capital Yue (正榮 • 悦都薈) is located in Hefei Xinzhan District, Hefei. The project is comprised of residential areas, commercial center and loft apartments, which are all intended for sale. The project occupies a total site area of approximately 120,705 sq.m. with a planned aggregate GFA of approximately 369,584 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

GFA						Actual Commencement Date	Estimated Completion Date
Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
(in sq.m.)							
198,857	46,124	36,873	83,061	4,669	369,584	September 2017	May 2020

As of October 31, 2017, a portion of this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 198,857 sq.m. The remaining portion of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 121,344 sq.m. As of October 31, 2017, we had not started pre-sale of the project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

BUSINESS

The project is developed by Hefei Zhengmao. We entered into the relevant land grant contract in February 2017 and had paid the total land premium of RMB1,953.9 million in full. We obtained the relevant land use right certificate in June 2017. As of June 30, 2017, we had incurred development costs for the project of RMB2,047.3 million. We estimate that we will incur additional development costs of approximately RMB1,929.2 million for the completion of the project.

(21) Hefei City 1907 (都會1907)

Hefei City 1907 (都會1907) is located in Binhu New District, Hefei. The project is planned to be comprised of high-rise apartments, townhouses and SOHO and offices. The project occupies a total site area of approximately 111,380 sq.m. with a planned aggregate GFA of approximately 335,227 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Residential	GFA			Total	Actual	Estimated
	SOHO and Office	Car Parks (in sq.m.)	Ancillary Areas		Commencement Date	Completion Date
239,602	2,540	84,916	8,169	335,227	July 2017	July 2020

As of October 31, 2017, a portion of this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 70,325 sq.m. As of October 31, 2017, we had pre-sold 39,376 sq.m. for this portion of the project. The remaining portion of this project was planned for future development, and was expected, upon completion, to have an aggregate GFA of 264,902 sq.m. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Hefei Yongtuo. We entered into the relevant land grant contract in February 2017 and had paid the total land premium of RMB1,805.0 million in full. We obtained the relevant land use right certificate in May 2017. As of June 30, 2017, we had incurred development costs for the project of RMB1,922.2 million. We estimate that we will incur additional development costs of approximately RMB1,315.1 million for the completion of the project.

(22) Hefei Zhenro Mansion (正榮府)

Hefei Zhenro Mansion (正榮府) is located in Binhu New District, Hefei. It is expected to be a residential project, which are all intended for sale. The project occupies a total site area of approximately 38,221 sq.m. with a planned aggregate GFA of approximately 103,373 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA				Actual Commencement Date	Estimated Completion Date
Residential	Car Parks	Ancillary Areas	Total		
(in sq.m.)					
78,424	23,950	999	103,373	August 2017	October 2020

As of October 31, 2017, this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 78,424 sq.m. As of October 31, 2017, we had not started pre-sale of this project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Hefei Zhengyu. We entered into the relevant land grant contract in March 2017 and had paid the total land premium of RMB850.0 million in full. We obtained the relevant land use right certificate in June 2017. As of June 30, 2017, we had incurred development costs for the project of RMB898.2 million. We estimate that we will incur additional development costs of approximately RMB516.9 million for the completion of the project.

Property Projects Developed by Our Subsidiaries — Wuhan

(23) *Wuhan Zhenro Mansion* (武漢正榮府)

Wuhan Zhenro Mansion (武漢正榮府) is located in Hanyang District, Wuhan, Hubei Province. The project is comprised of high-rise apartment buildings and office spaces to be used for administrative purposes. The project occupies a total site area of approximately 48,736 sq.m. with a planned aggregate GFA of approximately 196,842 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA						Actual/ Estimated Commencement Date	Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
(in sq.m.)								
Parcel A . . .	117,951	3,034	—	39,690	349	161,023	January 2017	September 2019
Parcel B . . .	—	—	16,637	10,249	8,933	35,819	January 2018	April 2019
Total	<u>117,951</u>	<u>3,034</u>	<u>16,637</u>	<u>49,938</u>	<u>9,282</u>	<u>196,842</u>		

BUSINESS

As of October 31, 2017, parcel A of this project was under development and was expected, upon completion, to have an aggregate saleable GFA of 143,869 sq.m. As of October 31, 2017, we had pre-sold 31,182 sq.m. of parcel A. Parcel B of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 35,819 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB459.5 million and had provided mortgage guarantee of RMB179.4 million for customers who purchased properties of the project.

The project is developed by Wuhan Zhengtai. We entered into the relevant land grant contract in September 2016 and had paid the total land premium of RMB972.1 million in full. We obtained the relevant land use right certificates in November and December 2016, respectively, for parcel A and parcel B. As of June 30, 2017, we had incurred development costs for the project of approximately RMB1,211.8 million. We estimate that we will incur additional development costs of approximately RMB693.5 million for the completion of the project.

Property Projects Developed by Our Subsidiaries — Changsha

(24) *Changsha Zhenro Fortune Center* (正榮財富中心)

Changsha Zhenro Fortune Center (正榮財富中心) is located in Wangcheng District, Changsha, Hunan Province. The project is comprised of high-rise apartment buildings, a shopping mall, SOHO, office space and other commercial space. We plan to hold for investment for certain commercial space while all the other properties within this project are for sale. The project was awarded “Commercial Real Estate Project with Most Growth Potential” (中國最具成長商業地產) by China Commercial Real Estate Forum (中國商業地產行業發展論壇) in 2015. The project occupies a total site area of approximately 145,220 sq.m. with a planned aggregate GFA of approximately 725,566 sq.m. The project is planned to be developed in four phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA						Actual Commencement Date	Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
(in sq.m.)								
South 1 . . .	95,053	2,561	—	42,979	2,664	143,257	December 2013	May 2018
South 2 . . .	94,567	2,496	—	—	2,846	99,908	December 2013	May 2018
North 1 . . .	—	61,814	39,491	14,436	3,798	119,539	April 2015	March 2020
North 2 . . .	249,412	10,897	—	102,427	125	362,861	October 2017	October 2019
Total	439,032	77,768	39,491	159,842	9,433	725,566		

BUSINESS

As of October 31, 2017, a portion of phase south 1 and phase north 1 of this project had been completed with an aggregate GFA of 100,278 sq.m. and 80,048 sq.m., respectively, of which an aggregate GFA of 4,564 sq.m. and 61,814 sq.m., respectively, were available for sale or lease. As of October 31, 2017, the remaining portion of phase south 1 and phase north 1, phase south 2 and a portion of phase north 2 of this project were under development and were expected, upon completion, to have a saleable GFA of nil, 39,491 sq.m., 97,062 sq.m. and 68,918 sq.m., respectively. As of October 31, 2017, we had pre-sold 96,097 sq.m. for phase south 2. As of October 31, 2017, the remaining portion of phase north 2 of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 293,818 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB390.8 million and had provided mortgage guarantee of RMB232.3 million for customers who purchased properties of this project.

We hold a portion of phase north 1 of this project with a planned GFA of 61,814 sq.m. as investment properties, which will be used as office complex. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Changsha Real Estate. We entered into the relevant land grant contract in March 2013 and had paid the total land premium of RMB450.4 million in full. We obtained the relevant land use right certificates in April 2013 and June 2014, respectively. As of June 30, 2017, we had incurred development costs for the project of RMB1,791.5 million. We estimate that we will incur additional development costs of approximately RMB1,409.7 million for the completion of the project.

(25) Changsha Binjiang Zhenro Mansion (濱江 • 正榮府)

Changsha Binjiang Zhenro Mansion (濱江 • 正榮府) is located in Xiangjiang New District, Changsha, Hunan Province. The project is comprised of high-rise apartment buildings and other commercial spaces. The project occupies a total site area of approximately 106,652 sq.m. with a planned aggregate GFA of approximately 335,519 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA						Estimated Commencement Date	Estimated Completion Date
Residential	Retail	SOHO and Office		Ancillary Areas	Total		
(in sq.m.)							
203,770	15,006	39,162	67,000	10,581	335,519	April 2018	May 2021

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 335,519 sq.m. As of October 31, 2017, we had not started pre-sale of the project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

BUSINESS

The project is developed by Hunan Xiushan Lishui. We obtained the relevant land use right certificate through the acquisition of a third party project company in November 2016. The total land premium is RMB530.0 million, of which approximately RMB480.0 million was paid as of October 31, 2017 and the remaining balance is expected to be paid by February 2018. As of June 30, 2017, we had incurred development costs for the project of RMB752.3 million. We estimate that we will incur additional development costs of approximately RMB736.5 million for the completion of the project.

Property Projects Developed by Our Subsidiaries — Xi'an

(26) *Xi'an Jingheng Rainbow Valley* (正榮 • 彩虹谷)

Xi'an Jingheng Rainbow Valley (正榮 • 彩虹谷) is located in Qujiang New District, Xi'an, Shanxi Province. The project is supported by mature and sophisticated infrastructural facilities. The project is a commercial complex featuring a maternal and children focused experience center. We intend to hold certain commercial spaces for investment while other properties within this project are all intended for sale. The project occupies a total site area of approximately 30,422 sq.m. with a planned aggregate GFA of approximately 124,217 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
59,847	32,091	27,834	4,446	124,217	September 2015	March 2018

As of October 31, 2017, this project was under development and was expected, upon completion, to have a saleable GFA of 119,772 sq.m. As of October 31, 2017, we had pre-sold 6,153 sq.m. for this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB39.3 million and had provided mortgage guarantee of RMB6.0 million for customers who purchased properties of this project.

We intend to hold a portion of this project with a planned GFA of 101,982 sq.m. as investment properties, which will be primarily used as retail and SOHO and office spaces in the commercial complex. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Xi'an Jingheng. We entered into the relevant land grant contract in March 2014 and had paid the total land premium of RMB167.1 million in full. We obtained the relevant land use right certificate in May 2014. As of June 30, 2017, we had incurred development costs for the project of RMB654.5 million. We estimate that we will incur additional development costs of approximately RMB143.0 million for the completion of the project.

BUSINESS

(27) *Xi'an No. QJ10-8-484 and QJ10-8-485 (西安 • QJ10-8-484 和 QJ10-8-485)*

Xi'an No. QJ10-8-484 and QJ10-8-485 (西安 • QJ10-8-484 和 QJ10-8-485) is located in Weiyang District, Xi'an, Shanxi Province. It is expected to be a residential and commercial project, which are all intended for sale. The project occupies a total site area of approximately 39,322 sq.m. with a planned aggregate GFA of approximately 211,093 sq.m.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA						Estimated Commencement Date	Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
	(in sq.m.)							
Parcel of Land No. QJ10-8-484.	77,905	—	—	28,307	1,790	108,002	November 2017	October 2019
Parcel of Land No. QJ10-8-485.	—	7,526	75,920	19,645	—	103,091	November 2017	July 2020
Total	<u>77,905</u>	<u>7,526</u>	<u>75,920</u>	<u>47,952</u>	<u>1,790</u>	<u>211,093</u>		

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 211,093 sq.m. As of October 31, 2017, we had not started pre-sale of this project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Xi'an Jingqi. We entered into the relevant land grant contract in May 2017 and had paid the total land premium of RMB324.4 million in full. We had obtained the relevant land use right certificate in July 2017. As of June 30, 2017, we had incurred development costs for the project of RMB337.4 million. We estimate that we will incur additional development costs of approximately RMB1,124.2 million for the completion of the project.

BUSINESS

Property Projects Developed by Our Subsidiaries — Tianjin

(28) *Tianjin Zhenro Jade Bay* (正榮 • 潤璟灣)



Tianjin Jinxi Garden (天津錦曦花園), which we later developed and promoted under the name Tianjin Zhenro Jade Bay (正榮 • 潤璟灣), is located in Xiqing District, Tianjin. The project has convenient access to public transportation and is equipped with sophisticated infrastructural facilities including schools, hospitals, shopping malls and banks. The project is comprised of high- and low-rise apartment buildings and townhouses which are all intended for sale. The project occupies a total site area of approximately 127,697 sq.m. with a planned aggregate GFA of approximately 312,385 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA				Total	Actual Commencement Date	Actual/Estimated Completion Date
	Residential	Retail	Car Parks	Ancillary Areas			
	(in sq.m.)						
Phase 1	119,368	5,222	50,339	5,803	180,733	January 2015	December 2016
Phase 2	93,860	3,072	32,919	1,801	131,652	August 2015	April 2018
Total	213,228	8,294	83,258	7,605	312,385		

BUSINESS

As of October 31, 2017, phase 1 of this project had been completed with an aggregate GFA of 180,733 sq.m., of which an aggregate GFA of 7,713 sq.m. were available for sale or lease. As of October 31, 2017, phase 2 of this project was under development and was expected, upon completion, to have a saleable GFA of 96,932 sq.m. As of October 31, 2017, we had pre-sold 93,860 sq.m. for phase 2 of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB2,491.1 million and had not provided mortgage guarantee for customers who purchased properties of this project.

The project is developed by Tianjin Real Estate. We entered into the relevant land grant contract in May 2014 and had paid the total land premium of RMB1,555.0 million in full. We obtained the relevant land use right certificates in August 2014. As of June 30, 2017, we had incurred development costs for the project of RMB2,902.1 million. We estimate that we will incur additional development costs of approximately RMB353.0 million for the completion of the project.

(29) *Tianjin Zhenro Zhenro Mansion (天津正榮府)*

Tianjin Zhenro Zhenro Mansion (天津正榮府) is located in Beichen District, Tianjin. It is expected to be a residential project comprised of high- and low-rise apartment buildings, which are all intended for sale. The project was awarded “2015 Most Influential Real Estate Project” (2015 中國最具影響力樓盤) by Anjuke.com (安居客). The project occupies a total site area of approximately 129,309 sq.m. with a planned aggregate GFA of approximately 313,330 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA				Total	Actual	Estimated	
	Residential	Retail	Car Parks	Ancillary Areas		Commencement Date	Completion Date	
	(in sq.m.)							
Phase 1 . . .	209,327	2,130	55,771	3,418	270,646	February 2017	June 2019	
Phase 2 . . .	—	—	—	42,684	42,684	July 2017	November 2019	
Total	<u>209,327</u>	<u>2,130</u>	<u>55,771</u>	<u>46,102</u>	<u>313,330</u>			

As of October 31, 2017, phase 1 and a portion of phase 2 of this project were under development and were expected, upon completion, to have a salable GFA of 211,043 sq.m. and nil, respectively. As of October 31, 2017, we had pre-sold 115,805 sq.m. of phase 1 of this project. The remaining portion of phase 2 of this project was planned for future development, and was expected, upon completion, to have an aggregate GFA of 28,456 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB1,247.2 million and had not provided mortgage guarantee for customers who purchased properties of the project.

BUSINESS

The project is developed by Tianjin Zhenghong. We entered into the relevant land grant contract in March 2016 and had paid the total land premium of RMB1,800.0 million in full. We obtained the relevant land use right certificates in May 2016. As of June 30, 2017, we had incurred development costs for the project of RMB2,149.4 million. We estimate that we will incur additional development costs of approximately RMB1,101.2 million for the completion of the project.

(30) *Tianjin No. Jinnanhonggua 2016-099 (天津 • 津南紅(掛) 2016-099)*

Tianjin No. Jinnanhonggua 2016-099 (天津 • 津南紅(掛) 2016-099) is located in Nankai District, Tianjin. The project is planned to be comprised of residential, office and commercial buildings. We intend to hold certain spaces for investment while other properties within this project are all intended for sale. The project occupies a total site area of approximately 18,190 sq.m. with a planned aggregate GFA of approximately 99,255 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA						Estimated Commencement Date	Estimated Completion Date
Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
(in sq.m.)							
18,000	35,900	20,000	24,255	1,100	99,255	May 2018	November 2020

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 99,255 sq.m. As of October 31, 2017, we had not started pre-sale of the project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

We intend to hold a portion of this project with a planned GFA of 20,000 sq.m. as investment properties, which will be primarily used as SOHO and office spaces. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Zhenro Zhengxing. We entered into the relevant land grant contract in September 2016 and had paid the total land premium of RMB1,810.0 million in full. We obtained the relevant land use right certificate in April 2017. As of June 30, 2017, we had incurred development costs for the project of RMB1,904.2 million. We estimate that we will incur additional development costs of approximately RMB1,100.9 million for the completion of the project.

BUSINESS

Property Projects Developed by Our Subsidiaries — Fuzhou

(31) Fuzhou Zhenro Fortune Center (福州正榮財富中心)



Fuzhou Zhenro Fortune Center (福州正榮財富中心) is located in Minhou District, Fuzhou, Fujian Province. The project is well adjacent to the colleges and has convenient access to public transportation. The project is a mixed-use complex which is comprised of high-rise apartment buildings, a shopping mall, SOHO and other surrounding commercial spaces. We intend to hold the shopping mall for investment, while other properties within this project are all for sale. The project was awarded “2015 Most Valuable Investment Real Estate Project” (2015年最具投資價值樓盤) by China Real Estate Association (中國房地產業協會) and www.qq.com (騰訊網). The project occupies a total site area of approximately 113,333 sq.m. with a planned aggregate GFA of approximately 394,483 sq.m. The project is developed in three phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Total	Actual Commencement Date	Actual Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas			
	(in sq.m.)							
Phase 1 . . .	190,730	8,200	—	44,996	9,488	253,414	April 2014	August 2016
Phase 2 . . .	—	58,672	—	18,527	—	77,199	March 2015	September 2016
Phase 3 . . .	—	9,145	34,222	19,555	949	63,871	October 2014	December 2016
Total	<u>190,730</u>	<u>76,017</u>	<u>34,222</u>	<u>83,077</u>	<u>10,437</u>	<u>394,483</u>		

BUSINESS

As of October 31, 2017, this project had been completed with an aggregate GFA of 394,483 sq.m., of which an aggregate GFA of 84,694 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB43.0 million and had provided mortgage guarantee of RMB563.4 million for customers who purchased properties of this project.

We hold a portion of this project with a planned GFA of 77,199 sq.m. as investment properties, which is primarily used as a shopping mall. The shopping mall in Fuzhou Zhenro Fortune Center is a community-based shopping mall opened on December 16, 2016, which mainly provides dining, shopping and other lifestyle solution to customers in the adjacent residential properties.

The project is developed by Minhou Investment. We entered into the relevant land grant contract in January 2013 and had paid the total land premium of RMB1,277.0 million in full. We obtained the relevant land use right certificates in November 2013. As of June 30, 2017, we had incurred development costs for the project of RMB2,834.4 million. We estimate that we will incur additional development costs of approximately RMB241.9 million for the completion of the project.

(32) *Mawei Zhenro Fortune Center* (馬尾正榮財富中心)



BUSINESS

Mawei Zhenro Fortune Center (馬尾正榮財富中心) is located in Mawei District, Fuzhou, Fujian Province. The project provides easy access to public transportation and is equipped with sophisticated infrastructural facilities including schools, hospitals, shopping malls and banks. The project is a mixed-use complex which is comprised of high-rise apartment buildings, a shopping mall, SOHO and other surrounding commercial spaces. We intend to hold the shopping mall for investment, while other properties within this project are all for sale. The project occupies a total site area of approximately 67,032 sq.m. with a planned aggregate GFA of approximately 253,198 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Total	Actual Commencement Date	Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas			
	(in sq.m.)							
Phase 1 . . .	95,054	9,296	—	49,614	5,058	159,022	April 2015	September 2018
Phase 2 . . .	22,235	24,750	46,596	—	595	94,176	May 2015	January 2019
Total	<u>117,290</u>	<u>34,046</u>	<u>46,596</u>	<u>49,614</u>	<u>5,652</u>	<u>253,198</u>		

As of October 31, 2017, phase 1 and phase 2 of this project were under development and were expected, upon completion, to have a saleable GFA of 139,684 sq.m. and 91,934 sq.m., respectively. As of October 31, 2017, we had pre-sold 97,634 sq.m. for phase 1 and 38,284 sq.m. for phase 2, respectively, of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB1,545.6 million and had provided mortgage guarantee of RMB478.7 million for customers who purchased properties of this project.

We hold a portion of this project with a planned GFA of 16,823 sq.m. as investment properties, which is primarily used as a shopping mall. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Mawei Real Estate. We entered into the relevant land grant contract in February 2014 and had paid the total land premium of RMB856.7 million in full. We obtained the relevant land use right certificate in April 2015. As of June 30, 2017, we had incurred development costs for the project of RMB1,571.2 million. We estimate that we will incur additional development costs of approximately RMB426.8 million for the completion of the project.

BUSINESS

(33) *Fuzhou Zhenro Rivage Garden (正榮 • 潤園)*



Fuzhou Zhenro Rivage Garden (正榮 • 潤園), which is also named Fuzhou Royal Central (福州御品中央), is located in Minhou District, Fuzhou, Fujian Province. The project provides easy access to parks, governmental bodies and shopping malls. As a residential project, it is comprised of high-rise apartment buildings and townhouses. The project occupies a total site area of approximately 51,447 sq.m. with an aggregate GFA of approximately 195,270 sq.m. The project is developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA			Actual Commencement Date	Actual Completion Date	
	Residential	Car Parks	Ancillary Areas			Total
(in sq.m.)						
Phase 1	118,355	36,500	7,364	162,218	October 2012	October 2015
Phase 2	31,767	—	1,284	33,051	October 2012	October 2015
Total	<u>150,121</u>	<u>36,500</u>	<u>8,648</u>	<u>195,270</u>		

BUSINESS

As of October 31, 2017, this project had been completed with an aggregate GFA of 195,270 sq.m., of which an aggregate GFA of 1,365 sq.m. for phase 1 of the project were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB4.0 million and had provided mortgage guarantee of RMB349.6 million for customers who purchased properties of this project.

The project is developed by Minhou Real Estate. We entered into the relevant land grant contract in November 2011 and had paid the total land premium of RMB239.0 million in full. We obtained the relevant land use right certificates in May 2012. As of June 30, 2017, we had incurred development costs for the project of RMB1,032.4 million. We estimate that we will incur additional development costs of approximately RMB11.6 million for the completion of the project.

(34) *Fuzhou Zhenro Mansion (福州正榮府)*

Fuzhou Zhenro Mansion (福州正榮府) is located in Jin'an District, Fuzhou. The project is planned to be comprised of high-rise apartment buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 66,872 sq.m. with a planned aggregate GFA of approximately 215,384 sq.m. The project is planned to be developed in three phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Actual Commencement Date	Estimated Completion Date
	Residential	Retail	Car Parks	Ancillary Areas	Total		
	(in sq.m.)						
Phase 1	—	—	—	600	600	December 2016	December 2019
Phase 2	26,387	26,600	15,318	1,819	70,124	March 2017	December 2019
Phase 3	106,991	3,400	28,149	6,121	144,660	September 2016	December 2019
Total	<u>133,378</u>	<u>30,000</u>	<u>43,467</u>	<u>8,539</u>	<u>215,384</u>		

As of October 31, 2017, phase 1, phase 2 and phase 3 of this project were under development and phase 2 and phase 3 were expected, upon completion, to have a saleable GFA of 68,305 sq.m. and 138,540 sq.m., respectively. As of October 31, 2017, we had pre-sold 21,771 sq.m. for phase 3 of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB228.9 million and had provided mortgage guarantee of RMB7.2 million for customers who purchased properties of this project.

The project is developed by Fuzhou Investment. We entered into the relevant land grant contract in January 2016 and had paid the total land premium of RMB1,910.0 million in full. We obtained the relevant land use right certificates in September 2016. As of June 30, 2017, we had incurred development costs for the project of RMB2,227.0 million. We expect to incur additional development costs of approximately RMB771.5 million for the completion of the project.

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(35) *Fuzhou Zhenro Rivage City* (正榮 • 潤城)



Fuzhou Zhenro Rivage City (正榮 • 潤城) is located in Taijiang District, Fuzhou, Fujian Province. The project provides easy access to parks, governmental bodies and shopping malls. As a residential project, it is comprised of high-rise apartment buildings, which are all for sale. The project occupies a total site area of approximately 22,778 sq.m. with an aggregate GFA of approximately 84,240 sq.m.

Details of this project as of October 31, 2017 were as follows:

Residential	GFA				Actual Commencement Date	Actual Completion Date
	SOHO and Office	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
64,986	2,945	11,143	5,165	84,240	January 2010	August 2012

BUSINESS

As of October 31, 2017, this project had been completed with an aggregate GFA of 84,240 sq.m., which were not available for sale or lease. As of June 30, 2017, we had not received advanced proceeds and had not provided mortgage guarantee for customers who purchased properties of this project.

The project is developed by Fuzhou Real Estate. We entered into the relevant land grant contract in October 2007 and had paid the total land premium of RMB534.0 million in full. We obtained the relevant land use right certificate in October 2009 and renewed our land use right certificate in July 2013. We have completed the construction for this project and we had incurred development costs for the project of RMB1,013.3 million as of June 30, 2017.

(36) *Mawei Zhenro Top Mountain* (正榮 • 悦瀾山)

Mawei Zhenro Top Mountain (正榮 • 悦瀾山) is located in Mawei District, Fuzhou, Fujian Province. The project provides easy access to public transportation and is equipped with sophisticated infrastructural facilities including schools, hospitals, shopping malls and banks. The project is a mixed-use complex which is comprised of high-rise apartment buildings, SOHO and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 25,027 sq.m. with a planned aggregate GFA of approximately 43,400 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA						Actual Commencement Date	Estimated Completion Date
Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
(in sq.m.)							
27,562	1,038	9,106	5,090	603	43,400	November 2016	April 2019

As of October 31, 2017, this project was under development and was expected, upon completion, to have a saleable GFA of 41,712 sq.m. As of October 31, 2017, we had pre-sold 15,213 sq.m. of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB23.2 million and had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Mawei Property. We entered into the relevant land grant contract in February 2016 and had paid the total land premium of RMB139.8 million in full. We obtained the relevant land use right certificate in September 2016. As of June 30, 2017, we had incurred development costs for the project of RMB184.2 million. We estimate that we will incur additional development costs of approximately RMB187.9 million for the completion of the project.

BUSINESS

(37) *Fuzhou Zhenro Yue Lan Bay* (正榮 • 悦瀾灣)



Fuzhou Zhenro Yue Lan Bay (正榮 • 悦瀾灣) is located in Minhou District, Fuzhou, Fujian Province. It is expected to be a residential project comprised of high-rise apartment buildings with commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 29,160 sq.m. with a planned aggregate GFA of approximately 105,253 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual	
Residential	Retail	Car Parks	Ancillary Areas	Total	Commencement Date	Estimated Completion Date
(in sq.m.)						
60,572	20,813	20,676	3,191	105,253	November 2016	April 2019

As of October 31, 2017, a portion of this project was under development and was expected, upon completion, to have a saleable GFA of 85,796 sq.m. As of October 31, 2017, we had pre-sold 19,920 sq.m. of this portion of the project. As of October 31, 2017, the remaining portion of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 16,265 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB97.1 million and had not provided mortgage guarantee for customers who purchased properties of this project.

The project is developed by Minhou Zhengsheng. We entered into the relevant land grant contract in April 2016 and had paid the total land premium of RMB280.0 million in full. We obtained the relevant land use right certificate in November 2016. As of June 30, 2017, we had incurred development costs for the project of RMB400.7 million. We estimate that we will incur additional development costs of approximately RMB276.4 million for the completion of the project.

BUSINESS

(38) *Fuzhou Zhenro Yuejingtai* (正榮 • 悦璟台)

Fuzhou Zhenro Yuejingtai (正榮 • 悦璟台) is located in Luoyuan County, Fuzhou, Fujian Province. The project is expected to be comprised of residential buildings, which are all intended for sale. The project occupies a total site area of approximately 35,164 sq.m. with a planned aggregate GFA of approximately 154,554 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA				Estimated Commencement	Estimated Completion
Residential	Car Parks	Ancillary Areas	Total	Date	Date
(in sq.m.)					
115,112	38,162	1,280	154,554	April 2018	July 2020

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 154,554 sq.m. As of October 31, 2017, we had not started pre-sale of this project.

The project is planned to be developed by Fuzhou Zhengtai. We entered into the relevant land grant contract in October 2017 and the total land premium is RMB384.5 million, of which approximately RMB58.0 million was paid as of October 31, 2017 and the remaining balance is expected to be paid by February 2018. We had not obtained and expected to obtain the relevant land use right certificate by March 2018.

(39) *Mawei No. Mazhongdi 2017-07* (馬尾 • 馬宗地2017-07)

Mawei No. Mazhongdi 2017-07 (馬尾 • 馬宗地2017-07) is located in Mawei District, Fuzhou, Fujian Province. The project is expected to be comprised of residential buildings, which are all intended for sale. The project occupies a total site area of approximately 36,014 sq.m. with a planned aggregate GFA of approximately 44,298 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA				Estimated Commencement	Estimated Completion
Residential	Car Parks	Ancillary Areas	Total	Date	Date
(in sq.m.)					
36,818	408	7,072	44,298	February 2019	September 2020

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 44,298 sq.m. As of October 31, 2017, we had not started pre-sale of this project.

BUSINESS

The project is planned to be developed by Fuzhou Zhengsheng. We entered into the relevant land grant contract in October 2017 and the total land premium is RMB477.6 million, of which approximately RMB95.5 million was paid as of October 31, 2017 and the remaining balance is expected to be paid by January 2018. We had not obtained and expected to obtain the relevant land use right certificate by April 2018.

Property Projects Developed by Our Subsidiaries — Nanping

(40) *Nanping Zhenro Fortune Center* (南平正榮財富中心)

Nanping Zhenro Fortune Center (南平正榮財富中心) is located in Yanping District, Nanping, Fujian Province. The project provides easy access to public transportation and is equipped with sophisticated infrastructural facilities including schools, hospitals, shopping malls and banks. The project is a mixed-use complex which is comprised of high-rise apartment buildings, SOHO and other surrounding commercial spaces. The project occupies a total site area of approximately 205,827 sq.m. with a planned aggregate GFA of approximately 673,970 sq.m. The project is planned to be developed in three phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA						Actual/ Estimated Commencement Date	Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total		
	(in sq.m.)							
Parcel 1 Phase 1 .	234,353	22,613	—	46,970	13,786	317,722	June 2013	November 2019
Parcel 1 Phase 2 .	—	90,500	50,000	18,886	470	159,856	December 2018	November 2020
Parcel 2 . .	182,481	—	—	11,600	2,311	196,392	July 2013	April 2019
Total	416,834	113,113	50,000	77,456	16,567	673,970		

As of October 31, 2017, a portion of parcel 1 phase 1 of this project had been completed with an aggregate GFA of 225,597 sq.m., of which an aggregate GFA of 47,404 sq.m. were available for sale or lease. As of October 31, 2017, the remaining portion of parcel 1 phase 1 and a portion of parcel 2 of this project were under development and were expected, upon completion, to have a saleable GFA of 68,878 sq.m. and 82,260 sq.m., respectively. As of October 31, 2017, we had pre-sold 37,940 sq.m. of this portion of parcel 1 phase 1. As of October 31, 2017, parcel 1 phase 2 and the remaining portion of phase 2 of this project were planned for future development and were expected, upon completion, to have an aggregate GFA of 159,856 sq.m. and 100,220 sq.m., respectively. As of June 30, 2017, we had received advanced proceeds of approximately RMB225.6 million and had provided mortgage guarantee of RMB527.7 million for customers who purchased properties of this project.

BUSINESS

The project is developed by Nanping Real Estate. We entered into the relevant land grant contracts in May 2012 and April 2013, and had paid the separate land premium of RMB394.0 million and RMB190.5 million in full, respectively. We obtained the relevant land use right certificates for the various parcels from 2012 to 2016. As of June 30, 2017, we had incurred development costs for the project of RMB1,725.5 million. We estimate that we will incur additional development costs of approximately RMB928.6 million for the completion of the project.

Property Projects Developed by Our Subsidiaries — Pingtan

(41) *Pingtan Zhenro Smooth Sea* (正榮 • 潤海)



Pingtan Zhenro Smooth Sea (正榮 • 潤海) is located in Pingtan Comprehensive Experimental Zone, Fuzhou, Fujian Province. The project is comprised of high-rise apartment buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 86,217 sq.m. with a planned aggregate GFA of approximately 352,995 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA				Actual Commencement Date	Actual/ Estimated Completion Date	
	Residential	Retail	Car Parks	Ancillary Areas			Total
	(in sq.m.)						
Phase 1	126,668	22,660	42,937	4,059	196,324	September 2014	September 2018
Phase 2	105,694	18,475	28,703	3,799	156,671	December 2014	March 2017
Total	232,361	41,135	71,640	7,858	352,995		

BUSINESS

As of October 31, 2017, a portion of phase 1 and phase 2 of this project had been completed with an aggregate GFA of 138,575 sq.m. and 156,671 sq.m., respectively, of which an aggregate GFA of 5,249 sq.m. and 23,785 sq.m., respectively, were available for sale or lease. As of October 31, 2017, the remaining portion of phase 1 of this project was under development and was expected, upon completion, to have a saleable GFA of 44,849 sq.m. As of October 31, 2017, we had pre-sold 42,389 sq.m. for this portion of phase 1 of the project. As of June 30, 2017, we had received advanced proceeds of approximately RMB597.6 million and had provided mortgage guarantee of RMB1,164.9 million for customers who purchased properties of this project.

The project is developed by Pingtan Real Estate. We entered into the relevant land grant contract in October 2013 and had paid the total land premium of RMB463.6 million in full. We obtained the relevant land use right certificates in May 2014. As of June 30, 2017, we had incurred development costs for the project of RMB1,614.0 million. We estimate that we will incur additional development costs of approximately RMB236.6 million for the completion of the project.

(42) *Pingtan Zhenro Royal Lake Bay* (正榮 • 御湖灣)

Pingtan Zhenro Royal Lake Bay (正榮 • 御湖灣) is located in Pingtan Comprehensive Experimental Zone, Fuzhou, Fujian Province. The project provides convenient access to public transportation, educational and health service facilities, and is located beside Zhuyu Lake. The project is comprised of high-rise apartment buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 23,228 sq.m. with a planned aggregate GFA of approximately 109,428 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual	
Residential	Retail	Car Parks	Ancillary Areas	Total	Commencement Date	Estimated Completion Date
(in sq.m.)						
82,879	4,445	19,229	2,876	109,428	September 2015	December 2018

As of October 31, 2017, this project was under development and was expected, upon completion, to have a saleable GFA of 86,893 sq.m. As of October 31, 2017, we had pre-sold 86,834 sq.m. of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB669.3 million and had provided mortgage guarantee of RMB345.6 million for customers who purchased properties of this project.

The project is developed by Pingtan Investment. We entered into the relevant land grant contract in March 2015 and had paid the total land premium of RMB120.0 million in full. We obtained the relevant land use right certificate in August 2015. As of June 30, 2017, we had incurred development costs for the project of RMB446.7 million. We estimate that we will incur additional development costs of approximately RMB100.3 million for the completion of the project.

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(43) *Pingtang Zhenro Yue Lake Bay* (正榮 • 悦湖灣)

Pingtang Zhenro Yue Lake Bay (正榮 • 悦湖灣) is located in Pingtang Comprehensive Experimental Zone, Fuzhou, Fujian Province. The project provides convenient access to public transportation, educational and health service facilities, and is located beside Zhuyu Lake. The project is comprised of high-rise apartment buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 38,550 sq.m. with a planned aggregate GFA of approximately 137,351 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Actual Commencement Date	Estimated Completion Date
	Residential	Retail	Car Parks	Ancillary Areas	Total		
	(in sq.m.)						
Phase 1	49,033	2,009	13,831	4,685	69,558	March 2017	April 2020
Phase 2	49,414	2,049	13,682	2,648	67,793	August 2017	October 2020
Total	98,447	4,058	27,513	7,333	137,351		

As of October 31, 2017, phase 1 and phase 2 of this project were under development and were expected, upon completion, to have a saleable GFA of 51,042 sq.m and 51,463 sq.m, respectively. As of October 31, 2017, we had pre-sold 45,404 sq.m. and 18,698 sq.m., respectively for phase 1 and phase 2 of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB95.7 million and had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Zhenro Shantian Zhengtai. We entered into the relevant land grant contract in November 2016 and had paid the total land premium of RMB348.5 million in full. We obtained the relevant land use right certificates in March 2017. As of June 30, 2017, we had incurred development costs for the project of RMB401.6 million. We estimate that we will incur additional development costs of approximately RMB467.6 million for the completion of the project.

(44) *Pingtang Zhenro Mansion Phase 1* (平潭正榮府一期)

Pingtang Zhenro Mansion Phase 1 (平潭正榮府一期) is located in Pingtang Comprehensive Experimental Zone, Fuzhou, Fujian Province. The project is a mixed-use complex comprised of apartments, SOHO and other surrounding commercial areas, which are all intended for sale. The project occupies a total site area of approximately 66,560 sq.m. with a planned aggregate GFA of approximately 239,620 sq.m. The project is planned to be developed in two phases.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA					Estimated Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
171,454	7,265	51,758	9,143	239,620	March 2018	October 2021

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 239,620 sq.m. As of October 31, 2017, we had not started pre-sale of this project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Pingtan Zhengsheng. We entered into the relevant land grant contract in June 2017 and had paid the total land premium of RMB1,100.0 million in full. We had obtained the relevant land use right certificate in November 2017. As of June 30, 2017, we had not incurred any development costs for the project. We estimate that we will incur development costs of approximately RMB1,963.3 million for the completion of the project.

(45) Pingtan Zhenro Mansion Phase 2 (平潭正榮府二期)

Pingtan Zhenro Mansion Phase 2 (平潭正榮府二期) is located in Pingtan Comprehensive Experimental Zone, Fuzhou, Fujian Province. It is planned to be a residential and commercial project, which are all intended for sale. The project occupies a total site area of approximately 52,321 sq.m. with a planned aggregate GFA of approximately 202,011 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Estimated Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
141,998	10,203	45,390	4,420	202,011	May 2018	September 2021

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 202,011 sq.m. As of October 31, 2017, we had not started pre-sale of this project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

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The project is developed by Fuzhou Real Estate. We entered into the relevant land grant contract in July 2017 and the total land premium is RMB1,066.0 million, of which approximately RMB852.8 million was paid as of October 31, 2017 and the remaining balance is expected to be paid by January 2018. We had not obtained and expected to obtain the relevant land use right certificate by February 2018. As of June 30, 2017, we had not incurred any development costs for the project. We estimate that we will incur development costs of approximately RMB1,823.4 million for the completion of the project.

Property Projects Developed by Our Subsidiaries — Putian

(46) *Putian Zhenro Smooth Jade* (正榮 • 潤璟)



Putian Zhenro Smooth Jade (正榮 • 潤璟) is located in Licheng District, Putian, Fujian Province. It is a residential project which is comprised of high-rise apartment buildings and commercial spaces, which are all for sale. The project occupies a total site area of approximately 70,655 sq.m. with a planned aggregate GFA of approximately 268,162 sq.m.

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Details of this project as of October 31, 2017 were as follows:

Residential	GFA			Total	Actual Commencement Date	Actual Completion Date
	Retail	Car Parks	Ancillary Areas			
(in sq.m.)						
182,763	22,547	14,730	48,122	268,162	September 2014	April 2017

As of October 31, 2017, this project had been completed with an aggregate GFA of 268,162 sq.m., of which an aggregate GFA of 181,680 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB2,129.2 million and had provided mortgage guarantee of RMB1,033.1 million for customers who purchased properties of this project.

The project is developed by Putian Investment. We entered into the relevant land grant contract in November 2013 and had paid the total land premium of RMB1,234.0 million in full. We obtained the relevant land use right certificate in January 2014. As of June 30, 2017, we had incurred development costs for the project of RMB2,358.6 million. We estimate that we will incur additional development costs of approximately RMB185.6 million for the completion of the project.

(47) *Putian Zhenro Fortune Center (正榮財富中心)*



Putian Zhenro Finance Fortune Center (莆田正榮•金融財富中心), which we later developed and promoted under the name Putian Zhenro Fortune Center (正榮財富中心), is located in Licheng District, Putian, Fujian Province. The project provides convenient access to public transportation, educational and health service facilities, and is located beside Mulan River. The project is a mixed-use complex which is comprised of high-rise apartment buildings, a shopping mall, SOHO and office spaces and other surrounding commercial spaces. We plan to hold the shopping mall and SOHO for investment while other properties within this project are all for sale. The project was awarded “Asia

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Real Estate Leadership Award — Top 10 Best Urban Complexes” (亞洲地產領袖大獎— 十大最佳城市綜合體) by Asian Commercial Real Estate Association (亞洲商業地產協會). The project occupies a total site area of approximately 199,941 sq.m. with a planned aggregate GFA of approximately 929,323 sq.m. The project is planned to be developed in four phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Total	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date
	Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas			
	(in sq.m.)							
Parcel A1 .	—	160,258	100,081	23,435	1,975	285,749	June 2014	January 2017
Parcel A2 .	—	—	79,999	26,885	3,035	109,919	March 2018	December 2020
Parcel B1 .	166,027	12,887	—	14,629	46,383	239,926	April 2013	January 2016
Parcel B2 .	203,679	8,801	—	24,700	56,550	293,730	November 2013	November 2016
Total . . .	<u>369,706</u>	<u>181,945</u>	<u>180,080</u>	<u>89,648</u>	<u>107,944</u>	<u>929,323</u>		

As of October 31, 2017, parcel A1, B1 and B2 of this project had been completed with an aggregate GFA of 285,749 sq.m., 239,926 sq.m. and 293,730 sq.m., respectively, of which an aggregate GFA of 192,527 sq.m., 17,399 sq.m. and 22,739 sq.m., respectively, were available for sale or lease. As of October 31, 2017, parcel A2 of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 109,919 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB92.0 million and had provided mortgage guarantee of RMB2,136.5 million for customers who purchased properties of this project.

We hold a portion of this project with a planned GFA of 176,247 sq.m. as investment properties, which is primarily used as a shopping mall. The shopping mall in Putian Zhenro Fortune Center is the first shopping mall we have developed and is held and managed by us for investment purposes. Opened on December 18, 2015, Putian Zhenro Fortune Center is the largest urban shopping mall in Putian, Fujian Province, providing a comprehensive shopping, dining, entertainment, leisure and other lifestyle solution to our customers of all ages whereby they can make all kinds of purchases and pursue a variety of activities in a modern, comfortable and relaxing environment.

The project is developed by Putian Fortune Center. We entered into the relevant land grant contract in August 2012 and had paid the total land premium of RMB916.0 million in full. We obtained the relevant land use right certificates in August 2012. As of June 30, 2017, we had incurred development costs for the project of RMB4,877.5 million. We estimate that we will incur additional development costs of approximately RMB787.3 million for the completion of the project.

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(48) *Putian Zhenro Royal Orchid Bay* (正榮 • 御品蘭灣)



Putian Zhenro Glorious Orchid Bay (莆田正榮 • 懿品蘭灣), which we later developed and promoted under the name Putian Zhenro Royal Orchid Bay (正榮 • 御品蘭灣), is located in Chengxiang District, Putian, Fujian Province. The project provides easy access to commercial, cultural and entertainment areas. The project is comprised of high-rise apartment buildings and commercial spaces, most of which have been sold. The project occupies a total site area of approximately 30,844 sq.m. with an aggregate GFA of approximately 110,117 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual	
Residential	Retail	Car Parks	Ancillary Areas	Total	Commencement Date	Actual Completion Date
(in sq.m.)						
85,806	3,051	5,924	15,336	110,117	June 2011	April 2014

As of October 31, 2017, this project had been completed with an aggregate GFA of 110,117 sq.m., of which an aggregate GFA of 64 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB16.1 million and had not provided mortgage guarantee for customers who purchased properties of this project.

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The project is developed by Putian Property. We entered into the relevant land grant contract in December 2010 and had paid the total land premium of RMB183.0 million in full. We obtained the relevant land use right certificate in January 2011. We have completed the construction for this project and we had incurred development costs for the project of RMB595.8 million as of June 30, 2017.

(49) *Putian Zhenro Times Plaza (正榮 • 時代廣場)*



Putian Zhenro Times Plaza (正榮 • 時代廣場) is located in Licheng District, Putian, Fujian Province. The project provides convenient access to public transportation and commercial center. The project is a mixed-use complex which is comprised of high-rise apartment buildings, retail pedestrian streets and surrounding commercial spaces. We hold certain retail spaces for investment while other properties within this project are all for sale. The project occupies a total site area of approximately 118,943 sq.m. with an aggregate GFA of approximately 229,088 sq.m.

Details of this project as of October 31, 2017 were as follows:

Residential	Retail	GFA			Actual Commencement Date	Actual Completion Date
		Car Parks	Ancillary Areas	Total		
(in sq.m.)						
133,293	68,891	4,585	22,319	229,088	May 2007	March 2014

As of October 31, 2017, this project had been completed with an aggregate GFA of 229,088 sq.m., of which an aggregate GFA of 44,769 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB10.7 million and had provided mortgage guarantee of RMB174.8 million for customers who purchased properties of this project.

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We hold a portion of this project with a planned GFA of 35,819 sq.m. as investment properties, which is primarily used as a shopping mall. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Putian Real Estate. We entered into the relevant land grant contract in April 2005 and had paid the total land premium of RMB63.0 million in full. We obtained the relevant land use right certificate in July 2006. We have completed the construction for this project and we had incurred development costs for the project of RMB1,437.9 million as of June 30, 2017.

(50) Putian Zhenro Litchi Garden (正榮 • 荔園華府)

Putian Zhenro Litchi Garden (正榮 • 荔園華府) is located in Licheng District, Putian, Fujian Province. The project provides easy access to commercial, cultural and entertainment areas. The project is comprised of high-rise apartment buildings and commercial spaces, most of which have been sold. The project occupies a total site area of approximately 35,268 sq.m. with an aggregate GFA of approximately 78,143 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual	
Residential	Retail	Car Parks	Ancillary Areas	Total	Commencement Date	Actual Completion Date
(in sq.m.)						
66,011	4,666	2,204	5,261	78,143	January 2007	June 2010

As of October 31, 2017, this project had been completed with an aggregate GFA of 78,143 sq.m., of which an aggregate GFA of 819 sq.m. were available for sale or lease. As of June 30, 2017, we had not received advanced proceeds and had not provided mortgage guarantee for customers who purchased properties of this project.

The project is developed by Putian Real Estate. We entered into the relevant land grant contract in April 2005 and had paid the total land premium of RMB17.2 million in full. We obtained the relevant land use right certificate in July 2006. We have completed the construction for this project and we had incurred development costs for the project of RMB341.2 million as of June 30, 2017.

BUSINESS

(51) *Putian Zhenro Royal Family* (正榮 • 御品世家)



Putian Zhenro Royal Family (正榮 • 御品世家) is located in Licheng District, Putian, Fujian Province. The project is well located in the city center and provides convenient access to public transportation and well established facilities such as schools, hospitals and parks. The project is comprised of high-rise apartment buildings and commercial spaces, which are all for sale. The project occupies a total site area of approximately 42,431 sq.m. with an aggregate GFA of approximately 95,542 sq.m.

Details of this project as of October 31, 2017 were as follows:

Residential	Retail	GFA			Actual Commencement Date	Actual Completion Date
		Car Parks	Ancillary Areas	Total		
(in sq.m.)						
71,489	1,625	6,271	16,157	95,542	September 2012	October 2016

As of October 31, 2017, this project had been completed with an aggregate GFA of 95,542 sq.m., of which an aggregate GFA of 5,595 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB13.4 million and had provided mortgage guarantee of RMB174.8 million for customers who purchased properties of this project.

BUSINESS

The project is developed by Putian Real Estate. We entered into the relevant land grant contract in April 2005 and had paid the total land premium of RMB71.5 million in full. We obtained the relevant land use right certificate in July 2006. We have completed the construction for this project and we had incurred development costs for the project of RMB589.2 million as of June 30, 2017.

(52) Putian Zhenro Mansion (莆田正榮府)

Putian Zhenro Mansion (莆田正榮府), which is also named Putian Jade Lake (莆田玉湖), is located in Licheng District, Fuzhou, Fujian Province. The project provides easy access to schools, parks and commercial areas. It is expected to be a residential project comprised of low-, mid- and high-rise apartment buildings with commercial areas, which are all intended for sale. The project occupies a total site area of approximately 94,108 sq.m. with a planned aggregate GFA of approximately 293,673 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
216,456	1,232	63,147	12,838	293,673	August 2016	December 2019

As of October 31, 2017, this project was under development and was expected, upon completion, to have a saleable GFA of 275,747 sq.m. As of October 31, 2017, we had pre-sold 179,808 sq.m. of this project. As of June 30, 2017, we had received advanced proceeds of approximately RMB875.4 million and had provided mortgage guarantee of RMB392.4 million for customers who purchased properties of this project.

The project is developed by Putian Yuhu. We entered into the relevant land grant contract in April 2016 and had paid the total land premium of RMB745.0 million in full. We obtained the relevant land use right certificate in May 2016. As of June 30, 2017, we had incurred development costs for the project of RMB1,040.8 million. We estimate that we will incur additional development costs of approximately RMB675.3 million for the completion of the project.

(53) Putian Zhenro Royal Mansion (正榮 • 木蘭紫闕)

Putian Zhenro Royal Mansion (正榮 • 木蘭紫闕) is located in Chengxiang District, Putian, Fujian Province. The project provides easy access to schools, parks and commercial areas. It is expected to be a residential project with some retail areas, which are all intended for sale. The project occupies a total site area of approximately 33,283 sq.m. with a planned aggregate GFA of approximately 110,416 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
83,581	1,001	21,071	4,763	110,416	September 2017	November 2019

As of October 31, 2017, this project was under development and was expected, upon completion, to have a saleable GFA of 110,416 sq.m. As of October 31, 2017, we had not started pre-sale of the project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Zhenro Zhenghong (Putian). We entered into the relevant land grant contract in October 2016 and had paid the total land premium of RMB618.0 million in full. We obtained the relevant land use right certificate in December 2016. As of June 30, 2017, we had incurred development costs for the project of RMB680.5 million. We estimate that we will incur additional development costs of approximately RMB378.1 million for the completion of the project.

(54) Putian No. PS Pai-2017-10 (莆田 • PS拍-2017-10)

Putian No. PS Pai-2017-10 (莆田 • PS拍-2017-10) is located in Hanjiang District, Putian, Fujian Province. It is planned to be a residential project comprised of high-rise apartments and townhouses, which are all intended for sale. The project occupies a total site area of approximately 79,698 sq.m. with a planned aggregate GFA of approximately 159,487 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA				Estimated Commencement Date	Estimated Completion Date
Residential	Car Parks	Ancillary Areas	Total		
(in sq.m.)					
93,792	63,050	2,645	159,487	February 2018	August 2020

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 159,487 sq.m. As of October 31, 2017, we had not started pre-sale of this project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

BUSINESS

The project is developed by Putian Zhengrun. We entered into the relevant land grant contract in May 2017 and had paid the total land premium of RMB980.0 million in full. We had obtained the relevant land use right certificate in September 2017. As of June 30, 2017, we had incurred development costs for the project of RMB539.1 million. We estimate that we will incur additional development costs of approximately RMB1,132.5 million for the completion of the project.

(55) *Putian Binxi Zhenro Mansion* (濱溪 • 正榮府)

Putian Binxi Zhenro Mansion (濱溪 • 正榮府) is located in Yuhu Xincheng Pian District, Putian, Fujian Province. The project is expected to be comprised of residential buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 23,926 sq.m. with a planned aggregate GFA of approximately 65,850 sq.m.

Details of this project as of October 31, 2017 were as follows:

Residential	Retail	GFA			Estimated Commencement Date	Estimated Completion Date
		Car Parks	Ancillary Areas	Total		
(in sq.m.)						
42,702	3,600	17,998	1,550	65,850	March 2018	May 2020

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 65,850 sq.m. As of October 31, 2017, we had not started pre-sale of this project.

The project is developed by Putian Real Estate. We entered into the relevant land grant contract in October 2017 and the total land premium is RMB359.0 million, of which approximately RMB33.0 million was paid as of October 31, 2017 and the remaining balance is expected to be paid by December 2017. We had not obtained and expected to obtain the relevant land use right certificate by January 2018.

(56) *Putian Shishi Zhenro Mansion* (石獅 • 正榮府)

Putian Shishi Zhenro Mansion (石獅 • 正榮府) is located in Shishi City, Fujian Province. The project is expected to be comprised of residential buildings, which are all intended for sale. The project occupies a total site area of approximately 33,942 sq.m. with a planned aggregate GFA of approximately 115,599 sq.m.

Details of this project as of October 31, 2017 were as follows:

Residential	GFA			Estimated Commencement Date	Estimated Completion Date
	Car Parks	Ancillary Areas	Total		
(in sq.m.)					
87,541	24,979	3,079	115,599	December 2017	March 2020

BUSINESS

As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 115,599 sq.m. As of October 31, 2017, we had not started pre-sale of this project.

The project is developed by Shishi Zhengsheng. We entered into the relevant land grant contract in August 2017 and had paid the total land premium of RMB363.0 million in full. We had obtained the relevant land use right certificate in October 2017.

Property Projects Developed by Our Subsidiaries — Nanchang

(57) *Nanchang Zhenro First Mansion* (正榮 • 學府壹號)



Nanchang Zhenro Run Garden (南昌正榮 • 潤園), which we later developed and promoted under the name Nanchang Zhenro First Mansion (正榮 • 學府壹號), is located in Honggutan District, Nanchang, Jiangxi Province. The project is located beside college campus and has convenient access to public transportation. The project is comprised of high- and low-rise apartment buildings and commercial spaces, which are all for sale. The project occupies a total site area of approximately 59,558 sq.m. with a planned aggregate GFA of approximately 162,504 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Actual Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
127,071	1,818	33,545	69	162,504	November 2014	August 2017

BUSINESS

As of October 31, 2017, this project had been completed with an aggregate GFA of 162,504 sq.m., of which an aggregate GFA of 2,391 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB1,223.7 million and had provided mortgage guarantee of RMB648.3 million for customers who purchased properties of this project.

The project is developed by Nanchang Honggu. We entered into the relevant land grant contract in October 2013 and had paid the total land premium of RMB662.0 million in full. We obtained the relevant land use right certificate in July 2014. As of June 30, 2017, we had incurred development costs for the project of RMB1,226.3 million. We estimate that we will incur additional development costs of approximately RMB83.1 million for the completion of the project.

(58) *Nanchang Zhenro Embellish City* (正榮•潤城)



Nanchang Zhenro Embellish City (正榮•潤城) is located in Xinjian County, Nanchang, Jiangxi Province. The project provides easy access to public transportation and is equipped with sophisticated infrastructural facilities including schools, hospitals and supermarkets. The project is comprised of high-rise apartment buildings and commercial spaces. We intend to hold certain spaces for investment, while other properties within this project are all for sale. The project occupies a total site area of approximately 68,313 sq.m. with an aggregate GFA of approximately 288,632 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Actual Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
219,197	17,985	49,543	1,907	288,632	June 2014	September 2016

As of October 31, 2017, this project had been completed with an aggregate GFA of 288,632 sq.m., of which an aggregate GFA of 8,181 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB33.9 million and had provided mortgage guarantee of RMB882.6 million for customers who purchased properties of this project.

The project is developed by Nanchang Xinjian. We entered into the relevant land grant contract in October 2013 and had paid the total land premium of RMB636.3 million in full. We have obtained the relevant land use right certificate in November 2013. We have completed the construction for this project and we had incurred development costs for the project of RMB1,537.6 million as of June 30, 2017.

(59) *Nanchang Zhenro Royal Sunrise* (正榮 • 御朝陽)



BUSINESS

Nanchang Zhenro Royal Sunrise (正榮 • 御朝陽) is located in West Lake District, Nanchang, Jiangxi Province. The project is comprised of five neighboring parcels of land which we developed and promoted under the names Nanchang Zhenro Royal Bay (南昌正榮 • 御灣), Nanchang Zhenro Royal Summit (南昌正榮 • 御峯), Nanchang Zhenro Royal Quality (南昌正榮 • 御品), Nanchang Zhenro Royal Statue (南昌正榮 • 御尊) and Nanchang Zhenro Royal Garden (南昌正榮 • 御園). Nanchang Zhenro Royal Bay was also promoted under the name Nanchang Zhenro The Country (南昌正榮 • 十里江山). Nanchang Zhenro Royal Sunrise is comprised of high-rise apartment buildings, townhouses and commercial spaces, which are all for sale. The project occupies a total site area of approximately 177,761 sq.m. with an aggregate GFA of approximately 601,244 sq.m.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Actual	
	Residential	Retail	Car Parks	Ancillary Areas	Total	Commencement Date	Actual Completion Date
	(in sq.m.)						
The Country.	124,273	2,273	31,670	2,793	161,009	March 2013	February 2016
Royal Summit . . .	95,056	1,155	39,999	2,349	138,559	June 2013	June 2016
Royal Quality . . .	101,155	1,374	36,968	2,376	141,874	August 2011	September 2015
Royal Statue	46,462	867	16,237	1,710	65,276	August 2011	May 2015
Royal Garden . . .	66,404	1,718	24,087	2,317	94,527	December 2010	November 2013
Total	<u>433,351</u>	<u>7,387</u>	<u>148,961</u>	<u>11,546</u>	<u>601,244</u>		

As of October 31, 2017, this project had been completed with an aggregate GFA of 601,244 sq.m., of which an aggregate GFA of 23,263 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB212.9 million and had provided mortgage guarantee of RMB1,905.8 million for customers who purchased properties of this project.

The project is developed by Nanchang Shiou. We entered into the relevant land grant contracts for the various land parcels from December 2009 to September 2011, and had paid the total land premium of RMB1,411.4 million in full. We obtained the relevant land use right certificates for the various parcels from February 2010 to November 2011. We have completed the construction for this project and we had incurred development costs for the project of RMB3,628.1 million as of June 30, 2017.

BUSINESS

(60) *Nanchang Zhenro The Capital of Great Loch (正榮 • 大湖之都)*



Nanchang Zhenro The Capital of Great Loch (正榮 • 大湖之都) is located in Nanchang County, Nanchang, Jiangxi Province. The project is located nearby a lake and equipped with sophisticated infrastructural facilities including schools, hospitals, banks and shopping malls. The project is comprised of high-, mid- and low-rise apartment buildings, townhouses and commercial spaces. We hold certain commercial space in this project for investment. The project occupies a total site area of approximately 763,037 sq.m. with an aggregate GFA of approximately 1,339,336 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual	
Residential	Retail	Car Parks	Ancillary Areas	Total	Commencement Date	Actual Completion Date
(in sq.m.)						
1,194,628	52,068	78,756	13,884	1,339,336	May 2004	June 2017

As of October 31, 2017, this project had been completed with an aggregate GFA of 1,339,336 sq.m., of which an aggregate GFA of 43,081 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB36.7 million and had provided mortgage guarantee of RMB1,099.0 million for customers who purchased properties of this project.

BUSINESS

We hold a portion of this project with a planned GFA of 15,972 sq.m. as investment properties, which is primarily used as supermarkets. See “— Management of Commercial Properties — Our Investment Properties” for further details.

The project is developed by Nanchang Real Estate. We entered into the relevant land grant contracts between May 2003 to May 2016 and had paid the total land premium of RMB252.0 million in full. We obtained the relevant land use right certificates from June 2003 to June 2006. As of June 30, 2017, we had incurred development costs for the project of RMB4,092.8 million. We estimate that we will incur additional development costs of approximately RMB305.4 million for the completion of the project.

During the development of this project, we experienced non-compliance in connection with defective land parcels, please see “— Compliance with Laws and Regulations — Non-compliance Incidents — Defective Land Parcels” for more details.

(61) *Nanchang Zhenro Mansion* (經開 • 正榮府)

Nanchang Zhenro Mansion (經開 • 正榮府) is located in Economic Development Zone, Nanchang, Jiangxi Province. The project provides easy access to public transportation and is equipped with sophisticated infrastructural facilities including schools, hospitals and supermarkets. The project is comprised of high- and low-rise apartment buildings and commercial spaces, which are all intended for sale. The project was awarded “2017 Real Estate Project to Look Forward to” (2017最值得期待樓盤) by www.sohu.com (搜狐網). The project occupies a total site area of approximately 103,413 sq.m. with an aggregate GFA of approximately 288,545 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date
Residential	Retail	Car Parks	Ancillary Areas	Total		
(in sq.m.)						
195,177	41,507	45,818	6,044	288,545	March 2017	November 2020

As of October 31, 2017, a portion of this project was under development and was expected, upon completion, to have a saleable GFA of 124,438 sq.m. As of October 31, 2017, we had pre-sold 29,239 sq.m. of this portion of the project. As of October 31, 2017, the remaining portion of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 118,534 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB16.2 million and had not provided mortgage guarantee for customers who purchased properties of the project.

BUSINESS

The project is developed by Nanchang Zhengchuang. We entered into the relevant land grant contract in July 2016 and had paid the total land premium of RMB1,427.1 million in full. We have obtained the relevant land use right certificate in September 2016. As of June 30, 2017, we had incurred development costs for the project of RMB1,577.2 million. We estimate that we will incur additional development costs of approximately RMB949.9 million for the completion of the project.

(62) *Nanchang West Lake Violet Mansion* (正榮 • 西湖紫闕)

Nanchang West Lake Violet Mansion (正榮 • 西湖紫闕) is located in Economic Development Zone, Nanchang, Jiangxi Province. The project provides easy access to public transportation and is equipped with sophisticated infrastructural facilities including schools, hospitals and supermarkets. The project is expected to be comprised of high-rise apartment buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 7,049 sq.m. with an aggregate GFA of approximately 20,721 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA				Actual Commencement Date	Estimated Completion Date
Residential	Car Parks	Ancillary Areas	Total	Date	Completion Date
(in sq.m.)					
13,980	5,202	1,539	20,721	April 2017	November 2019

As of October 31, 2017, this project was under development and was expected, upon completion, to have a saleable GFA of 13,980 sq.m. As of October 31, 2017, we had not started pre-sale of the project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

The project is developed by Nanchang Zhenro Zhengxing. We entered into the relevant land grant contract in August 2016 and had paid the total land premium of RMB146.2 million in full. We have obtained the relevant land use right certificate in September 2016. As of June 30, 2017, we had incurred development costs for the project of RMB163.9 million. We estimate that we will incur additional development costs of approximately RMB121.2 million for the completion of the project.

Property Projects Developed by Our Subsidiaries — Yichun

(63) *Yichun Zhenro Royal Riverside* (正榮 • 御品濱江)



Yichun Zhenro Royal Riverside (正榮 • 御品濱江) is located in Yuanzhou District, Yichun, Jiangxi Province. The project is located in the Central Business District and has convenient access to public transportation. The project is comprised of high-rise apartment buildings, SOHO, office spaces and other commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 171,791 sq.m. with a planned aggregate GFA of approximately 486,108 sq.m. The project is planned to be developed in five phases.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA							Actual/	Estimated
Residential	Retail	SOHO and Office	Car Parks	Ancillary Areas	Total	Actual Commencement Date	Completion Date	
(in sq.m.)								
South 1 . . .	25,565	—	—	4,326	—	29,891	March 2012	April 2013
South 2 . . .	138,431	4,397	—	33,803	7,600	184,232	March 2012	December 2013
North 1 . . .	53,980	12,776	—	44,880	—	111,635	August 2013	August 2015
North 2 . . .	72,661	4,383	15,589	—	3,997	96,630	June 2014	June 2018
North 3 . . .	61,245	—	—	2,475	63,720	July 2015	August 2018	
Total	<u>351,882</u>	<u>21,556</u>	<u>15,589</u>	<u>83,009</u>	<u>14,073</u>	<u>486,108</u>		

As of October 31, 2017, phases south 1 and north 1 of this project had been completed with an aggregate GFA of 29,891 sq.m. and 111,635 sq.m., respectively, of which an aggregate GFA of 4,444 sq.m. for phase north 1 were available for sale or lease. As of October 31, 2017, a portion of phases south 2 and north 2 of this project had been completed with an aggregate GFA of 181,532 sq.m. and 82,866 sq.m., respectively, of which an aggregate GFA of 1,274 sq.m. and 1,845 sq.m., respectively, were available for sale or lease. As of October 31, 2017, a portion of phase north 2 and phase north 3 of this project were under development and were expected, upon completion, to have a saleable GFA of 12,561 sq.m. and 61,245 sq.m, respectively. As of October 31, 2017, we had pre-sold 12,241 sq.m. and 60,626 sq.m., respectively, for phases north 2 and north 3 of this project. The remaining portion of phase south 2 of this project was planned for future development and was expected, upon completion, to have an aggregate GFA of 2,700 sq.m. As of June 30, 2017, we had received advanced proceeds of approximately RMB318.9 million and had provided mortgage guarantee of RMB553.2 million for customers who purchased properties of this project.

The project is developed by Jiangxi Real Estate. We entered into the relevant land grant contracts from February 2012 to January 2013 and had paid the total land premium of RMB593.0 million in full. We have obtained the relevant land use right certificates for the various parcels from February 2012 to March 2013. As of June 30, 2017, we had incurred development costs for the project of RMB1,715.0 million. We estimate that we will incur additional development costs of approximately RMB254.3 million for the completion of the project.

BUSINESS

(64) *Yichun Zhenro Landscape Riverside (正榮 • 麗景濱江)*



Yichun Zhenro Landscape Riverside (正榮 • 麗景濱江) is located in Yuanzhou District, Yichun, Jiangxi Province. The project is located in the Central Business District and has convenient access to public transportation. The project is comprised of high-rise apartment buildings, which are all for sale. The project occupies a total site area of approximately 138,667 sq.m. with a planned aggregate GFA of approximately 223,787 sq.m.

Details of this project as of October 31, 2017 were as follows:

Residential	Retail	GFA			Actual	
		Car Parks	Ancillary Areas	Total	Commencement Date	Actual Completion Date
(in sq.m.)						
192,703	12,403	14,525	4,157	223,787	September 2007	September 2013

As of October 31, 2017, this project had been completed with an aggregate GFA of 223,787 sq.m., of which an aggregate GFA of 26 sq.m. were available for sale or lease. As of June 30, 2017, we had received advanced proceeds of approximately RMB0.4 million and had provided mortgage guarantee of RMB140.3 million for customers who purchased properties of this project.

BUSINESS

The project is developed by Jiangxi Real Estate. We entered into the relevant land grant contract in October 2002 and had paid the total land premium of RMB10.5 million in full. We have obtained the relevant land use right certificates for six land parcels in total from 2005 to 2007. We have completed the construction for the project and had incurred development costs for the project of RMB480.3 million as of June 30, 2017.

Properties Projects Held by Our Joint Ventures — Jiaxing

(65) *Jiaxing Zhongnan Zhenro Haishang Mingyue* (中南正榮 • 海上明悦)

Jiaxing Zhongnan Zhenro Haishang Mingyue (中南正榮 • 海上明悦) is located in Pinghu City, Zhejiang Province. The project has convenient access to public transportation. The project is expected to be comprised of residential buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 33,424 sq.m. with a planned aggregate GFA of approximately 84,746 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA								
Residential	Retail	Car Parks	Ancillary Areas	Total	Attributable Total	Attributable Interest to Our Group	Estimated Commencement Date	Estimated Completion Date
(in sq.m.)								
58,098	1,037	18,699	6,912	84,746	42,373	50.0%	November 2017	December 2019

This project is developed by our joint venture, Shanghai Juexu. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 42,373 sq.m. As of October 31, 2017, Shanghai Juexu had not started pre-sale of this project.

The relevant land grant contract was entered in June 2017 and the total land premium of RMB345.0 million had been paid in full. Shanghai Juexu had obtained the relevant land use right certificate in August 2017.

Property Projects Held by Our Joint Ventures — Suzhou

(66) *Suzhou Jinhui Zhenro Four Seasons* (金輝正榮 • 花漫四季)

Suzhou Jinhui Zhenro Four Seasons (金輝正榮 • 花漫四季) is located in Wuzhong District, Suzhou, Jiangsu Province. It is expected to be a residential project, which are all intended for sale. The project occupies a total site area of approximately 32,044 sq.m. with a planned aggregate GFA of approximately 82,018 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA							
Residential	Car Parks	Ancillary Areas	Total	Attributable Total	Attributable Interest to Our Group	Actual Commencement Date	Estimated Completion Date
(in sq.m.)							
62,488	16,675	2,855	82,018	40,189	49.0%	May 2017	March 2019

This project is developed by our joint venture, Suzhou Ronghui. As of October 31, 2017, this project was under development and was expected, upon completion, to have an aggregate GFA attributable to us of 40,189 sq.m. As of October 31, 2017, Suzhou Ronghui had pre-sold an aggregate GFA attributable to us of 1,240 sq.m. of the project. As of June 30, 2017, we had not provided mortgage guarantee for customers who purchased properties of the project.

The relevant land grant contract was entered in November 2016 and the total land premium of RMB521.4 million had been paid in full. Suzhou Ronghui had obtained the relevant land use right certificate in January 2017.

(67) Suzhou No. WJ-J-2017-017 (蘇州 • WJ-J-2017-017)

Suzhou No. WJ-J-2017-017 (蘇州 • WJ-J-2017-017) is located in Wujiang District, Suzhou, Jiangsu Province. The project has convenient access to public transportation. The project is expected to be comprised of residential buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 5,759 sq.m. with a planned aggregate GFA of approximately 21,534 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA								
Residential	Retail	Car Parks	Ancillary Areas	Total	Attributable Total	Attributable Interest to Our Group	Estimated Commencement Date	Estimated Completion Date
(in sq.m.)								
14,008	3,460	3,733	333	21,534	10,767	50.0%	November 2017	March 2019

This project is developed by our joint venture, Suzhou Chengrui. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 10,767 sq.m. As of October 31, 2017, Suzhou Chengrui had not started pre-sale of this project.

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The relevant land grant contract was entered in May 2017 and the total land premium of RMB32.5 million had been paid in full. Suzhou Chengrui had obtained the relevant land use right certificate in October 2017.

(68) Suzhou No. WJ-J-2017-016 (蘇州 • WJ-J-2017-016)

Suzhou No. WJ-J-2017-016 (蘇州 • WJ-J-2017-016) is located in Wujiang District, Suzhou, Jiangsu Province. The project has convenient access to public transportation. The project is expected to be comprised of residential buildings, which are all intended for sale. The project occupies a total site area of approximately 7,585 sq.m. with a planned aggregate GFA of approximately 14,417 sq.m.

Details of this project as of October 31, 2017 were as follows:

		GFA					
Residential	Car Parks	Ancillary Areas	Total	Attributable Total	Attributable Interest to Our Group	Estimated Commencement Date	Estimated Completion Date
(in sq.m.)							
8,211	3,617	2,588	14,417	7,208	50.0%	November 2017	March 2019

This project is developed by our joint venture, Suzhou Lingrui. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 7,208 sq.m. As of October 31, 2017, Suzhou Lingrui had not started pre-sale of this project.

The relevant land grant contract was entered in May 2017 and the total land premium of RMB30.5 million had been paid in full. Suzhou Lingrui had obtained the relevant land use right certificate in October 2017.

Property Projects Held by Our Joint Ventures — Hefei

(69) Hefei Country Garden Zhenro Jade Yue (碧桂園正榮 • 悦璽)

Hefei Country Garden Zhenro Jade Yue (碧桂園正榮 • 悦璽) is located in Xinzhan District, Hefei. It is planned to be a residential project, which are all intended for sale. The project occupies a total site area of approximately 44,787 sq.m. with a planned aggregate GFA of approximately 117,976 sq.m.

BUSINESS

Details of this project as of October 31, 2017 were as follows:

GFA								
Residential	SOHO and Office	Car Parks	Ancillary Areas	Total	Attributable Total	Attributable Interest to Our Group	Actual Commencement Date	Estimated Completion Date
(in sq.m.)								
92,385	615	22,923	2,053	117,976	57,808	49.0%	April 2017	June 2020

The project is developed by our joint venture, Hefei Birong. As of October 31, 2017, this project was under development and was expected, upon completion, to have an aggregate GFA attributable to us of 57,808 sq.m. As of October 31, 2017, Hefei Birong had pre-sold an aggregate GFA attributable to us of 44,273 sq.m. of this project. As of June 30, 2017, Hefei Birong had not provided mortgage guarantee for customers who purchased properties of the project.

We acquired the equity interests of the project in March 2017 and had paid the total land premium of RMB416.5 million in full.

(70) *Hefei Century World* (公元天下)

Hefei Century World (公元天下) is located in Binhu District, Hefei. It is planned to be a mixed-use complex which is comprised of residential area, SOHO and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 130,918 sq.m. with a planned aggregate GFA of approximately 392,301 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA								
Residential	SOHO and Office	Car Parks	Ancillary Areas	Total	Attributable Total	Attributable Interest to Our Group	Actual Commencement Date	Estimated Completion Date
(in sq.m.)								
232,683	77,865	78,586	3,167	392,301	129,549	33.0%	July 2017	October 2019

The project is developed by our joint venture, Hefei Hegui. As of October 31, 2017, a portion of this project was under development and was expected, upon completion, to have an aggregate GFA attributable to us of 96,485 sq.m. As of October 31, 2017, Hefei Hegui had pre-sold an aggregate GFA attributable to us of 14,182 sq.m. for this portion of the project. The remaining portion of this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 32,974 sq.m. As of June 30, 2017, Hefei Hegui had not provided mortgage guarantee for customers who purchased properties of the project.

We acquired the equity interests of the project in July 2017 and had paid the total land premium of RMB2,089.0 million in full.

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Property Projects Held by Our Joint Ventures — Wuhan

(71) Wuhan Zhenro Royal Summit (正榮 • 紫闕台)

Wuhan Zhenro Royal Summit (正榮 • 紫闕台) is located in Wuchang District, Wuhan, Hubei Province. The project is expected to be comprised of high-rise residential buildings, which are all intended for sale. The project occupies a total site area of approximately 136,139 sq.m. with a planned aggregate GFA of approximately 389,131 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA				Total	Attributable Total	Attributable Interest to Our Group	Estimated Commencement Date	Estimated Completion Date
	Residential	Retail	Car Parks	Ancillary Areas (in sq.m.)					
Phase 1.	135,927	2,277	50,786	3,816	192,806	96,403	50.0%	April 2018	January 2020
Phase 2.	144,392	—	50,377	1,556	196,325	98,163	50.0%	March 2019	June 2021
Total . .	280,319	2,277	101,163	5,372	389,131	194,566			

This project is developed by our joint venture, Wuhan Zhengsheng. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 194,566 sq.m. As of October 31, 2017, Wuhan Zhengsheng had not started pre-sale of the project. As of June 30, 2017, Wuhan Zhengsheng had not provided mortgage guarantee for customers who purchased properties of the project.

Wuhan Zhengsheng entered into the relevant land grant contract in October 2016 and had paid the total land premium of RMB4,585.9 million in full. Wuhan Zhengsheng has obtained the relevant land use right certificate in March 2017.

Property Projects Held by Our Joint Ventures — Changsha

(72) Changsha Meixi Zhenro Mansion (梅溪 • 正榮府)



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Changsha Meixi Zhenro Mansion (梅溪 • 正榮府) is located in Xiangjiang New District, Changsha, Hunan Province. The project is comprised of high- and mid-rise apartment buildings and commercial spaces, which are all intended for sale. The project was awarded “2016 Most Habitable Real Estate Project” (2016年度宜居樓盤) by house.sina.com.cn (新浪樂居網). The project occupies a total site area of approximately 108,221 sq.m. with a planned aggregate GFA of approximately 346,235 sq.m. The project is planned to be developed in two phases.

Details of this project as of October 31, 2017 were as follows:

Phase	GFA					Attributable Total	Interest to Our Group	Actual/Estimated Commencement Date	Estimated Completion Date
	Residential	Retail	Car Parks	Ancillary Areas	Total				
	(in sq.m.)								
Phase 1.	140,297	7,800	38,009	7,381	193,487	96,744	50.0%	September 2016	September 2018
Phase 2.	121,290	—	26,087	5,370	152,747	76,374	50.0%	December 2017	April 2020
Total . .	261,587	7,800	64,097	12,751	346,235	173,117			

The project is developed by our joint venture, Changsha Zhenro Zhengtai. As of October 31, 2017, phase 1 and a portion of phase 2 of this project were under development and were expected, upon completion, to have an aggregate GFA attributable to us of 96,744 sq.m. and 55,694 sq.m., respectively. As of October 31, 2017, Changsha Zhenro Zhengtai had pre-sold an aggregate GFA attributable to us of 60,883 sq.m. for phase 1 of this project. As of October 31, 2017, the remaining portion of phase 2 of this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 20,680 sq.m. As of June 30, 2017, Changsha Zhenro Zhengtai had not provided mortgage guarantee for customers who purchased properties of the project.

Changsha Zhenro Zhengtai entered into the relevant land grant contract in May 2016 and had paid the total land premium of RMB1,122.1 million in full. Changsha Zhenro Zhengtai had obtained the relevant land use right certificate in November 2016.

Property Projects Held by Our Joint Ventures — Nanchang

(73) *Nanchang Garden* (新力合園)

Nanchang Garden (新力合園) is located in Jiulonghu District, Nanchang, Jiangxi Province. It is planned to be a commercial and residential project comprised of apartments and commercial areas, which are all intended for sale. The project occupies a total site area of approximately 90,420 sq.m. with a planned aggregate GFA of approximately 240,926 sq.m.

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Details of this project as of October 31, 2017 were as follows:

GFA								
Residential	Retail	Car Parks	Ancillary	Total	Attributable	Interest to Our Group	Actual	Estimated
			Areas		Total		Commencement	
(in sq.m.)								
174,774	14,634	49,659	1,860	240,926	45,776	19.0%	September 2017	September 2019

The project is developed by our joint venture, Nanchang Jianmei. As of October 31, 2017, this project was under development and was expected, upon completion, to have an aggregate GFA attributable to us of 45,776 sq.m. As of October 31, 2017, Nanchang Rongke had pre-sold an aggregate GFA attributable to us of 14,315 sq.m. of this project. As of June 30, 2017, Nanchang Rongke had not provided mortgage guarantee for customers who purchased properties of the project.

The relevant land grant contract was entered in April 2017 and the total land premium of RMB728.3 million had been paid in full.

(74) *Nanchang Zhenro Linlong Mansion* (正榮華潤 • 玲瓏府)

Nanchang Zhenro Linlong Mansion (正榮華潤 • 玲瓏府) is located in Jiulonghu District, Nanchang, Jiangxi Province. The project has convenient access to public transportation. The project is expected to be comprised of residential buildings and commercial places, which are all intended for sale. The project occupies a total site area of approximately 72,103 sq.m. with a planned aggregate GFA of approximately 361,414 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA								
Residential	Retail	Car Parks	Ancillary	Total	Attributable	Interest to Our Group	Estimated	Estimated
			Areas		Total		Commencement	
(in sq.m.)								
279,146	8,805	71,830	1,633	361,414	90,354	25.0%	December 2017	November 2019

This project is developed by our joint venture, Nanchang Zhengrun. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 90,354 sq.m. As of October 31, 2017, Nanchang Zhengrun had not started pre-sale of this project. As of June 30, 2017, Nanchang Zhengrun had not provided mortgage guarantee for customers who purchased properties of this project.

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The relevant land grant contract was entered in April 2017 and the total land premium of RMB579.9 million had been paid in full. Nanchang Zhengrun had obtained the relevant land use right certificate in May 2017. As of June 30, 2017, we had incurred development costs for the project of RMB603.2 million. We estimate that we will incur additional development costs of approximately RMB507.0 million for the completion of the project.

Property Projects Held by Our Associated Companies - Shanghai

(75) *Shanghai No. 201419370776439142 (上海 • 201419370776439142)*

Shanghai No. 201419370776439142 (上海 • 201419370776439142) is located in Qingpu District, Shanghai. The project has convenient access to public transportation. The project is expected to be comprised of shopping malls and SOHO offices, which are partially intended for sale. The project occupies a total site area of approximately 70,857 sq.m. with a planned aggregate GFA of approximately 307,227 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA							
Retail	SOHO and Office	Car Parks	Total	Attributable Total	Attributable Interest to Our Group	Estimated Commencement Date	Estimated Completion Date
(in sq.m.)							
84,270	112,873	110,084	307,227	61,445	20.0%	May 2018	November 2020

This project is developed by our associated company, Shanghai Xuxi Property Co., Ltd. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 61,445 sq.m. As of October 31, 2017, Shanghai Xuxi Property Co., Ltd. had not started pre-sale of this project.

Shanghai Xuxi Property Co., Ltd. entered into the relevant land grant contract in July 2017 and had paid the total land premium of RMB1,430.0 million in full. Shanghai Xuxi Property Co., Ltd. had obtained the relevant land use right certificate in September 2017.

Property Projects Held by Our Associated Companies — Nanjing

(76) *Nanjing No. 320115001022GB00780-GB00784 (南京 • 320115001022GB00780-GB00784)*

Nanjing No. 320115001022GB00780-GB00784 (南京 • 320115001022GB00780-GB00784) is located in Jiangning District, Nanjing, Jiangsu Province. The project has convenient access to public transportation. The project is expected to be comprised of residential buildings, SOHO offices and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 54,173 sq.m. with a planned aggregate GFA of approximately 248,880 sq.m.

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Details of this project as of October 31, 2017 were as follows:

GFA									
Residential	Retail	SOHO	Car	Ancillary	Attributable		Attributable Interest to Our Group	Estimated Commencement Date	Estimated Completion Date
		and Office	Parks	Areas	Total	Total			
(in sq.m.)									
105,503	16,609	54,120	68,794	3,854	248,880	49,776	20.0%	April 2018	June 2021

This project is developed by our associated company, Nanjing Taiqi Real Estate Development Co., Ltd. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 49,776 sq.m. As of October 31, 2017, Nanjing Taiqi Real Estate Development Co., Ltd. had not started pre-sale of this project.

The relevant land grant contract was entered in July 2017 and the total land premium of RMB1,700.0 million had been paid in full. Nanjing Taiqi Real Estate Development Co., Ltd. had not obtained and expected to obtain the relevant land use right certificate by December 2017.

Property Projects Held by Our Associated Companies — Suzhou

(77) *Suzhou Yuzhou Zhaoshang Shili* (禹洲招商 • 拾鯉)

Suzhou Yuzhou Zhaoshang Shili (禹洲招商 • 拾鯉) is located in Xiang Cheng District, Suzhou, Jiangsu Province. The project has convenient access to public transportation. The project is expected to be comprised of residential buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 128,313 sq.m. with a planned aggregate GFA of approximately 320,580 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA									
Residential	Retail	Car	Ancillary	Attributable		Attributable Interest to Our Group	Actual Commencement Date	Estimated Completion Date	
		Parks	Areas	Total	Total				
(in sq.m.)									
211,145	4,840	64,606	39,989	320,580	64,116	20.0%	July 2017	November 2019	

This project is developed by our associated company, Suzhou Haoyi Property Development Co., Ltd. As of October 31, 2017, a portion of this project was under development and was expected, upon completion, to have an aggregate GFA attributable to us of 41,519 sq.m. The remaining portion of this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 22,597 sq.m. As of October 31, 2017, Suzhou Haoyi Property Development Co., Ltd. had pre-sold an aggregate GFA attributable to us of 3,571 sq.m. of this project.

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The relevant land grant contract was entered in February 2017 and the total land premium of RMB1,521.3 million had been paid in full. Suzhou Haoyi Property Development Co., Ltd. had obtained the relevant land use right certificate in April 2017.

(78) Suzhou WJ-J-2017-019 (蘇州 • WJ-J-2017-019)

Suzhou WJ-J-2017-019 (蘇州 • WJ-J-2017-019) is located in Wujiang Gaoxin District, Suzhou, Jiangsu Province. It is expected to be a residential project comprised of townhouses, which are all intended for sale. The project occupies a total site area of approximately 66,738 sq.m. with a planned aggregate GFA of approximately 122,638 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA							
Residential	Car Parks	Ancillary Areas	Total	Attributable Total	Attributable Interest to Our Group	Actual Commencement Date	Estimated Completion Date
(in sq.m.)							
68,949	52,404	1,285	122,638	44,150	36.0%	October 2017	November 2018

The project is developed by our associated company, Suzhou Zhengchuang. As of October 31, 2017, this project was under development and was expected, upon completion, to have an aggregate GFA attributable to us of 44,150 sq.m. As of October 31, 2017, Suzhou Zhengchuang had not started pre-sale of this project. As of June 30, 2017, Suzhou Zhengchuang had not provided mortgage guarantee for customers who purchased properties of the project.

The relevant land grant contract was entered in May 2017 and the total land premium of RMB907.6 million had been paid in full. Suzhou Zhengchuang obtained the relevant land use right certificate in August 2017. As of June 30, 2017, we had incurred development costs for the projects of RMB244.3 million. We estimate that we will incur additional development costs of approximately RMB1,229.1 million for the completion of the project.

Property Projects Held by Our Associated Companies — Wuhan

(79) Wuhan Qingneng Zhenro Mansion (清能正榮府)

Wuhan Qingneng Zhenro Mansion (清能正榮府) is located in Huangpi District, Wuhan, Hubei Province. The project has convenient access to public transportation. The project is expected to be comprised of residential buildings and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 156,511 sq.m. with a planned aggregate GFA of approximately 622,643 sq.m.

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Details of this project as of October 31, 2017 were as follows:

GFA								
Residential	Retail	Car	Ancillary	Total	Attributable	Interest to	Estimated	Estimated
		Parks	Areas		Total	Our Group	Commencement	Completion
(in sq.m.)								
425,473	9,900	178,238	9,032	622,643	31,132	5.0%	April 2018	November 2021

This project is developed by our associated company, Wuhan Qingneng Decheng Real Estate Co., Ltd. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 31,132 sq.m. As of October 31, 2017, Wuhan Qingneng Decheng Real Estate Co., Ltd. had not started pre-sale of this project.

Wuhan Qingneng Decheng Real Estate Co., Ltd. entered into the relevant land grant contract in August 2017 and had paid the total land premium of RMB1,048.0 million in full. Wuhan Qingneng Decheng Real Estate Co., Ltd. had obtained the relevant land use right certificate in September 2017.

Property Projects Held by Our Associated Companies — Zhengzhou

(80) *Zhengzhou Xuhui Zhenro Capital Mansion* (旭輝正榮首府)

Zhengzhou Xuhui Zhenro Capital Mansion (旭輝正榮首府) is located in Erqi District, Zhengzhou. It is planned to be a residential project comprised of high-rise apartments and commercial areas, which are all intended for sale. The project occupies a total site area of approximately 69,439 sq.m. with a planned aggregate GFA of approximately 221,307 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA								
Residential	Retail	Car Parks	Ancillary	Total	Attributable	Interest to	Actual	Estimated
			Areas		Total	Our Group	Commencement	Completion
(in sq.m.)								
166,497	1,488	47,879	5,444	221,307	53,114	24.0%	August 2017	March 2019

The project is developed by our associated company, Zhengzhou Shengqing Property Co., Ltd. As of October 31, 2017, a portion of this project was under development and was expected, upon completion, to have an aggregate GFA attributable to us of 19,468 sq.m. The remaining portion of this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 33,645 sq.m. As of October 31, 2017, Zhengzhou Shengqing Property Co., Ltd. had not started pre-sale of this project. As of June 30, 2017, Zhengzhou Shengqing Property Co., Ltd. had not provided mortgage guarantee for customers who purchased properties of the project.

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We acquired the equity interests of the project in June 2017 and had paid the total land premium of RMB988.9 million in full.

Property Projects Held by Our Associated Companies — Tianjin

(81) *Tianjin No. Jinbinbeitanggua 2017-1-A/B/C/D/E/F/G/H/I/J (天津 • 津濱北塘(掛) 2017-1-A/B/C/D/E/F/G/H/I/J)*

Tianjin No. Jinbinbeitanggua 2017-1-A/B/C/D/E/F/G/H/I/J (天津 • 津濱北塘(掛) 2017-1-A/B/C/D/E/F/G/H/I/J) is located in Binhai New District, Tianjin. The project has convenient access to public transportation. The project is expected to be comprised of townhouses and commercial spaces, which are all intended for sale. The project occupies a total site area of approximately 149,245 sq.m. with a planned aggregate GFA of approximately 219,707 sq.m.

Details of this project as of October 31, 2017 were as follows:

GFA									
Residential	Retail	Car			Total	Attributable		Estimated Commencement Date	Estimated Completion Date
		Parks	Areas	Ancillary		Total	Interest to Our Group		
(in sq.m.)									
161,933	904	46,683	10,187	219,707	27,463	12.5%	April 2018	December 2019	

This project is developed by our associated company, Tianjin Shunji Real Estate Co., Ltd. As of October 31, 2017, this project was planned for future development and was expected, upon completion, to have an aggregate GFA attributable to us of 27,463 sq.m. As of October 31, 2017, Tianjin Shunji Real Estate Co., Ltd. had not started pre-sale of this project.

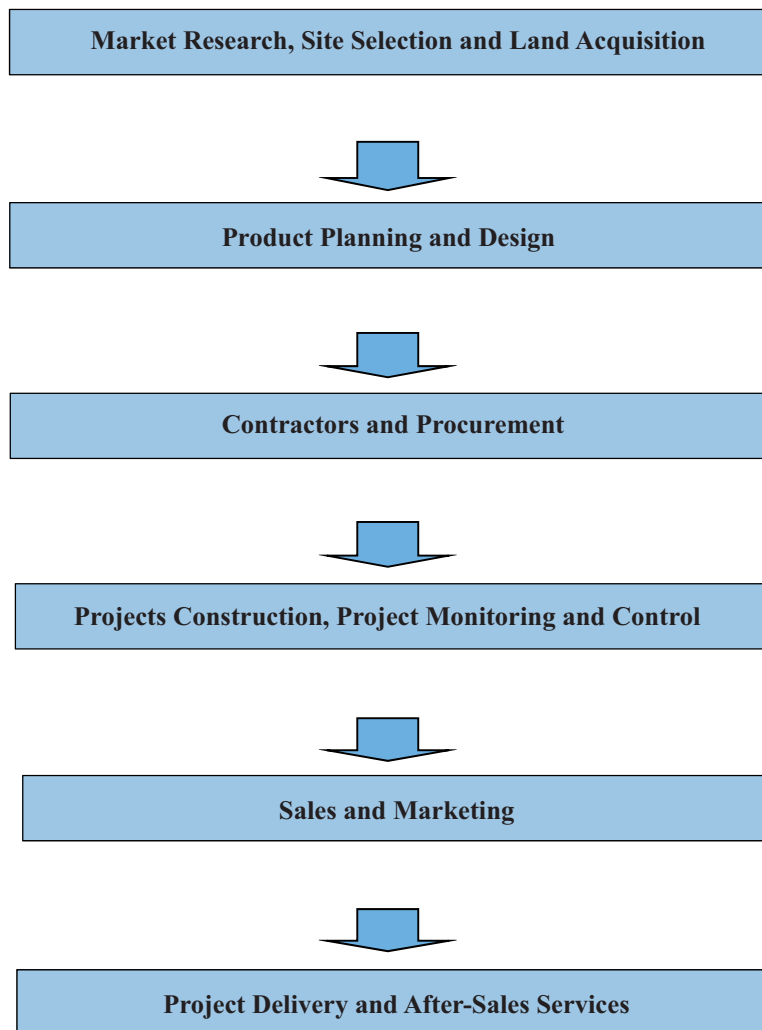
The relevant land grant contract was entered in July 2017 and the total land premium of RMB2,560.3 million had been paid in full. Tianjin Shunji Real Estate Co., Ltd. had not obtained and expected to obtain the relevant land use right certificate by January 2018.

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OUR PROJECT OPERATION AND MANAGEMENT

Our Project Development Process

We have demonstrated strong execution capabilities and experience with the development of various types of property projects, ranging from large-scale residential properties to integrated mixed-use properties that include residential buildings, shopping mall(s), SOHO and office spaces and other surrounding commercial spaces. The diagram below set forth the major stages typically involved in our development of a property project:



Market Research and Site Selection

We typically select sites for the development of our projects in urban centers and central areas of newly developed districts in economically developed cities, as well as other cities in China that we believe have strong prospects for growth. Our market research efforts cover general studies on selected cities where we have operations or plan to expand into, and will include information and analysis on potential customers, customer demands and the availability and estimated cost of suitable land parcels in such cities.

Prior to acquiring a parcel of land, our management will consider key factors that influence the growth of the local property market and make an informed decision based on a feasibility analysis and research. The key factors we consider in site selection include, among others, the following:

- general economic conditions and development prospects of a city;
- income levels and purchasing power of local residents;
- population density of the city and the local areas, particularly the surrounding area within five kilometers from the target site;
- infrastructure, urban planning and the development plan of the local government;
- growth trend of the local property market;
- location of the site in the city, proximity to the city center and access to transport and public facilities;
- suitability of the site for our product positioning; and
- estimated development costs and time and expected investment returns.

We devote significant management resources to the site selection process, which involves collaboration among departments with different functions. Once an in-depth feasibility study of a targeted land parcel is available, our investment management center, product research and development department, marketing management department, cost management department, finance management center and operation management department, our local management teams of the relevant potential property projects, and as the case may be, our commercial asset management department and legal affair department, will participate into a feasibility study meeting to evaluate such investment opportunity. The results of such evaluation will then be submitted to our investment committee for consideration and final decision making. Our investment committee, which typically comprises our Chairman of the Board of Directors, our president, as well as the vice presidents of the relevant departments at our headquarters level, reviews and approves the potential property development.

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Land Acquisition

Under current PRC laws and regulations, land use rights for the purpose of industrial use, commercial use, tourism, entertainment and commodity housing developments must be granted by the government through public tender, auction or listing-for-sale. We primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities. When deciding to whom the land use rights should be granted, the relevant authorities may consider not only the bidding price, but also the bidder's real estate development experience, development track record, credit history, qualifications and development proposal in connection with their local zoning, urbanization and development plans. In addition, we also acquire land through auctions and public tenders.

We have also employed land acquisition strategies to acquire land at competitive costs by cooperating with third-party business partners through joint ventures and associated companies. In November 2016, we entered into a business cooperation agreement with a regional property developer to invest in, and jointly manage, a project company initially established by such property developer who won the bid for land parcel No. 2016-WG-56 in Suzhou in September 2016. In addition, we occasionally acquire land parcels from third parties by acquiring equity interests in companies that possess land use rights. In November 2016, we acquired from an independent third party 100% equity interest in Hunan Xiushan Lishui, which possesses two land parcels in Changsha for our Changsha Binjiang Zhenro Mansion project with an aggregate site area of 106,652 sq.m. As we believe that acquiring land parcels at competitive prices is critical to our development strategy, we will employ the acquisition strategy that we believe will best meet such goal.

In conjunction with the acquisition of land use rights from the PRC government, property developers in the PRC are required to pay a land grant premium to the relevant government authority and apply for a land use rights certificate (if applicable, a real estate rights certificate) conferring land use rights. In general, upon the payment of the land grant premium to the relevant land authorities, land use rights are granted for a term of 70 years for residential properties, 40 years for mixed-use complexes and 50 years for office complexes.

Project Planning and Design

We have strong in-house design capabilities with a dedicated product research and development department of more than 100 employees. We have established standardized designs, components and modules for our projects to ensure efficiency and cost control, while we adapt and revise these standard designs to our development projects, taking into account local aesthetic preferences, government policies, product positioning and market conditions.

Our product design philosophy is to introduce customer-oriented designs that best suit the needs of our customers. We pay significant attention to details so that the design of our products will bring increased convenience and value-added experience to our customers based on their lifestyle and habits. For example, we design and develop community farm focusing on planting display, ecological education and community events in our residential property projects. Our first community farm, Zhenro Farm, which is located in Suzhou Zhenro Royal Kingdom and opened in 2015, communicates the value of nature and creates a healthy and happy urban community that is highly recognized by our

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customers. We are also actively engaged in designing indoor and outdoor health facilities for all ages and for all seasons. Moreover, unlike traditional entrance cabinets with shoe storage compartment in most other property developments, the standardized entrance cabinet system in most of our residential properties is designed for multi-function purposes, allowing our customers to place and storage handbags, keys, shoes and umbrellas, as well as to conceal meter box in the entry halls to optimize house design. We believe our attention to such planning and product innovations showcases our focus on our customers and that we strive to provide them with the best experience as to our products, which we believe also complement the value of our properties.

When developing a project, our product research and development department formulates the master planning and design specifications for the project under development. They ensure that the master design concept and design plan meet our internal design philosophy and standards and conform to our cost control and operational requirements. In addition, based on our product database, they collaborate with city and project companies, other relevant departments at our headquarters, and third-party architectural and design firms during the planning and design process to prepare more detailed architectural plans and design drawings.

We typically use a tender process on a project-by-project basis in selecting third-party architectural and design firms and request such potential firms to provide a proposal with a fee quote. In making our decision, we consider their proposed design concepts, former experience with major property developers, innovation capability, reputation for reliability and quality as well as our previous experience working with them and the price of their proposed services. We currently maintain strategic relationships with several leading third-party architectural and design firms, such as Aedas, EKISTICS, DLC and S.P.I. Landscape, and expect to deepen our cooperation with such firms in the future. These firms are architects and designers that we have previous working relationships with, are familiar with our product requirements and have illustrated strong design capabilities. As such, we believe these firms will be able to most efficiently assist us and reduce the overall timeframe required for product design and development.

Contractors and Procurement

Contractors and Sub-contractors

We outsource the construction work of our property development projects to qualified contractors. We usually engage a general contractor for the major construction of a project, including main structure construction, equipment installation and engineering work. Many of the general contractors we have worked with hold the Premium Grade Constructor Qualification in the PRC. We maintain strategic cooperative relationships with several leading domestic contractors in China, including China Nuclear Industry Huaxing Construction Company Limited. In addition, we also involve specialized contractors in specific areas, such as landscaping and foundation works. We believe that contracting our construction work could allow us to leverage the expertise of the construction contractors and minimize certain risks, such as risks from fluctuations in the cost of certain raw materials, and allow us to focus on our principal business of property development.

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The tender process is managed by the cost management department at our headquarters and relevant regional management and project company level. We maintain a database of more than 100 approved qualified contractors from which we select to attend the tender process in accordance with relevant PRC laws and regulations. We conduct due diligence on major potential contractors, such as inspecting their credentials and on-site supervision of their offices and property projects, and only those contractors who have passed our due diligence are admitted to our database. We seek tenders from at least four contractors for one bid from our database of approved qualified contractors and conduct price and quality assessment on such contractors. In selecting the winning bid, we typically consider the contractors' professional qualifications, technical capabilities, industry reputation, construction team in charge of the potential project, track record and price.

General contractors and sub-contractors will enter into a construction agreement based on the standard template provided by the relevant government authority. Pursuant to such agreements, the general contractors and sub-contractors are obliged to undertake the entire construction work in strict compliance with laws and regulations as well as our design specifications and time schedules. In general, we pay the contractor 70% to 80% of the full contract price during the construction process by stage payments, according to the stages of construction process. We usually pay approximately 95% to 97% of the total contract price upon the completion of the project and settlement, while holding back the remaining approximately 3% to 5% as retention fee for quality warranties purpose. The construction contractors are generally required to provide us with a warranty period typically ranging from one to five years, for any losses we may incur as a result of not being able to meet contractually specified quality standards. The unused portion of the retention fee will be returned to the contractors after the warranty period has expired. We may also agree to settle the retention fee by instalments over the warranty period. However, we will also be able to claw back any portion of such retention fee already remitted to the contractor to cover any losses that we may incur that is greater than the unremitted portion. In addition, under circumstances where the construction schedules are delayed for more than the period of time as stipulated in the agreements, we will also be entitled to a pre-determined amount as a penalty payment and, in some cases, we will have the right to terminate the agreements. Our Directors believe that the amount of retention fee we withhold under our construction contracts is in line with the industry practice in the PRC and is sufficient to cover the construction warranties we provide to our customers under the sale and purchase agreements.

Procurement

We are responsible for purchasing certain specialized building materials and equipment such as doors, windows, and air conditioning systems directly from suppliers through tender processes. We typically procure materials from our database of approved qualified suppliers to ensure quality. Our database collects information as to such suppliers, including their quality of service and pricing, which are regularly reviewed and updated by us. We seek tenders from at least four suppliers for one bid from our database of approved suppliers and conduct price and quality assessment on these suppliers. In deciding the winning bid, we consider factors such as product and service quality and suitability of such suppliers to our potential projects and reputation.

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Most building construction materials, such as steel and cement, are procured by contractors we engage, although we typically designate the brands and quality requirements of these construction materials as part of our construction agreements. With respect to most of our general contracting agreements, the construction contract price will be adjusted if the market price fluctuation of such materials exceeds a certain threshold (typically 3% to 10%), and we, as a result, will bear the risks or enjoy the benefits associated with such price increases or decreases outside this range. During the Track Record Period, fluctuations in the construction raw materials did not exceed the relevant materiality threshold in the relevant agreements we had with our construction contractors.

Our construction materials are primarily purchased from suppliers in the PRC. Our construction management department at our headquarters and the individual construction management teams of our city and project companies oversee the quality of each project development, conduct monthly on-site inspection and pre-examine the construction materials before they are used in the projects. For certain specialized building materials and equipment we procure on our own, we do not generally maintain construction material inventory, but order these materials and equipment only on an as needed basis. During the Track Record Period, we did not experience any shortage or delay in the supply of construction materials and equipment that had a material adverse effect on our business operation.

Project Construction

To comply with relevant PRC laws and regulations, before construction can commence, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the land use rights certificate (if applicable, the real estate rights certificate), the construction land planning permit, the construction work planning permit and the construction work commencement permit (which will only be issued after the land use rights certificate (if applicable, the real estate rights certificate), the construction land planning permit and the construction work planning permit are obtained). As of the Latest Practicable Date, except for the projects we had not commenced construction, we had obtained land use rights certificates and all relevant certificates (if applicable, real estate rights certificate) and permits as required by the PRC laws and regulations for all of our projects or project phases under development and projects held for future development.

Moreover, we are also required to commence construction of our developments within the time prescribed by PRC laws and regulations or otherwise our lands may be regarded as “idle land” and as a result we may be subject to certain penalties and the idle land might be resumed without any compensation. Under the Measures on Disposing of Idle Land promulgated by the MLR on April 28, 1999 and revised on June 1, 2012, “idle land” is defined as the granted state-owned construction land that (i) failed to commence construction within one year from the construction date undertaken in its land grant contract; or (ii) its construction has been suspended for over one year and the area under construction is less than one third of the total area ought to be under construction or the invested capital is less than 25% of the total amount of capital ought to be invested. During the Track Record Period and up to the Latest Practicable Date, we did not hold any idle lands and were not required to forfeit any land or pay any idle land fee by the government authorities.

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Project Monitoring and Control

Quality Control

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

We have also established a comprehensive set of standardized technical and quality control guidelines that provide detailed requirements as to quality control standards and specifications for all major aspects of our construction processes. To implement our quality control guidelines, we have established a three-tiered quality control system that governs each aspect of the development process. As of the Latest Practicable Date, we had approximately 400 employees dedicated to construction management and quality control. Our construction management and quality control teams at our project company, regional management and headquarters level are comprised of qualified engineers and construction technicians.

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

Progress Control

We have established a project schedule management system that specifies the timeframe in which each check point needs to be achieved during the project development process. We have integrated the project schedule management system into our IT system. This system automatically alerts the relevant departments and responsible staff and officers of the timeliness of their performance for each task. Any delay to a check point will draw the immediate attention of our management at our headquarters, so that our management are able to track and adjust such schedule in accordance with market conditions. Such project schedule management system enables us to monitor the pace of each project development in a timely manner and to quickly identify any potential delays to the final schedule. Once a delay to a check point is identified, our city and project companies and our construction management department at our headquarters will aim to implement remedial measures to shorten the

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time frame for future milestones to ensure that the overall project timeline will not be compromised or to reduce the impact of such delay. In addition, we provide detailed project construction timelines in our agreements with third-party construction contractors and will closely monitor to ensure that such timeline is met.

Cost Control

We have established a comprehensive cost management system to set the relevant budget for our projects, including how to assess the different cost components. For each project, the relevant city and project company, as approved by its general manager, shall prepare a master budget, which will be submitted to the cost management department and finance management center at the headquarters level and then ultimately approved by our chief executive officer.

We have established a dedicated cost management department at our headquarters to approve and monitor all construction and supplier agreements entered into. The cost management department reviews and ensures that the relevant contracted amount and payment schedule is in accordance with those set forth in our master budget. The agreements are recorded in our ERP system that forms part of IT system. The contract management system provides us with the capability to keep track of payment schedules which helps us to manage our payments and cash flow. Our finance management center and cost management department review and verify the actual costs incurred in detail and compare such costs with the master budget and with similar expenses incurred at our other projects on a monthly basis. We believe such cost control procedures enable our management to identify and anticipate situations where actual cost may exceed the initially approved budget and to take the appropriate remedial measure in a timely manner as a result. In the event that the master budget for a project needs to be revised, approval from our senior management must be obtained. In addition to our cost control procedures, our centralized procurement of certain specified construction materials and equipment also contribute to our ability to control development cost.

Sales and Marketing

Sales and Marketing Efforts of Our Group

Our in-house sales and marketing team was established at both headquarters and the regional management level. The marketing management department at our headquarters is in charge of formulating marketing strategies and setting marketing goals, controlling project marketing control and budget and evaluating the performance of the local sales and marketing team. The sales and marketing teams designated by our regional management teams, on the other hand, are responsible for the formulation and execution of detailed project marketing plans. To ensure better management and quality control, the regional management teams, instead of the project companies, manage the sales and marketing of individual property projects.

We rely on the efforts of our own marketing management departments for the sale of most of our properties. We believe by establishing and strengthening our own sales and marketing team, and leveraging the supports of our other departments, we are better positioned to gain deeper understanding of the market in order to improve our marketing and pricing efforts, and better able to identify industry trends and customer demands that can benefit in optimizing our products.

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Furthermore, we believe the interest of our own sales and marketing team are better aligned with our Group as compared to external real estate sales agencies. Our sales and marketing personnel are incentivized by performance-based compensation packages. We believe we provide relative competitive incentives to our sales and marketing staff, which are based on the performance evaluation of the individual sales and marketing personnel and their marketing teams.

We occasionally engage third-party real estate sales agents depending on market conditions and our overall sales condition of the particular project to facilitate our sales and marketing efforts. These real estate sales agents promote our property projects through their own marketing networks and bring in potential customers in their database to our project sites. In consideration of their services, we typically pay a commission depending on the total sales amount they make. For the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we incurred real estate sales agent commissions of RMB1.7 million, RMB10.2 million, RMB17.9 million, RMB11.6 million and RMB13.3 million, respectively, which were in line with the rapid growth of our contracted sales.

Our marketing management department is generally involved from the early stage of project development to ensure that our property developments are well positioned and priced by providing valuable information relating to our target market, local pricing information, pricing of competitive projects, customers and estimated sales velocity. We conduct our marketing activities for a property development project in two key phases:

- The first phase begins with the construction commencement ceremony and marks the official launch of the marketing process for the relevant project. Our marketing and promotional programs at this stage include (i) establishing on-site sales office and (ii) advertising through a variety of media, including television, newspapers and magazines, point-of-sale materials, the Internet, mobile media and outdoor billboards. Our marketing goal is to promote market awareness of the project and to enhance our corporate image.
- The second phrase begins with initiation of pre-sale. Our marketing and promotional programs at this stage focus on more detailed property product introduction and open house events. We set up on-site reception centers to display model units of our projects and other detailed information about the development. The marketing and promotional goal is to attract potential purchasers and to stimulate interest in various types of properties in the project.

For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, our selling and distribution expenses were approximately RMB332.2 million, RMB557.7 million, RMB587.5 million, RMB237.9 million and RMB284.9 million, respectively.

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Pre-Sale

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

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

Our Directors confirm that, during the Track Record Period, we did not experience any significant delays in obtaining the pre-sale permits.

In addition, property developers are also required to use a standard pre-sale contract prescribed by the relevant local authorities. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sales with the relevant local authorities and provide warranties on the quality of properties we sell to our customers for periods shorter than that for the quality warranties we receive from our construction contractors under the relevant construction contracts.

Cancelled contracted sales are sales transactions cancelled after the down-payment and signing of pre-sale contracts. So far as our Directors are aware, cancelled contracted sales during the Track Record Period were primarily due to personal reasons of the purchasers under exceptional circumstances and did not have a material adverse effect on our financial condition.

Pricing Policies

Prior to the launch of our sales efforts for a project, we establish the overall marketing budget, overall sales targets for each project and target ASPs based on our total costs incurred and our target probability levels. Total costs incurred include all costs incurred in relation to the construction of the property development project, including land costs, construction costs, marketing costs and capitalized finance costs. A premium will be added based on our target rate of return, overall sales target for each project and the competitive landscape.

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Due to the highly competitive and evolving nature of the real estate industry in China, we are required to constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate. We have adopted a dynamic realizable-market-value-based inventory management approach in the entire life cycle of a property project, focusing on maximizing returns for our property projects, optimizing cash position and responding quickly to market changes. As part of our overall goal and strategic plan, we set annual targets as to the total sales price and revenue for all of our property projects, which are based on our development plan, estimated cash flow, market prospects, estimated costs and profit target. In accordance with such targets, we manage our property inventory position on the basis of their realizable market value. Accordingly, we establish additional or adjust our investment plans and product positioning, design, sales price and marketing approach in view of such estimated realizable market value. In particular, although sales targets are set at our headquarters, we empower a senior management team in each city which performs regional management functions with the ability to adjust sales price for our projects based on changing market conditions due to their familiarity with the local property markets. For example, rather than becoming fixated on a pre-determined price levels, in times of market downturn and subject to approvals of our headquarters, such regional management teams can quickly adopt discounts and other incentive measures to promote our properties as to ensure a healthy cash flow while maintain revenue generating. On the other hand, in more robust markets, these regional management teams are able to quickly increase the sales price for our properties to keep abreast of the developing market situations. Such ability to adjust our inventory status, sales price and cash flow to proactively respond to trends in local property markets has enabled us to maintain profitability.

As part of our marketing efforts, during the Track Record Period, we offered discounts to customers who pay the property price in full upon signing the formal sale and purchase agreement without mortgage, and customers who purchase more than one property or have multiple purchase records. We believe the above discounts were effective in attracting potential customers and improving our profitability in general and we consider that the discounts granted were in line with the then prevailing market practice.

Payment Arrangements

Our customers can make the payment in one lump sum by cash, or by instalment payments with mortgage financing. We typically asked our customers to pay a non-refundable deposit before entering into the sales or pre-sale contract. The deposit will be forfeited if the customer decides not to sign the formal sales or pre-sale contract. The deposit will be deducted from the purchase price if the customer later opts to settle the payment in full. If a purchaser chooses to make a lump-sum payment, the balance of the purchase price is to be paid no later than the date specified in the sale and purchase agreement. We usually require customers to pay 30% of the total purchase price on the contract date and to settle the remaining 70% within one month after entering into the sales or pre-sale contracts.

Customers may also choose to fund their purchases using mortgage loans provided by commercial banks. In this case, they will be required to pay a non-refundable down payment of approximately 20% to 70% of the purchase price upon entering into the sales or pre-sale contracts in accordance with the terms stipulated in the contract, depending on whether it is their first mortgage for residential properties, and at least 50% of the purchase price for commercial properties. The mortgage bank will normally pay the remainder of the purchase price within one to three months,

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depending on the approval process of relevant mortgage banks. Under the relevant PRC laws and regulations, our customers may obtain mortgage loans with a repayment period of up to 30 years. If the remainder of the purchase price is not covered by the mortgage banks, these customers must pay to us the outstanding balance of the purchase price.

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and when required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the building ownership certificate to the purchaser and the certificate is registered in favor of the bank. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan. We do not conduct credit checks on our customers but rely on the credit checks conducted by relevant banks.

As of December 31, 2014, 2015 and 2016 and June 30, 2017, our outstanding guarantees over the mortgage loans of our customers amounted to RMB4,851.7 million, RMB11,775.8 million, RMB18,129.5 million and RMB21,486 million, respectively. In case our customers default under the formal sale and purchase agreement entered into at pre-sale for properties pre-sold which were financed by bank mortgages, we, as the guarantor for the purchasers' mortgaged loan, are required to repay all amounts due under the mortgages owed by the purchaser to the mortgage bank. Generally, upon the defaults of the purchaser, the mortgagee bank would initiate legal proceedings against the purchaser for the mortgage loan and apply the proceeds from sale of the mortgaged property by auction in the payment of amounts due under the mortgage. Accordingly, if the proceeds of the sale of the mortgaged property by auction are not enough to cover the amounts due under the mortgage, we, as the guarantor for the purchasers, would need to pay any short-fall to the mortgage bank.

In the case of a customer default, we are entitled to forfeit the deposits paid by the purchaser and foreclose on the relevant property. Moreover, if a customer defaults on payment of its mortgage, the mortgagee bank may deduct the payment due from the deposited sum and require us to repay the entire outstanding balance of the mortgage pursuant to the guarantee and we also have the right to terminate the sale and purchase agreement with the defaulting customer. Upon fulfillment of our obligations under the guarantee, the mortgagee bank would then assign its rights under the mortgage to us and we would then have full recourse to the property. We believe that our guarantees on the mortgage loans of our purchasers are over-secured as we believe the aggregate fair value of the underlying properties exceeds the aggregate amount of outstanding guarantees.

During the Track Record Period and up to the Latest Practicable Date, we encountered 29 incidents of default by purchasers which resulted in our Group having to repay all outstanding amounts, in aggregate, of RMB9.1 million owed by the purchaser to the mortgagee banks under the loan. See "Risk Factors — Risks Relating to Our Business — We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments."

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Project Delivery and After-Sales Services

Project Completion and Delivery

We strive to deliver completed properties to our customers within the time frame prescribed in the respective pre-sale or sale and purchase contracts. Before delivery of properties to our customers, we may obtain the relevant completion certificate (房屋建築工程竣工驗收備案表) or other certificates as required under the respective sales contracts as well as the local laws and regulations. See “Regulatory Overview — Real Estate Transactions — Sale of Commodity Properties” for further details. It typically takes approximately one to two years from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any significant delays in the completion of our projects or delivery of relevant title documents after sales.

To help ensure timely delivery of our properties, we closely monitor the progress of construction of our projects and conduct pre-delivery property inspections. Our construction management department and customer relationship department jointly inspect the properties prior to delivery to ensure that our quality standard has been met. Our staff will notify our customers in writing before the delivery date stipulated in the sale and purchase agreements to arrange the delivery procedures.

We will assist our customers in obtaining their individual property ownership certificates by providing all requisite information to the local authorities for registration. The local authorities will then grant an individual property ownership certificate or a real estate rights certificate for each property unit afterwards.

We do not conduct independent credit checks and due diligences as to our purchasers when providing guarantees but instead rely on the credit checks conducted by the mortgagee banks, and will typically require a higher initial payments to purchasers with less than ideal credit histories or purchasers whose mortgage is considered too high as compared to their income. In addition, for certain purchasers that have been delinquent in their other financing obligations, we may refuse to provide guarantees for their mortgage loans. During the Track Record Period and up to the Latest Practicable Date, we only encountered a limited number of incidents of default by purchasers under the formal sale and purchase agreement entered into at the pre-sale stage. In accordance with the sale and purchase agreements, we have taken measures including negotiation and litigation to recover damages due to the buyer’s breach of the formal sale and purchase agreements. Upon executing the formal sale and purchase agreements, customers are required to pay in full the total purchase price. As advised by our PRC Legal Advisor, Commerce & Finance Law Offices, generally the purchasers have no contractual right to terminate the formal sale and purchase agreement or request for refund of the purchase price entered into at the pre-sale stage due to the subsequent changes in the market price of the properties. Our Directors are therefore of the view that the likelihood that the customers would default under the formal sale and purchase agreements entered into at pre-sale stage is remote.

According to our accounting policies, our revenue is recognized when the properties are delivered to our customers. The recognition of our revenue from sale of properties is not subject to the grant of the property ownership certificates or real estate certificates to our customers.

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Our customer relationship department and the property management company we engage are responsible for after-sales services. We aim to resolve our customers' queries in relation to property construction in a timely manner.

Warranties

We provide our customers with a warranty for the quality of the structure of the building pursuant to the Measures on the Sales of Commodity Housing (商品房銷售管理辦法) and Regulations for the Operations of Urban Property Development (城市房地產開發經營管理條例). In addition, we also provide quality warranties for certain fittings and fixtures, if applicable, usually for a period of two years, according to the published national standards.

In particular, we provide the following warranties, amongst others, for our residential properties:

- warranty as to the foundation and main structure of the properties for the period designed for reasonable use of the relevant properties;
- five-year warranty for defects relating to the waterproofing of property surfaces;
- five-year warranty for defects relating to the waterproofing of bathrooms, rooms and walls;
- two-year warranty with respect to the heater and air conditioner systems;
- two-year warranty with respect to the electricity, sewage pipes and equipment installment; and
- two-year warranty with respect to the refined decoration work.

All warranty periods commence on the day of actual delivery of the relevant properties, or the day the properties are deemed as delivered in accordance with relevant contracts. We do not provide warranties with respect to defects that are caused by third parties or improper use and defects resulting from natural disasters. We usually provide quality warranties for periods no shorter than that for quality warranties we receive from our construction contractors under the relevant construction contracts. Our construction contractors are responsible for warranties in respect of the relevant quality standards and for the costs incurred for the relevant maintenance work. We do not maintain provisions with respect to warranties.

In general, we allow for returns of our properties in circumstances where there are material delays in the delivery of our properties which exceed the periods stipulated in the relevant sales and purchase agreements, material quality defects with respect to our properties, material changes made by us to the design of the properties which result in changes in areas such as property layout, spatial dimension and orientation, and material discrepancies in the GFA of our properties delivered as compared to the GFA stipulated in the sales and purchase agreements.

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We may receive customer claims in relation to the quality of real properties that we developed from time to time. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims. Relevant third-party contractors shall be responsible for the repair or maintenance at their own costs subject to the warranties provided in the agreements that they entered with us. During the Track Record Period, we have not been involved in any material claims or received any material complaints with respect to the quality of our building structures or other fittings which cannot be rectified by the relevant contractors in accordance with their warranty provisions of the relevant contracts.

After-Sales Services

We rely on our customer relationship department and relevant property management companies we engage to provide after-sale services. Our customer service team is also responsible for collecting and analyzing customer data through customer satisfaction surveys in order to improve service quality, identify customer preferences and provide such feedback to the construction management team to improve our operation, including project design and marketing strategies.

We have also established a membership program “Zhenro Club (正榮會)” in certain of our properties in which purchasers of such property are automatically enrolled with. We believe the membership program enables us to establish better relationships with customers, build customer loyalty, foster brand awareness, better solicit timely customer feedbacks and also to better handle our ability to customer complaints.

For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, we received nil, 19, 13 and eight customer complaints about the quality of our properties, primarily due to minor construction and installation defects, none of which involved compensation payments made by us to the customers. Our Directors are of the view that our current product quality control measures are sufficient, which has led to a decrease in the number of customer complaints about our property quality we received from 2015 to the six months ended June 30, 2017 despite our rapid business growth during the periods.

In addition, we are also subject to customer complaints in relation to the delay in delivery of property title documents subject to the purchase agreements entered into with our customers and mortgage agreements entered into with our customers, the commercial banks and us, due to various reasons, including longer time required for completing the relevant procedures than expected or delay in commencing the relevant procedures, such as the examining procedure by the relevant land use right authorities and the registration, approval and certificate production procedures by the relevant property right authorities. We have increased our communication with the relevant government authorities to actively follow up on the status of certificate applications, aiming to speed up the registration and approval process. Except as otherwise disclosed in the prospectus, we believe that we are able to timely apply for and deliver the property title documents to our customers pursuant to relevant purchase agreements and mortgage agreements, which in turn efficiently reduces the number of customer complaints relating to the delay in delivery of property title documents.

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

MANAGEMENT OF COMMERCIAL PROPERTIES

Our Commercial Properties

We have developed and maintained commercial and mixed-use property portfolios of three product lines, as follows:

Product Line	Features
Fortune center series (財富中心系列)	<ul style="list-style-type: none">• <i>Positioning:</i> Urban shopping malls to provide a comprehensive shopping, dining, entertainment, leisure and other lifestyle solution to our customers of all ages whereby they can make a wide range of purchases and pursue a variety of activities in a modern, comfortable and relaxing environment.• <i>Floor area:</i> GFA ranging from 80,000 sq.m. to 100,000 sq.m.• <i>Examples:</i> Putian Zhenro Fortune Center and Fuzhou Zhenro Fortune Center.
Times Plaza series (時代廣場系列)	<ul style="list-style-type: none">• <i>Positioning:</i> Community commercial facilities to improve life quality of people, which are typically adjacent to office complexes and other residential and commercial properties with differentiation.• <i>Floor area:</i> GFA ranging from 50,000 sq.m. to 80,000 sq.m.• <i>Examples:</i> Putian Zhenro Times Plaza.
Zhenro Street series (正榮街系列)	<ul style="list-style-type: none">• <i>Positioning:</i> Commercial premises in the ground floor or commercial blocks in a community to provide a convenient shopping, dining and other lifestyle solution to family households in the adjacent residential properties.• <i>Floor area:</i> GFA ranging from 20,000 sq.m. to 50,000 sq.m.• <i>Examples:</i> Commercial facilities located in Nanchang Zhenro Mansion.

Our Investment Properties

We hold and operate a portion of our commercial properties for long-term investment purposes. We currently hold as investment properties the commercial spaces of our shopping malls at the

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

As of October 31, 2017, we had five completed investment properties, all of which are mixed-use complexes we developed and are in operation and open to the public. In addition, as of October 31, 2017, we had six investment properties under construction or held for future development, which are expected to be completed and commence operation in the next three years.

The following table set forth our investment properties under development or held for future development as of October 31, 2017.

City	Project Name	Estimated Construction Completion Date	Estimated Total GFA (sq.m.)
Shanghai . .	Shanghai Hongqiao Fortune Center	2020	106,112
Shanghai . .	Shanghai Hongqiao Zhenro Center	2018	5,811
Nanjing . . .	Nanjing Zhenro Riverside Violet Mansion	2020	135,891
Xi'an	Xi'an Jingheng Rainbow Valley	2017	101,982
Tianjin	Tianjin No. Jinnanhonggua 2016-099	2020	20,000
Fuzhou . . .	Fuzhou Mawei Zhenro Fortune Center	2019	16,823

Built-to-Suit Management Model and Pre-Leasing

We have developed an “built-to-suit” management model for our commercial or mixed-use properties. We begin to obtain pre-leasing commitments prior to the commencement of construction of a shopping mall. This model enables our tenants to maximize their ability to customize their leased spaces during the construction of the development projects to best suit their needs. In order to satisfy the tenants’ need for the relevant spaces, our product research and development department and commercial assets management department work together closely with tenants to ensure that the products we deliver are aligned with their requirements.

Under our built-to-suit management model, for a new project, we first produce a general distribution blueprint and construction plan at the initial planning and design stage. After the general layout is completed, we formulate and determine the strategic position of individual stores. We invite potential tenants to participate in our tender process and the winning bidders will pay deposits for them to become the “anchor tenants” or “sub-anchor tenants” of our development projects. These tenants are typically well-known brands or stores that take up an area of at least over 400 sq.m. in GFA, depending on the total floor area of each shopping mall. We then communicate with potential

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anchor or sub-anchor tenants to understand their specific requirements and needs. Based on communication with these potential tenants, we then tailor a more detailed blueprint layout as to tenant mix and store positioning. Shortly before the construction is completed, we will typically enter into formal leasing contracts with the winning bidders. Our built-to-suit management model has allowed us to effectively secure a significant portion of leasing commitments from anchor tenants and sub-anchor tenants before commencement of operation of our shopping malls. For example, as of December 31, 2016, we achieved an occupancy rate of over 90% upon commencement of operations of our shopping mall in Fuzhou Zhenro Fortune Center, which opened on December 16, 2016.

Lease Agreements

Our investment properties generally have lease-term range from three to five years. Some of our leases are at a fixed rate with also a performance premium component. Leases are generally calculated as the higher of (i) fixed rates during a pre-determined period that then escalates based on an agreed upon rate through the remainder of the lease term, generally through an annual percentage increase; or (ii) performance premiums calculated based on a pre-determined percentage of the retail gross revenue of the tenants.

To maintain the competitiveness and profitability of our investment properties, we closely monitor the operation and performance of individual stores to assess their appeal to customers and their ability to pay rents on time. Our system is able to connect to the point-of-sale systems of our tenants and monitor in real time the performances of each store. We also review the performance of our tenants on a monthly basis. We may propose lease adjustment during the negotiations for the renewal of lease contracts with our tenants based on our tenant's performances.

Selection, Merchandizing and Management of Tenants

To maintain a high-quality tenant base, we have established and maintained a database which consists of quality brands selected from marketing events and historical business relationships and which serves as the primary source for potential tenants. Our commercial assets management department and commercial property management companies are responsible for managing such database, including conducting the annual evaluation, grading, addition and removal of brands in the database. As of June 30, 2017, the database consisted of more than 2,000 brands, many of which are internationally and nationally well-known brands.

Marketing and Promotion

To maintain a high occupancy rate of our shopping malls opened and expected to open, we have formulated a set of marketing strategies and developed activities using internal sources and external sources to promote our commercial and mixed-use properties and attract visitors, including:

- advertising through a variety of media, including television, newspapers and magazines, point-of-sale materials, the Internet, mobile media, outdoor billboards and new media;

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- host grand opening ceremony, car exhibitions, magic shows and other major events, shows and performances at our investment properties; and
- establish various experience stores or spaces including children's parks, aquarium, and bird's forests which aim to offer unique immersion experience for visitors.

Property Management of Our Commercial Properties

In addition to the lease of our investment properties, our commercial property management subsidiaries provide property management services to commercial properties we developed. We collect a management fee based on their relative location, usage and usable GFA. As of October 31, 2017, our commercial property management subsidiaries provided service to shopping malls, retail space on our pedestrian streets, restaurants, SOHO and offices spaces with a total GFA of 0.3 million sq.m.

SUPPLIERS AND CUSTOMERS

Our major suppliers are construction material suppliers and construction contractors. During the Track Record Period, we depended on a limited number of major suppliers to operate our businesses. Some of our general contractors and sub-contractors are local level operating entities owned or controlled by group companies in China. Although we transacted with such local level operating entities on an individual basis, we aggregated the purchases from such entities and counted the relevant group companies as our major suppliers. As such, our five largest suppliers accounted for approximately 43.0%, 55.2%, 41.0% and 46.5% of our total purchases for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, respectively. Our single largest supplier for each of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 accounted for approximately 30.0%, 31.1%, 22.5% and 28.7% of our total purchases, respectively. As of June 30, 2017, our business relationships with these major suppliers had generally been over three years.

We believe construction industry in China is generally competitive and fragmented and construction contractors are readily available. During the Track Record Period, we engaged a large number of general contractors and sub-contractors other than the group companies and we believe we are able to secure sufficient supplies in a timely manner at comparable cost if one or several of current suppliers fail to provide us with contractor service and raw materials in the quantity and quality meeting our requirements.

Our five largest customers are individual and corporate purchasers of our residential or commercial properties and accounted for approximately 0.9%, 1.4%, 5.2% and 6.7% of our total revenue for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, respectively. Our single largest customer for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 accounted for approximately 0.3%, 0.6%, 2.9% and 1.9% of our revenue, respectively.

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

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AWARDS AND RECOGNITIONS

The below table sets forth a summary of the key awards and certificates of our Group or our properties as of the Latest Practicable Date.

Recipient/Project	Award/Recognition	Awarding Authority	Year
Zhenro Properties Holdings	2016 Comprehensive Strength Award in Prime Real Estate (2016年度品質地產綜合力大獎)	Golden Brick Awards for Real Estate of China (中國地產金磚獎評選委員會), 21th Century Business Herald (21世紀經濟報導), Bo'ao 21th Century Real Estate Forum (博鰲21世紀房地產論壇)	2016
Zhenro Group	China Top 100 Real Estate Developers (中國房地產百強企業)	Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy	from 2005 to 2012, and from 2015 to 2017
	China Top 50 Real Estate Developers (中國房地產開發企業50強)	China Real Estate and Housing Research Association (中國房地產研究會), China Real Estate Association (中國房地產業協會), China Real Estate Appraisal Center (中國房地產測評中心)	since 2013
	Top 10 Responsible Real Estate Developers (中國房地產開發企業責任地產10強)	China Real Estate and Housing Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會), China Real Estate Appraisal Center (中國房地產測評中心)	from 2013 to 2015
	Top 20 Brands of China Real Estate Companies (中國房地產公司品牌價值Top20)	Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy	from 2015 to 2017
	2017 China Excellent Commercial Real Estate Developers (2017中國商業地產優秀企業)	Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy	2017
	China Real Estate Fashion Awards — 2015 China Most Innovative Real Estate Developer (2015中國最具創新力地產企業)	The Organizing Committee of Bo'ao Real Estate Forum (博鰲房地產論壇組委會)	2015

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Recipient/Project	Award/Recognition	Awarding Authority	Year
Shanghai Hongqiao Zhenro Center . . .	2015 Best Brand of China Real Estate Projects (2015中國房地產優秀品牌項目)	China Real Estate and Housing Research Association (中國房地產研究會), China Real Estate Association (中國房地產業協會), China Real Estate Appraisal Center (中國房地產測評中心)	2015
	Asia Model For Eco-Commercial in 2015 (2015亞洲生態商務旗艦)	Hurun Report (胡潤百富報告)	2015
	2015 Golden Award for Residential Real Estate Project (2015全國人居經典建築金獎)	Architectural Society of China (中國建築學會)	2015
Shanghai Hongqiao Zhenro Mansion . . .	2016-2017 China New Hundred Urban Landmark Architecture (2016-2017中國百城建築新地標)	China Index Academy (中國指數研究院)	2016-2017
	2016 China Real Estate Outstanding Brand Project (2016中國房地產優秀品牌)	China Real Estate and Housing Research Association (中國房地產研究會)	2016
	2015 China Real Estate Property Developer Typical Residential Project 2015 (中國房地產開發企業典型住宅品牌)	China Real Estate and Housing Research Association (中國房地產研究會), China Real Estate Association (中國房地產業協會), China Real Estate Appraisal Center (中國房地產測評中心)	2015
	Asia Top 10 Well-Crafted Condo in 2015 (2015亞洲十大精工名宅)	Hurun Report (胡潤百富報告)	2015
	2015 Comprehensive Award for Architecture Planning and Design of Residential Real Estate Projects (2015年全國人居經典建築規劃設計綜合大獎)	Architectural Society of China (中國建築學會)	2015
Suzhou Zhenro Royal Kingdom . . .	2015 Most Influential Real Estate Project (2015年度最具影響力樓盤)	Recognized separately by Anjuke.com (安居客) and house.qq.com (騰訊房產)	2015
Nanjing Zhenro Riverside Wonderland	2014-2015 Reputation Real Estate Project (2014-2015口碑樓盤)	www.fang.com (搜房網)	2014-2015
	2014 Top 10 Real Estate Projects Worth Buying (2014年十大值得購買樓盤)	house.ifeng.com (鳳凰網房產)	2014
Changsha Meixi Zhenro Mansion . . .	2016 Most Habitable Real Estate Project (2016年度宜居樓盤)	house.sina.com.cn (新浪樂居網)	2016

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Recipient/Project	Award/Recognition	Awarding Authority	Year
Changsha Zhenro Fortune Center . . .	City Advancement Golden Award (城市推動金獎)	Mall China (中國購物中心產業資訊中心), Council of Asian Shopping Centers (亞洲購物中心協會)	2015
	Commercial Real Estate Project with Most Growth Potential (中國最具成長商業地產)	China Commercial Real Estate Forum (中國商業地產行業發展論壇)	2015
Tianjin Zhenro Zhenro Mansion . . .	2015 Most Influential Real Estate Project (2015中國最具影響力樓盤)	Anjuke.com (安居客)	2015
Fuzhou Zhenro Fortune Center . . .	2015 Most Valuable Investment Real Estate Project (2015最具投資價值樓盤)	China Real Estate Association (中國房地產業協會) and www.qq.com (騰訊網)	2015
Putian Zhenro Fortune Center . . .	Asia Real Estate Leadership Award—Top 10 Best Urban Complexes (亞洲地產領袖大獎— 十大最佳城市綜合體)	Asian Commercial Real Estate Association (亞洲商業地產協會)	2012
Nanchang Zhenro Mansion	2017 Real Estate Project to Look Forward to (2017年最值得期待樓盤)	www.sohu.com (搜狐網)	2016

COMPETITION

The property market in China is highly fragmented and competitive. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including leading developers from Hong Kong, who have business operations in cities where we operate or intend to operate. We compete with them in relation to a number of factors, including land acquisition, brand recognition, financial resources, prices, product quality, service quality and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and stronger brand recognition.

In particular, the residential property market in the regions in which we focus, namely the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Bohai Economic Rim, and the Western Taiwan Straits Economic Zone have been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in first- and second-tier cities in these regions. The rapid development of these major cities in recent years has led to a diminishing supply of undeveloped land in desirable locations in the first- and second-tier cities in these regions. Moreover, the PRC government has implemented policies to tightly control the amount of new land available for development. These factors have increased competition and land grant premiums in relation to land made available for development.

We believe that the major competitive factors in the residential property development industry include the geographic location, management expertise, financing, access to transportation infrastructure, size of land reserves and land bank, product quality, brand recognition by customers, customer services and support, pricing and design quality. There is no assurance that we will be able

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to continue to compete effectively in our industry. See “Risk Factors — Risks Relating to Our Industry — The PRC property market industry is highly competitive” and “Risk Factors — Risks Relating to Our Business — We may not be successful in managing our growth and expansion into new cities and regions and new businesses.”

We believe that, with our proven property development capabilities, balanced investment portfolio and customer-oriented product offerings, we have demonstrated resiliency to market changes and competition. Further, given our premium brand and strong execution capabilities, we believe we can react promptly to the challenges in the PRC real estate market.

INTELLECTUAL PROPERTY

We place emphasis on developing our brand and have extensive trademark registrations to protect all respects of our brand. We conduct our business in the PRC under three trademarks transferred from Zhenro Group Company as part of the Corporate Restructuring. We also have three trademarks registered in Hong Kong. In addition, we have registered the domain name of zhenrodc.com for the website of our Group on the Internet. Further details of our intellectual property rights are set out in “Statutory and General Information — B. Further Information About Our Business — 2. Our Intellectual Property Rights” in Appendix V.

As of the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

INSURANCE

There are no national mandatory provisions under the relevant PRC laws and regulations requiring property developers to maintain insurance coverage with respect to their property development operations. We do not maintain any insurance policies for our residential property development projects. We generally maintain property insurance for our commercial property projects held for investment. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements.

We believe our practice is with industry norms. However, there are certain risks for which we are not insured, and we may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our business operations. See “Risk Factors — Risks Relating to Our Business — Current insurance coverage may not be adequate to cover all risks related to our operations” for further details.

PROPERTIES FOR SELF-USE

As of October 31, 2017, we did not own properties for self-use. As of the same date, we rented properties with a total GFA of approximately 33,979 sq.m., which are primarily used as our office spaces.

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LEASED PROPERTIES

As of October 31, 2017, we leased 48 properties in 20 cities with a total GFA of approximately 33,979 sq.m. mainly for our office premises. Our leases generally have a term ranging from three months to five years, and we expect to renew the leases upon their expiry. All of the landlords are independent third parties from us.

As of the Latest Practicable Date, we failed to register 30 lease agreements mainly for our office premises with respect to properties with a total GFA of 17,721 sq.m. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC Legal Advisor, Commerce & Finance Law Offices, has advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. See “Risk Factors — Risks Relating to Our Business — We may be subject to fines due to the lack of registration of our leases.” As of the Latest Practical Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. Our Directors believe these unregistered lease agreements would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statement.

In order to ensure on-going compliance with the PRC law and regulations relating to the registration of executed lease agreements, where we are the tenant to an executed lease agreement, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC government authorities and will adopt a variety of risk control measures to mitigate such regulatory risk in the future. We have improved our standard lease terms with our potential landlords. We have also established a database of our leased properties with detailed information, including the status of the lease registration of office premises, to ensure timely registration of our leased properties. We believe we have implemented adequate and effective measures internally. However, as we do not control the landlords, there is no assurance whether and when our landlords will register the leases.

INFORMATION TECHNOLOGY

We rely on the effective operation of our IT systems for our business operations. Our IT team under the general management department is responsible for developing and maintaining an IT system that keeps pace with the expansion of our business and is customized to meet our business needs. The centralized IT system is controlled and operated from our headquarters.

We face increasing security risks and threats from cyber-attacks with respect to our IT systems. We require our staff to follow our management guidelines on our IT system and safeguard information in the system. To help combat such attacks, we have also established emergency recovery systems, keep regular backups of all the data in the system and are equipped with efficient anti-virus software. In addition, we conduct regular reviews of our IT system and perform the necessary upgrades to

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prevent and address potential attacks. For example, our information security team schedules practice drills to ensure the continuous smooth operation of our IT system in the long term. As of the Latest Practicable Date, we had not experienced any disruptions to our IT system that materially impacted our business operations.

Construction, Sales and Operation Management System

We have engaged software development companies to develop a central monitoring, control and management ERP system primarily used in the management of our property development projects and investment properties that we hold. Such ERP system contains four main components, namely the progress control system, cost control system, sales system and operation management system. Through our ERP system, we are able to collect real time data as to the sale of our properties, material procurement, costs and construction status, which enables our management to easily track and review these data. The ERP system also allows our management to approve relevant transactions and adjust prices and construction schedules due to changing market conditions or other factors as necessary. By integrating four distinct regulating components under one centralized platform, our ERP system has enabled us to enhance our operating efficiency and our ability to develop multiple projects across different regions in China effectively.

We also engage IFCA system to manage our investment properties. Such system collects information on the overall consumer flow at each commercial complex as well as connecting to the point-of-sale systems of our tenants and monitor in real time the performances of each store. We utilize such information to analyze and improve the performance of our investment properties. The ERP system serves as an important tool for us to understand the market and consumer preferences and adjust the tenant mix and store positioning at our investment properties.

Office Automation System

Our office automation system utilizes technology to integrate multiple office functions. It regulates various aspects of our daily business operations, including monitoring the overall approval process and managing outstanding tasks to ensure they are completed on a timely basis. For example, after the work stream for one module is completed, the office automation system automatically transmits the information to the relevant management personnel for review and approval. The system has resulted in faster processing time, reduced labor costs and increased efficiencies and productivity, as well as broadened inter-departmental coordination.

RISK MANAGEMENT

We recognize that risk management is critical to the success of any property developer in the PRC. Key operational risks that we face include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for developments at commercially acceptable prices, local economic environment, expansion risks relating to entering into new cities or geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other property developers and our ability to promote and sell our properties in a timely fashion. In order to meet these challenges, we have adopted, or expect to adopt before the Listing, a series of internal

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control policies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. See “Risk Factors” for a discussion of various risks and uncertainties we face. In addition, we also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See “Financial Information — Qualitative and Quantitative Disclosure about Market Risks” for a discussion of these market risks.

In order to ensure the effective implementation of such internal control policies, we have adopted various on-going measures, including the following:

- Our Board of Directors is responsible and has general powers over the management and conduct of the business of our Group. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to incur significant corporate finance transactions, are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body.
- Our management team at headquarters level is in charge of the daily business operations and risk monitoring of our Group, and is responsible for the supervision of the respective fields of operations on a daily basis as well as the supervision and approval of any material business decisions of our city and project companies. We adopt a centralized approach to review and approve the business plan and structure. Our financial and accounting matters are directly controlled and reviewed at our headquarters level to ensure the consistency and accuracy. Our cost management department centralizes major procurement and construction contracts entered into to monitor the risks associated with such contracts, and also our audit and risk control department and legal affairs department to ensure regulatory and contractual compliance. Our IT system facilitates the above management processes.
- Our final site selection decisions are made by our investment committee. This committee was specifically formed to review and approve such business development and consists of our Chairman of the Board of Directors, CEO and the vice presidents of relevant departments at the headquarters level.
- For particular operational and market risks, control measures are adopted at an operational level. For example, we control major construction risk by engaging qualified construction contractors with strict contractual requirements and reputable independent third-party project supervisory companies while maintaining daily quality control supervision.
- We enforce strict control and accountability policies and manuals at an individual employee level and conduct on-going training. Our policies and manuals are updated consistently based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.
- Our internal audit and risk control department is responsible for monitoring the implementation of our internal control measures, the details of which are set out above.

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EMPLOYEES

As of June 30, 2017, we had 1,490 full-time employees, all of whom were based in China. The following table sets forth a breakdown of our full-time employees by function as of June 30, 2017:

Function	Number of Employees	% of All Employees
Management	68	4.6
Construction Management/Quality Control	329	22.1
Finance	165	11.1
Product Design	137	9.2
Sales and Marketing and Customer Service	201	13.5
Procurement and Cost Control	129	8.6
General Administrative and Human Resources	137	9.2
Commercial Properties and Property Management	120	8.0
Operational Management	66	4.4
Investment	37	2.5
Merchandising	52	3.5
Others	49	3.3
Total	<u>1,490</u>	<u>100.0</u>

We actively recruit skilled and qualified personnel in local markets through various channels, such as on-campus recruitment programs, recruiting firms, internal referrals and advertisement on the Internet. We particularly value employees who demonstrate loyalty to their work and who values our corporate culture, as well as those with relevant working experience. We have also established systematic training programs for our employees, such as management as well as marketing and sales personnel, based on their positions and expertise.

We offer our employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. We also contribute to social insurance for our employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we incurred employee benefit expenses of RMB131.4 million, RMB236.7 million, RMB326.8 million, RMB144.8 million and RMB180.4 million, respectively, representing 4.3%, 5.5%, 2.2%, 2.7% and 2.2% of our total revenue, respectively. Our PRC Legal Advisor, Commerce & Finance Law Offices, has confirmed that we have complied with all applicable labor laws and regulations in the PRC in all material respects, and, as confirmed by the Company, that there were no material labor disputes or labor-related legal proceedings against us during the Track Record Period.

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During the Track Record Period and up to the Latest Practical Date, we complied with the applicable PRC labor and safety regulations in all material respects and did not encounter any incident or complaint which had a material adverse effect on our operations.

ENVIRONMENTAL MATTERS

We are subject to certain environmental protection laws and regulations, including those relating to air pollution, noise emissions and water and waste discharge. Each of our property development projects is required under PRC law to undergo environmental impact assessments. We must submit the relevant environmental impact study or report to the environmental authorities, along with other required documents, for evaluation and approval by the authorized environmental protection administrations. The approval from the relevant government authorities will specify the standards applicable to the implementation of the construction project with respect to areas such as air pollution, noise emissions and water and waste discharge. Such measures are required to be incorporated into the design, construction and operation of the particular project. Upon the completion of each project, the relevant government authorities will also inspect the site to ensure that all applicable environmental standards have been complied with before the property can be delivered to the purchaser.

We take specific measures to ensure our compliance with the applicable environmental laws and regulations, including: (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. We also take voluntary actions with respect to environmental protection and make energy conservation and emission reduction top considerations when designing our property projects. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we incurred environmental compliance costs of approximately RMB18.1 million, RMB7.1 million, RMB15.8 million, RMB7.1 million and RMB11.6 million, respectively. We expect the annual costs of compliance going forward to be substantially similar, assuming that there will not be any material changes in the environmental protection rules and regulations.

None of our properties had received any material fines or penalties associated with the breach of any environmental laws or regulations since the commencement of their operations and up to the Latest Practical Date.

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

We have been involved in legal proceedings or disputes in the ordinary course of business, including claims primarily relating to disputes arising from agreements with third party contractors and suppliers, property purchase agreements with our customers and our guarantee of mortgage agreements entered into between our customers and mortgage banks.

In October 2017, our subsidiary, Shanghai Yupin, received a subpoena from the local people's court for an alleged breach of contract. The plaintiff in the lawsuit (i) alleged that Shanghai Yupin breached an agreement that Shanghai Yupin entered into with it on October 13, 2016 (the "**Agreement**"), claiming that Shanghai Yupin failed to execute an commodity property pre-sale contract with it pursuant to the Agreement, since Shanghai Yupin did not obtain the commodity

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property pre-sale permit (商品房預售許可證) for a project then under development before December 30, 2016, and (ii) demanded that Shanghai Yupin, among others, shall return its security deposit of RMB10.0 million, together with interest thereon and other compensations and damages in an aggregate amount of approximately RMB48.1 million, which was further adjusted to approximately RMB49.7 million by supplemental explanations to the complaint.

Shanghai Yupin has engaged a PRC counsel (the “**Litigation Counsel**”) to represent it in such lawsuit. In light of the advice of the Litigation Counsel, our Directors are of the view that Shanghai Yupin did not breach the Agreement since the failure to obtain the commodity property pre-sale permit by December 30, 2016 was due to change of local policy and practice then, which is specifically carved out from the Agreement and would not constitute a breach of contract by Shanghai Yupin under the Agreement. Based on the Litigation Counsel’s advice, our Directors are also of the view that it is unlikely that the court will rule in favor of all the plaintiff’s claims and that the maximum liabilities of Shanghai Yupin, in addition to the return of the security deposit in the amount of RMB10.0 million, would be no more than RMB5.0 million even if the court ruled against Shanghai Yupin. As such, the Directors believe that such lawsuit would not have a material adverse effect on our business, financial condition or results of operations. As of the date of this prospectus, Shanghai Yupin has obtained the commodity property pre-sale permit at issue and the lawsuit is still pending.

Our Directors confirm that, as of the Latest Practicable Date, there were no material legal proceedings or claims currently existing, pending or threatened against any member of our Group.

COMPLIANCE WITH LAWS AND REGULATIONS

As of the Latest Practicable Date, we had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and we had obtained all licenses, permits and certificates for the purpose of operating our business.

The table below sets forth the details of such real property development qualifications as of the Latest Practicable Date:

PRC Subsidiary	Qualification	Status
Jiangxi Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on December 31, 2018
Nanchang Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on September 20, 2018
Nanchang Honggu.	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on May 30, 2018

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PRC Subsidiary	Qualification	Status
Tianjin Zhenghong	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on February 28, 2018
Nanchang Shiou . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on November 2, 2020
Nanchang Xinjian	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on October 26, 2020
Putian Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, subject to annual assessment
Putian Fortune Center	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 21, 2020
Putian Property . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, subject to annual assessment
Zhenro Zhenghong Putian	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on September 29, 2019
Putian Yuhu	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on March 1, 2019
Xi'an Jingheng . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 4, 2020
Nanjing Dexin . . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on December 9, 2018
Changsha Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on August 7, 2020
Hunan Xiushan Lishui	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 16, 2018
Nanping Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, subject to annual assessment
Nanjing Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 23, 2020

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PRC Subsidiary	Qualification	Status
Suzhou Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on March 17, 2018
Suzhou Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on December 25, 2017
Shanghai Yuyuan .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	In effect, expiring on December 31, 2017
Shanghai Yupin . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on April 9, 2018
Nanjing Property .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 27, 2019
Tianjin Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on March 31, 2018
Suzhou Property . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 16, 2018
Shanghai Yutian . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on December 31, 2017
Fuzhou Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, subject to annual assessment
Mawei Property . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on March 22, 2018
Minhou Zhengsheng . . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on September 12, 2018
Pingtian Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 9, 2018
Fuzhou Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 14, 2018
Pingtian Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, subject to annual assessment
Mawei Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, subject to annual assessment

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PRC Subsidiary	Qualification	Status
Zhenro Zhengxing	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on February 28, 2018
Wuhan Zhengtai . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on August 17, 2018
Putian Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, subject to annual assessment
Shanghai Yufeng .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on May 8, 2018
Shanghai Yuzun . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on December 10, 2018
Minhou Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, subject to annual assessment
Suzhou Sutong . . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on August 15, 2018
Nanjing Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on July 23, 2020
Nanchang Zhengchuang . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on August 21, 2018
Putian Zhengrun . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on June 8, 2020
Hefei Yongtuo . . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on April 21, 2018
Hefei Zhengmao . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on May 21, 2018
Suzhou Zhengrui Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on April 27, 2018
Zhenro Shantian Zhengtai	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on April 16, 2020
Nanchang Zhenro Zhengxing	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on September 29, 2018

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PRC Subsidiary	Qualification	Status
Hefei Zhengyu . . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on June 18, 2018
Suzhou Zhengrun .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on August 29, 2018
Nanchang Zhengrun	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on August 8, 2018
Xi'an Jingqi	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on August 31, 2018
Zhenro Properties Holdings	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on September 11, 2020
Minhou Real Estate	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on September 7, 2018
Shishi Zhengsheng . . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on September 20, 2020
Suzhou Zhengchuang . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on October 21, 2018
Pingtang Zhengsheng . . .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	In effect, expiring on November 22, 2020

If we fail to maintain our licenses, certificates, permits or governmental approvals upon expiry, our development plans may be delayed and there may be an adverse effect on our business. See “Risk Factors — Risks Relating to Our Business — Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, requisite government approvals or licenses in carrying out our property development and management operations.”

Non-compliance Incidents

During the Track Record Period, we experienced certain non-compliance incidents. Summaries of such incidents are set forth below.

- *Underpaid Corporate Income Tax*

Nanchang Real Estate, one of our project companies, reported and paid its corporate income tax as required by the relevant tax laws and regulations since its inception. In February 2016, Jiangxi Tax

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Bureau notified Nanchang Real Estate that the tax authority discovered shortfalls of approximately RMB0.3 million and approximately RMB1.7 million for its corporate income tax for the years of 2011 and 2012, respectively, in the tax inspections and therefore imposed penalties on Nanchang Real Estate in the amount of approximately RMB0.1 million and approximately RMB0.9 million for the underpaid corporate income tax for the years of 2011 and 2012, respectively. As of the Latest Practicable Date, we had fully settled the fines, which did not have any material adverse operational or financial impact on us in the relevant period. In addition, based on an oral interview in February 2017, the relevant competent tax authority confirmed that these were routine tax inspections and such penalties were not material administrative penalties.

These shortfalls of the corporate income tax were primarily due to misinterpretation of the applicable tax regulations by the staff of Nanchang Real Estate and they failed to make accurate assessment and calculation for the tax reporting and declaration, which was mainly with respect to the calculation and adjustment of taxable revenue, cost and other expenses, other income and gains during the relevant periods. Since the penalties had been fully settled, our PRC Legal Advisor, Commerce & Finance Law Offices, is of the view that the risk that Nanchang Real Estate will be subject to further administrative penalties for these non-compliance incidents is remote. Our Directors considered that such non-compliance would not have a material operational or financial impact on us.

Internal Control Measures to Ensure On-going Compliance

In order to ensure on-going compliance with the PRC law and regulations relating to the corporate income tax, we have improved our relevant internal control policies and enhanced internal procedures to monitor the status of requisite filings and payments of corporate income tax. We have also enhanced training programs for the responsible personnel to familiarize themselves with updates of the relevant tax laws and regulations. Since this non-compliance incident and up to the date of this prospectus, we had not been penalized by any tax authorities for underpaid corporate income tax.

- ***Commencement of Construction Before Completing Requisite Administrative Procedures and/or Obtaining Requisite Permits***

During the Track Record Period, we commenced or proceeded with construction works for certain of our projects before completing requisite administrative procedures and/or obtaining requisite permits at various stages of the construction, including construction works permits or construction work commencement permits. All such procedures and/or permits had been completed and obtained at a later stage. Historically, the incidents included:

- o *Commencement of construction before completing the construction site re-inspection procedure*

During the Track Record Period, six of our project companies were penalized for proceeding with construction works before completing the re-inspection procedure for the relevant construction sites and obtaining requisite construction works planning permits. The aggregate fines for such incidents amounted to approximately RMB58,400 which had been fully settled as of the Latest Practicable Date.

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- o *Commencement of construction or operation before completing the fire safety inspection procedures*

During the Track Record Period, five of our project companies commenced construction works or commencing operation before completing the fire safety inspection procedure, for which monetary penalties were imposed during the Track Record Period and up to the Latest Practicable Date. The aggregate fines for such incidents amounted to approximately RMB190,000 which had been fully settled as of the Latest Practicable Date.

- o *Commencement of construction before completing the requisite tender process*

During the Track Record Period, nine of our project companies were penalized for proceeding with construction works before completing the requisite tender process for certain construction works and obtaining requisite construction works commencement permits. The aggregate fines for such incidents amounted to approximately RMB1.7 million which had been fully settled as of the Latest Practicable Date.

- o *Commencement of construction before completing safety supervision and filing procedures*

During the Track Record Period, eight of our project companies were penalized for proceeding with construction works before completing safety supervision and filing procedures for the relevant construction sites. The aggregate fines for such incidents amounted to approximately RMB1.0 million which had been fully settled as of the Latest Practicable Date.

Such non-compliances occurred primarily because of (i) the construction contractors commenced construction preparation or the relevant construction works according to the development schedule as agreed in the construction contracts but the formalities, such as the registration of documents in connection with the requisite tender process and/or the issuance of the relevant construction works planning and/or commencement permit, were not completed in time pursuant to our original schedule; (ii) inconsistency in implementation or interpretation of the relevant PRC laws and regulations among different local government authorities which resulted in inconsistent standards in recognizing certain construction stages in practice, therefore, inconsistent time requirements for completing the relevant administrative procedures, such as the registration of documents in connection with the requisite tender process and/or the application for the construction works commencement permits and our failure to adequately train our local employees to understand such inconsistencies who relied on his or her past experience in other cities without reconfirming local policies; (iii) our failure to adequately train our employees at the project company level to execute our internal control policies to supervise the construction process; and (iv) in terms of requisite tender process during the construction, the failure of our relevant employees to timely submit the relevant documents for registration and filing purpose after the tender process was conducted as required by the applicable regulations. We have received confirmation letters issued by the relevant local regulatory authorities confirming that these non-compliance incidents are immaterial. As these companies have fully settled the penalties and having considered the confirmation letters issued by the regulatory authorities, our PRC Legal Advisor, Commerce & Finance Law Offices, is of the view that the risks that these companies will be

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subject to further administrative penalties (including order to cease construction) for these non-compliance incidents are remote. Our Directors considered that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements for such non-compliances.

Internal Control Measures to Ensure On-going Compliance

We have established, and will continue to improve, our standardized property development procedures, the functionality of which is currently measured by more than 20 check points that govern each major step of our property development activities, such as the obtainment of each of land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits, pre-sale permits and completion certificates, to ensure that our subsidiaries obtain all necessary permits, licenses and regulatory approvals prior to commencing any construction work. Our operation management team at the project company level and our operation management department at the headquarters level will continue to be responsible for the formulation and review of the development check points plan for each property project, respectively. We also have a designated personnel in each project company responsible for obtaining these permits, licenses and approvals necessary for our property development and once all such permits, licenses and approvals are granted, our project companies are required to obtain written approval from the colligation management department at our headquarters before undertaking any construction work for new projects or new project phases. To ensure our policy execution, we use development check points plan as an important metric in the performance review of our employees. Our audit and risk control department and if applicable, our legal affairs department at the headquarters also conduct periodic or ad hoc wide scale inspections on all of our construction sites and evaluation of any issue detected and implement appropriate measures for rectification. Furthermore, we also engage independent third-party consultants to enhance our standard property development procedures, as well as reputable project supervisory companies to monitor safety measures throughout the construction process. We believe such measures are adequate and effective.

- ***Defective Land Parcels***

Nanchang Real Estate, one of our project companies, entered into land grant contracts with respect to land parcels located in Nanchang and had obtained the relevant land use right certificates for the development of Nanchang Zhenro The Capital of Great Loch. During the development process of this project, due to the miscommunication between us and the relevant authorities about certain land-use planning documents, we developed residential properties on certain land parcels with an aggregate site area of approximately 1,992 sq.m. (the “**Defective Residential Properties**”) which were located adjacent to, and not covered by the original land use rights certificates for, the original site area. Despite the lack of underlying land use right certificates, we had obtained the relevant construction land planning permits, construction works planning permits, construction works commencement permits and completion certificates with respect to the construction works. In 2013, the local land and resource bureau considered that we occupied land parcels with a total site area of approximately 112,224 sq.m., which included the above mentioned 1,992 sq.m., without obtaining the

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relevant land use right certificates (the “**Relevant Land Parcels**”). The local land and resource bureau imposed a penalty of RMB785,500 on us, which had been paid in full as of the Latest Practicable Date, and ordered us to return residential properties and ancillary facilities so constructed, which was subsequently considered to be impracticable by the same authority.

We have been actively communicating with the relevant authority to further remediate the Relevant Land Parcels. We had entered into a land use right exchange contract with the local land and resource bureau with respect to part of the Relevant Land Parcels with a total site area of 17,654 sq.m., the land use right certificates of which had been obtained in 2016. As for the remaining 94,571 sq.m. of the Relevant Land Parcels, we had obtained the relevant land use rights through public auctions and had paid the land grant premium for all such parcels in full. As of the Latest Practicable Date, we had already obtained the land use right certificates for 36,391 sq.m. out of the 94,571 sq.m.

Since the nature of the land use rights of the remaining land parcels of 58,180 sq.m. which was confirmed in 2016 was primarily for greenery purposes and the previously completed Defective Residential Properties were located on such sites, the local land and resource bureau advised us to make a supplementary payment of land grant premium in the amount of RMB3.8 million for the site area of 1,992 sq.m. for changing the relevant land use rights to residential purpose in view of the existing circumstances, before we applied for the outstanding land use right certificates. We received the payment notice in September 2017 after the local land and resource bureau cleared all its procedures, such as on-site measuring and verification, and we had made the payment in full immediately. We had also entered into a supplementary land grant contract with the local land and resource bureau in September 2017 and had obtained the land use right certificates for all the remaining land parcels in November 2017.

Since the Defective Residential Properties were located within those land parcels for which land use right certificates had not been obtained as of the Latest Practicable Date, our customers who purchased the Defective Residential Properties had not obtained their individual property ownership certificates. Pursuant to the terms of the sales and purchase agreements with respect to the Defective Residential Properties, we may be subject to a compensation penalty equivalent to 0.5% of the total selling prices due to our failure to obtain the relevant certificates in a timely manner. Based on the selling prices of the Defective Residential Properties, the potential maximum penalty would be approximately RMB754,000. We did not receive any material customer complaints in this regard during the Track Record Period, nor did we encounter any claim for compensation or termination of property sales contracts. There had been no legal claim against us with respect to the Defective Residential Properties during the Track Record Period and up to the Latest Practicable Date either. We expect to assist our customers in the application of their individual property ownership certificates since we have obtained the outstanding land use right certificates. Our PRC Legal Advisor, Commerce & Finance Law Offices, is of the view that since the land use right certificates are obtained, there are no substantial legal impediments for our customers to obtain their individual property ownership certificates.

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The Defective Residential Properties were sold in 2015 and revenue derived from the Defective Residential Properties amounted to approximately RMB150.9 million in 2015. Net profits after tax recognized with respect to the Defective Residential Properties amounted to approximately RMB3.6 million in 2015. Since the Defective Residential Properties had been completed and delivered to customers, no market value was assigned to such properties in the “Property Valuation Report” set out in Appendix III.

The non-compliance incident occurred primarily because of miscommunication between our city level project company and the relevant local authorities and our oversight relating to the relevant laws and regulations. We have fully settled the penalty as well as all the relevant land grant premiums, including the supplementary land grant premiums and based on interviews with Nanchang Bureau of Land and Resources in March 2016 and March 2017, we received verbal confirmation by the competent authorities that (i) we have paid the relevant penalties in full; (ii) it is impracticable to return the construction attached to this land parcel since the residential properties had been completed and delivered to the customers, (iii) such non-compliance does not constitute a material non-compliance; and (iv) such non-compliance has been remediated and there would be no substantial legal impediment for us to complete the application for the real estate rights certificate for the remaining position of this land parcel and the subsequent permits and approvals. Our PRC Legal Advisor, Commerce & Finance Law Offices, is of the view the risk that we will be subject to further administrative penalty for such non-compliance by such competent authority is remote. Our Directors believe such non-compliance would not have a material operational or financial impact on us. Furthermore, our Directors believe this land parcel is not crucial to our operation as a whole and as a result, we did not make any provisions in our financial statements in connection with this non-compliance incident.

Internal Control Measures to Ensure On-going Compliance

We have established internal procedures to ensure that our subsidiaries will obtain all necessary permits, licenses and regulatory approvals, and complete all requisite formalities required for our land acquisition in the future. For example, we have implemented operating control policies which require, with respect to each new development project, the relevant responsible management personnel shall prepare a master development plan prior to the commencement of construction, summarizing the key time frame of each material construction stages and the corresponding requisite licenses and permits. We also distributed such policies to employees at our local level operating entities requiring them to strictly comply with the applicable laws and regulations and our policies and to follow the master development plans of each project during the development process, so as to avoid the failure or delay in obtaining the requisite licenses and permits for each material construction stages. Since our adoption of these enhanced internal control measures, there is no material similar recurrence of the above-mentioned non-compliance incidents.

Internal Control Measures to Ensure Future Compliance

We have engaged SHINEWING, an independent consulting firm, as our internal control advisor (the “**Internal Control Consultant**”), in February 2017. The Internal Control Consultant has performed review on the remedial internal controls to prevent future occurrence of the non-compliance incidents. The scope of internal control review performed by the Internal Control Consultant was agreed between us, the Sole Sponsor and the Internal Control Consultant.

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To prevent the occurrence of any non-compliance incidents in the future, we adopted remedial internal controls. See each of the sub-sections headed on “Internal Control Measures to Ensure On-going Compliance” above in the section “— Non-compliance Incidents.” The Internal Control Consultant performed an additional review on the remedial internal controls in March 2017 and did not raise any further recommendations. Based on the additional review and the enhanced internal procedures we had implemented, our internal control advisor is of the view that enhanced internal control measures are adequately and effectively designed to prevent the reoccurrence of non-compliance incidents as described above and such measures have been fully and effectively implemented.

To prevent future occurrence of any non-compliance of laws or regulations or breaches of commercial contracts, we also adopted the following steps and measures to further enhance our corporate governance practices and the effectiveness of our internal control procedures:

- (i) we have formally established an audit committee, a remuneration committee and a nomination committee, and their primary duties include, among others, providing an independent view of our financial reporting process, internal control and risk management system, ensuring the levels of remuneration and compensation are appropriate, and recommends to the board of Directors with suitably qualified persons;
- (ii) we established an internal audit and risk control department, which will assess and monitor the implementation of our internal control policies through periodic audits and inspections and will report any deviations observed to our management team;
- (iii) we seek to proactively identify any concerns and issues relating to potential non-compliance by providing training (organized by our administrative and legal department) to the Directors and the management of all departmental levels regarding the need for preventive and self-check measures to ensure compliance with all applicable laws and regulations;
- (iv) we enforce strict control and accountability policies and manuals at an individual employee level and conduct on-going training. Our policies and manuals are updated consistently based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks;
- (v) we have retained PRC legal advisors to review and advise on our regulatory compliance in respect of all relevant PRC laws and regulations, including changes to such laws and regulations, which may affect our business operations in the PRC; and
- (vi) we will provide training to our employees to raise their awareness on the importance of internal control and legal compliance.

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Our Directors and the Sole Sponsor's Views

On the basis that (i) we had paid the relevant penalties, where applicable, in full; (ii) we had obtained the confirmations from the relevant government authorities that the relevant non-compliance incidents were immaterial; (iii) our PRC Legal Advisor is of the view that the risks that we will be subject to further administrative penalties for such non-compliances by such relevant government authorities which issued the confirmations are remote; (iv) facts and circumstances leading to the non-compliance in connection with the Defective Land Parcels were one-time and non-recurring; and (v) we had engaged an internal control advisor to perform review on our remedial internal controls and had adopted the rectification measures to address such incidents and the enhanced internal control measures to ensure on-going compliance, our Directors are of the view, and the Sole Sponsor, after reviewing the above internal control measures, concurs, that (i) the above measures are adequate and will effectively ensure a proper internal control system to prevent future similar non-compliance with the PRC laws and regulations, (ii) the non-compliances would not negatively reflect on the Directors' competency under Rules 3.08 and 3.09 and hence the Company's suitability for Listing, and (iii) and nothing has caused the Sole Sponsor to believe that the aforesaid measures are not adequate and effective.

In addition, since the above-mentioned non-compliance incidents were deemed immaterial and we had adopted rectification measures in a timely manner as possible in each case, we did not experience any material difficulties in obtaining banking facilities nor had we been rejected for any loan applications or trust financing applications by commercial banks or trust financing companies, as the case may be during the Track Record Period and up to the Latest Practicable Date in light of these non-compliance incidents.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), our ultimate Controlling Shareholders, ZR Ou, GQ Ou and GW Ou, acting in a consensual manner, will be entitled to exercise voting rights of approximately 71.25% of the total issued share capital of our Company through their respective investment holding companies.

Accordingly, ZR Ou, GQ Ou and GW Ou, and their respective investment holding companies, RoYue, RoJing, RoSheng and Warm Shine, will continue to be our Controlling Shareholders upon Listing.

Pursuant to an act-in-concert deed, ZR Ou, GQ Ou and GW Ou had agreed to, consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group, and they have confirmed that they have historically voted on such resolutions in the same way since April 19, 2012.

DELINEATION OF BUSINESS

Business of our Group

Zhenro Properties Holdings, our onshore holding company, was originally established as the sole platform under Zhenro Group Company to engage primarily in the development of residential properties and the development, operation and management of commercial and mixed-use properties. See "Business" for further information about our business and operations.

Other Businesses of our Ultimate Controlling Shareholders

In addition to our business, ZR Ou and GQ Ou, through Zhenro Group Company, has investment in businesses including, among others, construction materials and contractor services, highway construction and operation, land reclamation and equity investments, which have no competition with our Group.

Zhenro Group Company also has several investments in property related businesses as set out below which we do not consider to be competing with our business.

(a) *Financial investment in residential property project*

Zhenro Group Company owns 40% equity interest in Fuzhou Wanhua, which is primarily engaged in the development of a residential property project in Taijiang District, Fuzhou, PRC.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Fuzhou Wanhua is owned as to 60% by Fuzhou Wanrong Real Estate Development Co., Ltd. (福州市萬榕房地產開發有限公司), a PRC incorporated company wholly-owned by a PRC property developer, Vanke. The residential property project under Fuzhou Wanhua is developed and managed by Vanke, and Zhenro Group Company is only a passive investor in this project.

As Fuzhou Wanhua has already delivered the residential properties to the property owners and no further residential property projects will be developed under Fuzhou Wanhua, we do not believe it is meaningful to hold this minority interest.

(b) *Property management for completed residential properties and properties under development*

Zhenro Group Company holds several wholly-owned PRC subsidiaries (the “**Zhenro Property Management Companies**”), which are primarily engaged in the provision of property management services for completed residential properties and properties under development in the PRC. These Zhenro Property Management Companies provide, among others, (i) pre-delivery property management services which are required by residential property projects before the property owners’ association could be lawfully established and (ii) management services to display units, sales offices and community clubhouses of commercial and residential properties under development. Zhenro Property Management Companies have been providing these property management services to our property projects during the Track Record Period and will continue to do so after Listing. Details of the continuing connected transactions between Zhenro Group Company and our Group are set out in “Connected Transactions.”

It is our Group’s strategy to focus on property development and provision of property management services for commercial properties we developed. Our commercial property management services include mainly marketing and leasing portfolio management for our commercial properties. On the other hand, property management services provided by Zhenro Property Management Companies mainly refer to the provision of security, cleaning, gardening, repairs and maintenance services for completed residential properties and display units, sales offices and community clubhouses of commercial and residential properties under development. The skillset required for the provision of commercial property management services and property management services provided by Zhenro Property Management Companies are different. Commercial property management requires industry knowledge and expertise which provides synergy for our investment properties. The property management business of Zhenro Group Company is separate and distinct from our Group’s business. In order to focus our resources on property projects development and provision of commercial property management services and to streamline our business, we decided not to inject Zhenro Property Management Companies into our Group. We are of the view that Zhenro Group Company’s property management business has not given and is unlikely to give rise to any direct or indirect competition with the business of our Group.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, none of our Controlling Shareholders or our Directors was engaged or had interest in any business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after the Global Offering.

Management Independence

We are able to carry on our business independently from the Controlling Shareholders and their respective close associates from a management perspective. Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. As of the Latest Practicable Date, save as disclosed below, none of our Directors or the members of our senior management team holds any position at our Controlling Shareholders or their respective close associates. Set out below is a table summarizing the positions held by the Directors at our Company and the Controlling Shareholders (and their respective close associates).

<u>Name</u>	<u>Position with our Company</u>	<u>Position with the Controlling Shareholders and their respective close associates as of the Latest Practicable Date</u>
Huang Xianzhi . . .	Executive Director	• President and director of Zhenro Group Company
GQ Ou	Non-executive Director	• Director of Zhenro Group Company
GW Ou	Non-executive Director	• Executive director of Shanghai Ronggu Venture Capital Co., Ltd. (上海榮顧創業投資有限公司), a subsidiary of Zhenro Group Company

As set out above, one of our executive Directors and two of our non-executive Directors hold certain positions within the Controlling Shareholders or their respective close associates. However, our Directors are of the view that there are sufficient and effective control mechanisms to ensure that our Directors discharge their duties appropriately and safeguard the interests of our Shareholders as a whole for the following reasons:

- a) our non-executive Directors are not involved in the daily management and operation of our Company. The daily management and operation of our Company is managed by our senior management and overseen by our executive Directors. Most of our Directors and senior management have served our Group for a long time and have substantial experience in the industry in which we are engaged. See “Directors and Senior Management” for further details. Save as disclosed above, none of our executive Directors and senior management holds any directorship or senior management position in our Controlling Shareholders or their close associates, and they are our full-time employees;
- b) each of our Directors is aware of his fiduciary duties as a director which require, among others, that he must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his personal interests. The Directors

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest and shall not be counted in the quorum present at the particular Board meeting. Further, when considering connected transactions, our independent non-executive Directors will review the relevant transactions; and

- c) our independent non-executive Directors constitute three-sevenths of our Board and none of them has any relationship with our Controlling Shareholders or their respective associates. They will bring independent judgment to the decision-making process of the Board.

Therefore, there are sufficient non-overlapping Directors who are independent and have relevant experience to allow the proper functioning of the Board.

Having considered the above factors, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently and are of the view that we are capable of managing our business independently from the Controlling Shareholders and their respective close associates after the Global Offering.

Operational Independence

Although the Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses necessary to carry out our businesses, and has sufficient capital, facilities and employees to operate our business independently from the Controlling Shareholders.

We have established our own organizational structure with independent departments, each with specific areas of responsibility. We maintain a set of comprehensive internal control procedures to facilitate the effective operations of our business. Our operational functions are run independently of the Controlling Shareholders and their respective close associates.

We have our own employee headcount for our operations and our own management of human resources, cash and accounting, invoicing and billing. As of the Latest Practicable Date, substantially all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, advertisements in newspapers, recruiting firms and internal referrals.

In addition, save for the continuing connected transactions set out in “Connected Transactions” which will continue following the completion of the Global Offering, our Directors do not expect that there will be any other transactions between our Company and our Controlling Shareholders or their respective close associates upon completion of the Global Offering. The continuing connected transactions between Zhenro Group Company and our Group involve only the provision of pre-delivery property management services to our residential property projects and the management services to our display units, sales offices and community clubhouses for our properties under development. It is expected that in the event that Zhenro Group Company does not provide such

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

services to our Group or we cease to engage Zhenro Group Company as the services provider, there will be other comparable services providers readily available in the market for the provision of such services to our Group. In addition, none of our Controlling Shareholders and Directors or their respective close associates has been our major supplier or customer which provides any critical services or materials for our operation. Thus, the existence of the above continuing connected transactions will not affect our operational independence from our Controlling Shareholders and their respective close associates after Listing.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

Financial Independence

Our Group has our own financial management team responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders and their respective close associates. We make financial decisions independently and our Controlling Shareholders or their respective close associates do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates.

As of December 31, 2014, 2015 and 2016 and June 30, 2017, we recorded outstanding balance due from our Controlling Shareholders and their respective close associates of nil, RMB2,110.1 million, RMB63.1 million and RMB11.9 million, respectively. As of December 31, 2014, 2015 and 2016 and June 30, 2017, we recorded outstanding balance due to our Controlling Shareholders and their respective close associates of RMB1,196.1 million, RMB94.2 million, RMB79.9 million and RMB79.9 million, respectively. A significant portion of these balances arose when Zhenro Properties Holdings had not been established as the holding company of our PRC operating subsidiaries and Zhenro Group Company was the direct parent company of our business prior to the Corporate Restructuring. At that time, Zhenro Group Company centralized all the funding needs of its subsidiaries and affiliates, including our group companies, and allocated funds among its group companies based on a centralized fund management mechanism and on an interest free basis. Funds under Zhenro Group's centralized management comprise internal cash resources generated from operations and external borrowings of Zhenro Group Company, its subsidiaries and affiliates. For external borrowings, we historically obtained loans from banks and other financial institutions and those funds were transmitted to Zhenro Group under the centralized fund management mechanism to settle, among others, the amounts payable by our Group to the contractors who delivered services or supplies to our Group. Balances under the aforesaid mechanism were subsequently classified as related party balances following the Corporate Restructuring and Zhenro Group became our connected persons. In order to meet the requirement for financial independence, the arrangement between our Group and Zhenro Group under the centralized management mechanism has been discontinued and the related balances (including both amounts due to and from) as of June 30, 2017 will be settled before Listing. See "Financial Information — Related Party Transactions" for further details.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors further confirm that all amounts due to or from, and loans or guarantees provided by our Controlling Shareholders and their respective close associates, will be fully repaid or released before Listing.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

DEED OF NON-COMPETITION

To ensure that competition does not develop between us and other business activities and/or interests of our Controlling Shareholders, our Controlling Shareholders have entered into a deed of non-competition dated December 15, 2017 in favor of our Company (for itself and as trustee for the benefit of its subsidiaries) (the “**Deed of Non-competition**”) pursuant to which each of our Controlling Shareholders has irrevocably undertaken that he or it will not and will procure that his or its close associates (except members of our Group) will not, directly or indirectly, whether as principal or agent, either on his or its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the PRC, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of our Group from time to time (the “**Restricted Business**”) during the effective period of the Deed of Non-competition.

Each of the Controlling Shareholders has also undertaken to our Company that during the effective period of the Deed of Non-competition, if there is any new business opportunity in the Restricted Business, he or it shall within a reasonable period of time refer such new business opportunities to our Company on a pre-emptive basis. Each of the Controlling Shareholders shall not invest, participate, be engaged in and/or operate in such business opportunities unless our Company has declined in writing or failed to respond within thirty (30) days after being notified of such opportunities and the decision of whether or not to take up the new business opportunity in Restricted Business will be made by the independent non-executive Directors by majority vote.

In addition, each of the Controlling Shareholders has also undertaken to our Company that at any time during the effective period of the Deed of Non-competition, each of the Controlling Shareholders shall not dispose of any interest he or it holds in the Restricted Business without first offering us the right to acquire such business or interest, subject to the pre-emptive rights under relevant law of any other existing shareholders.

Each of the Controlling Shareholders shall procure its close associates to comply with the above undertakings to ensure that the option is first granted to us.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The above undertaking does not apply where:

- the Controlling Shareholder holds any equity interests in any company other than members of our Group, and the conditions below must also be satisfied:
 - according to the latest audited accounts of the relevant company, the Restricted Business in which such company is engaged (and its related assets) accounts for less than 10% of the combined sales or combined assets of such company; or
 - the total number of shares held by the Controlling Shareholders and/or their respective close associates account for no more than 10% of the shares of the same class issued by the relevant company, and the Controlling Shareholders and/or their respective close associates have no right to appoint most of the directors of such company.

Pursuant to the Deed of Non-competition, the above restrictions would only cease to have effect upon the earlier of: (i) our Shares ceasing to be listed on the Stock Exchange; and (ii) so far as a Controlling Shareholder is concerned, it ceases to be a Controlling Shareholder of our Company.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there will be adequate corporate governance measures in place to manage conflicts of interest after Listing. In particular, we will implement the following measures:

- (a) the independent non-executive Directors will review, at least on an annual basis, the compliance by our Controlling Shareholders with the Deed of Non-competition;
- (b) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (c) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and abstain from voting at the board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (d) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in “Directors and Senior Management — Directors — Independent Non-executive Directors;” or

- (e) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and the Controlling Shareholders and/or the Directors on the other hand, the Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements; and
- (f) we have appointed Guotai Junan Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

Further, any transaction that is proposed between our Company and the Controlling Shareholders and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders’ approval requirements.

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into a number of continuing transactions with our connected persons in our ordinary and usual course of business. Upon the listing of our Shares on the Stock Exchange, the transactions disclosed under this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive officer or those of our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date and any of their respective associates are connected persons of our Company upon Listing. ZR Ou and GQ Ou will be substantial Shareholders of the Company immediately following the completion of the Global Offering, and will become connected persons of the Company upon Listing pursuant to Rule 14A.07 of the Listing Rules. Zhenro Group Company is owned as to 91.90% by ZR Ou and as to 8.10% by GQ Ou, and hence an associate of substantial Shareholders of the Company and a connected person of the Company upon Listing. Accordingly, the following transactions, which will continue after the Listing, will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement

We set out below details of the continuing connected transactions which are exempt from the independent shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Rule 14A.76(2) of the Listing Rules.

1. *Pre-Delivery Property Management Services Agreements*

- Parties:
- (a) Zhenro Group Company (for itself and on behalf of its subsidiaries) (as services provider); and
 - (b) our Company (for itself and on behalf of its subsidiaries) (as services recipient).

We do not engage in the provision of pre-delivery property management services for our residential property projects, including but not limited to security, cleaning, gardening, repair and maintenance of common area and shared facilities, and therefore such services for our residential property projects have been provided by other service providers. Zhenro Group has been engaged by us by way of tender in accordance with the relevant pre-delivery property management laws and regulations during the Track Record Period. As of the Latest Practicable Date, Zhenro Group provided pre-delivery property management services for most of our residential property projects.

CONNECTED TRANSACTIONS

We entered into a framework agreement with Zhenro Group Company (for itself and on behalf of its subsidiaries) on December 15, 2017, to regulate our transactions with Zhenro Group in relation to the provision of pre-delivery property management services (the “**Pre-Delivery Property Management Services Agreement**”). The Pre-Delivery Management Services Agreement shall become effective from the Listing Date and up to and including December 31, 2019 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The following sets forth the principal terms of the Pre-Delivery Property Management Services Agreement:

- (i) Zhenro Group shall, where it is selected following the tender processes in accordance with the relevant pre-delivery property management laws and regulations, provide management and related services to our Group according to the tender documents and definitive management agreements to be entered into between Zhenro Group and members of our Group from time to time; and
- (ii) we will endeavor to solicit at least two independent third parties to participate in the tender process; and
- (iii) the management fees payable by our Group shall be based on the fee quotes to be submitted by Zhenro Group under the relevant tender bids and the pricing terms as recommended by the relevant government authorities; and
- (iv) the definitive management agreement to be entered into between Zhenro Group and members of our Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Pre-Delivery Property Management Services Agreement.

Reasons for and benefits of the transaction

Before newly developed properties are delivered to future property owners, a property developer usually seeks to engage a property management company by entering into pre-delivery property management services agreement. The purpose is primarily to ensure availability of property management services before the property owners’ association could be lawfully established and contract with the property management company directly. These property management services typically include security, cleaning, gardening, repair and maintenance of common area and shared facilities.

Taking into account various factors such as credentials, fee quote and quality of services, Zhenro Group had been engaged by us for the provision of pre-delivery property management services for most of our residential property projects, by way of tender in accordance with the relevant pre-delivery property management laws and regulations, during the Track Record Period and as of the Latest Practicable Date.

CONNECTED TRANSACTIONS

Based on the established long-term cooperation relationship between Zhenro Group and our Group, Zhenro Group has a track record of providing reliable, efficient and satisfactory pre-delivery property management services to our Group. As compared to other services providers who are independent third parties, it generally maintains better and more efficient communication with our Group and more thorough understanding of the conditions of our residential property projects and our requirements of the services needed.

Notwithstanding the above, in light of the number of pre-delivery property management services providers in the market, it is expected that in the event that Zhenro Group ceases to provide such management services to us, there will also be other comparable pre-delivery property management services providers readily available in the market for the provision of pre-delivery property management services to our Group. As such, our Directors (including the independent non-executive Directors) are of the view that there will be no negative impact from the perspective of our operational independence from the Controlling Shareholders in case if Zhenro Group ceases to provide pre-delivery property management services to our Group. For more details, please see “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Operational Independence.”

Pricing terms under the Pre-Delivery Property Management Services Agreement

The pre-delivery property management service fees payable by our Group shall be based on the fee quotes to be submitted by Zhenro Group under the relevant tender process. The bids review shall assess (i) the qualification of the potential bidder; (ii) the bidder’s relevant experience in the property management service industry; (iii) the price as quoted by the bidder, which shall not be higher than the guidance rate set by the relevant government authorities; (iv) the quality of the property management service to be offered; (v) how the service proposal submitted is able to satisfy our specific needs for the relevant property projects; and (vi) whether the service proposal is congruent with our corporate culture. The tender evaluation criteria and the relevant weighting of those criteria are pre-determined before the tender bids are invited. The successful bidder and the service rate it offers will be published on the website of relevant government authorities.

Historical transaction amounts

The following table sets out the total management service fees incurred by us in relation to the provision of pre-delivery property management services by Zhenro Group during the Track Record Period:

Historical Transaction Amount (RMB'000)			
	Year Ended December 31,		Six months Ended
2014	2015	2016	June 30, 2017
6,692	16,378	28,005	9,015

CONNECTED TRANSACTIONS

The increase in the historical amounts from 2014 to 2016 was primarily due to the increase in the number of residential property projects we developed and completed, which resulted in a corresponding increase in the contracted GFA and therefore demand for pre-delivery property management services to our residential properties that were completed but not yet delivered to the property owners. As we expect an increasing number of residential property projects approaching completion in the second half of 2017, the historical figure for the six months ended June 30, 2017 is not indicative of the estimated aggregate management service fees to be paid by us for the full year in 2017.

Annual caps

The following table sets out the estimated maximum aggregate management service fees to be paid by us in relation to the provision of pre-delivery management services by Zhenro Group for each of the three years ending December 31, 2019:

Annual Cap for the Year Ending December 31,		
2017	2018	2019
(RMB in thousands)		
36,825	44,190	53,028

The term of the pre-delivery property management services end when the relevant property owners' association of our residential property project is established, as the property owners are responsible for the payment of property management fees after delivery of the relevant properties.

In arriving at the above annual caps, we have taken into account the estimated total amounts of management fees payable by our Group in relation to (i) the current 18 residential property projects that we had engaged Zhenro Group as pre-delivery property management service provider and (ii) the projected new residential property projects that we may engage Zhenro Group for pre-delivery property management services for the three years ending December 31, 2019. The annual caps are determined with reference to the percentage of our historical pre-delivery management service fees as to our historical annual sales, guidance rate set by the relevant government authorities, and the GFA of each property of the relevant residential property projects, the subsequent projected increase in demand for pre-delivery property management services as a result of our expected growth in the number of our residential property projects and on the assumption that the labor costs in the PRC will increase steadily in the next three years. The relevant significant increases in the proposed annual caps as compared to the historical transaction amounts during the Track Record Period are primarily due to the increase in the number of residential property projects which we expect to deliver in the three years ending December 31, 2019 and corresponding increasing aggregate GFA based on the 68 residential and commercial property projects we had under development as of June 30, 2017, which will result in the increasing demand for the pre-delivery property management services which we may engage Zhenro Group to provide. As we expect residential properties to be developed by us to grow by 20% per year, we expect that our total management service fees, including our pre-delivery management service fees and our management fees incurred in relation to the provision of

CONNECTED TRANSACTIONS

management services to the display units, sales offices and community clubhouses, to grow at the same rate accordingly. Furthermore, as pre-delivery management service fees were about 25% of our total management service fees during the Track Record Period, we believe such estimated annual caps are reasonable.

Implication under the Listing Rules

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the management and related services under the Pre-Delivery Property Management Services Agreement exceed 0.1% but are all less than 5% on an annual basis, the management and related services under the Pre-Delivery Property Management Services Agreement and the proposed annual caps for each of the three years ending December 31, 2019 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Rule 14A.76 (2) of the Listing Rules.

2. Management Services Agreement

Parties: (a) Zhenro Group Company (for itself and on behalf of its subsidiaries) (as services provider); and
(b) our Company (for itself and on behalf of its subsidiaries) (as services recipient).

We entered into a framework management services agreement with Zhenro Group Company (the "**Management Services Agreement**") on December 15, 2017, to regulate our transactions with Zhenro Group in relation to the provision of management and related services to the display units, sales offices and community clubhouses of our commercial and residential properties under development, including but not limited to cleaning, gardening, concierge, maintenance of public order and security services to the aforesaid venues. The Management Services Agreement shall become effective from the Listing Date and up to and including December 31, 2019 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The Management Services Agreement is a framework agreement which provides the mechanism for operation of the connected transactions described therein. It is envisaged that from time to time as required, individual agreements may be required to be entered into between Zhenro Group and members of our Group and such individual agreements shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Management Services Agreement.

Reasons for and benefits of the transaction

Due to the foot traffic at the display units, sales offices and community clubhouses of property projects, property developers typically engage property management companies to provide constant management services such as cleaning, security, maintenance and concierge services. We had selected our management services providers mainly through comparing fee quotes offered by several management service providers in each residential and commercial property projects which are under

CONNECTED TRANSACTIONS

development. Taking into account various factors such as credentials, fee quote and quality of services, Zhenro Group had been engaged by us as the management services provider for all of our display units, sales offices and community clubhouses of our residential and commercial property projects which are under development during the Track Record Period and up to the Latest Practicable Date. We will continue to adopt the same approach for the engagement of management services providers after Listing.

Notwithstanding the above, in light of the number of other independent management services providers that had been participated in our previous projects, it is expected that in the event that Zhenro Group ceases to provide such management services to us, there will also be other comparable management services providers readily available in the market for the provision of management and related services to our Group. As such, our Directors (including the independent non-executive Directors) are of the view that there will be no negative impact from the perspective of our operational independence from the Controlling Shareholders in case if Zhenro Group ceases to provide management and related services to the Group. For more details, please see “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Operational Independence.”

Pricing terms under the Management Services Agreement

The management fees to be charged by Zhenro Group will take into account a wide range of factors such as the nature, age and infrastructure features of the relevant residential property projects, geographic location, neighborhood profile and the scope of services to be provided. Zhenro Group shall also determine the fees with reference to the fees quoted by other independent and comparable management services providers to our Group under normal commercial terms in the ordinary course of its business.

The marketing department and the customer service department of our Company will endeavor to seek quotations from at least two independent management services providers with the qualification to offer property management services in that city who offer the same or comparable services, and will only engage Zhenro Group as the management services provider if the price and quality of the management services are comparable to or more favorable to our Group than those offered by the independent management services providers. The Company shall ensure that no preferential treatment will be provided to Zhenro Group in terms of the selection of management services provider.

CONNECTED TRANSACTIONS

Historical transaction amounts

The following table sets out the total management fees incurred by us in relation to the provision of management services to the display units, sales offices and community clubhouses of our commercial and residential properties under development by Zhenro Group during the Track Record Period:

Historical Transaction Amount (RMB'000)			
Year Ended December 31,			Six months Ended
2014	2015	2016	June 30, 2017
30,268	73,111	94,746	36,269

The increase in the historical amounts from 2014 to 2016 was primarily due to the increase in the number of residential and commercial property projects that are under development and have commenced sales period for which resulted in a corresponding increase in the contracted GFA and hence increased demand for management services to our display units, sales offices and community clubhouses. As we expect an increasing number of residential and commercial property projects for which we will commence sales period in the second half of 2017, the historical figure for the six months ended June 30, 2017 is not indicative of the estimated aggregate management fees to be paid by us for the full year in 2017.

Annual caps

The following table sets out the estimated maximum aggregate management fees to be paid by us to Zhenro Group for each of the three years ending December 31, 2019:

Annual Cap for the Year Ending December 31,		
2017	2018	2019
(RMB in thousands)		
110,476	132,571	159,085

The term of the management and related services to our display units, sales offices and community clubhouses typically end when the facilities are no longer in use and the properties are delivered to subsequent property owners.

In arriving at the above annual caps, we have taken into account the estimated total amounts of management fees payable by our Group in relation to (i) the current 24 residential and commercial property projects that are under development and which we had engaged Zhenro Group as management services provider and (ii) the projected new residential and commercial property projects that we may engage Zhenro Group for management services for the three years ending December 31, 2019. The annual caps are determined with reference to the total GFA, geographical locations, facilities and human resources allocation of the relevant display units, sales offices and community clubhouses, the

CONNECTED TRANSACTIONS

percentage of the historical management service fees as to our historical annual sales, the subsequent projected increase in demand for management services to display units, sales offices and community clubhouses as a result of our expected growth in the number of our residential property projects and on the assumption that the labor costs in the PRC will increase steadily in the next three years. As we had 68 property projects at various stages of development as of June 30, 2017, we expect that the number of residential and commercial property projects that will commence sales period shall also increase significantly, which will drive the demand for management services to our display units, sales offices and community clubhouses. Therefore, we expect significant increases in the annual caps for the three years ending December 31, 2019 as compared to the historical transaction amounts during the Track Record Period. As we expect properties to be developed by us to grow by 20% per year, we expect that our total management service fees, including our pre-delivery management service fees and our management fees incurred in relation to the provision of management services to the display units, sales offices and community clubhouses, to grow at the same rate accordingly. Furthermore, as our management fees incurred in relation to the provision of management services to the display units, sales offices and community clubhouses were about 75% of our total management service fees during the Track Record Period, we believe such estimated annual caps are reasonable.

Implication under the Listing Rules

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the management and related services under the Management Services Agreement exceed 0.1% but are all less than 5% on an annual basis, the management and related services under the Management Services Agreement and the proposed annual caps for each of the three years ending December 31, 2019 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Rule 14A.76 (2) of the Listing Rules.

OUR DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described above have been and shall be entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps for the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of the Shareholders as a whole.

The conflicted Directors shall be required to abstain from participation and abstain from voting in the Board meetings at which resolutions in relation to the above continuing connected transactions are discussed.

CONNECTED TRANSACTIONS

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that the non-exempt continuing connected transactions described above, have been and shall be entered into in the ordinary and usual course of business of the Company, are on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps (where applicable) are fair and reasonable and in the interests of the Shareholders as a whole.

APPLICATION FOR WAIVER FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In respect of the transactions described in “— Non-exempt Continuing Connected Transactions — Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders’ approval requirement” above, as one or more relevant percentage ratios under the Listing Rules are, on an annual basis, expected to be more than 0.1%, but less than 5%, such transactions are exempt from the circular and independent shareholders’ approval requirement but subject to the annual reporting and announcement requirements as set out in Rules 14A.49 and 14A.35 of the Listing Rules and the annual review requirements as set out in Rules 14A.55 to 14A.59 and 14A.71(6) of the Listing Rules.

As described above, we expect these non-exempt continuing connected transactions to be carried out on an continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the announcement requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us.

Accordingly, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirements relating to continuing connected transactions under Rule 14A.35 of the Listing Rules in respect of the transactions described in “— Non-exempt Continuing Connected Transactions — Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders’ approval requirement” above.

We will, however, comply at all times with the applicable provisions under Rules 14A.34, 14A.49, 14A.51 to 14A.59 and 14A.71 of the Listing Rules in respect of these non-exempt continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information regarding our Directors and members of senior management.

Directors

Name	Age	Position(s)	Date of Appointment as Director	Date of Joining our Group	Roles and Responsibilities	Relationship with other Directors or senior management
HUANG Xianzhi (黃仙枝)	49	Chairman of the Board and executive Director	September 20, 2017	October 1998	Overall management of the investment strategies and business development of our Group	None
LIN Zhaoyang (林朝陽)	46	Chief executive officer and executive Director	June 27, 2017	October 1998	Overall business direction and day-to-day business and management of our Group	None
OU Guoqiang (歐國強)	33	Non-executive Director	September 20, 2017	November 2008	Providing strategic advice and recommendations on the operations and management of our Group	Brother of Mr. OU Guowei
OU Guowei (歐國偉)	29	Non-executive Director	September 20, 2017	October 2009	Providing strategic advice and recommendations on the operations and management of our Group	Brother of Mr. OU Guoqiang

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of Appointment as Director	Date of Joining our Group	Roles and Responsibilities	Relationship with other Directors or senior management
LOKE Yu alias LOKE Hoi Lam (陸海林)	68	Independent non-executive Director	December 15, 2017	December 15, 2017	Providing independent advice on the operations and management of our Group	None
SHEN Guoquan (沈國權)	52	Independent non-executive Director	December 15, 2017	December 15, 2017	Providing independent advice on the operations and management of our Group	None
WANG Chuanxu (王傳序)	46	Independent non-executive Director	December 15, 2017	December 15, 2017	Providing independent advice on the operations and management of our Group	None

Senior Management

Name	Age	Position(s)	Date of Appointment	Date of Joining our Group	Roles and Responsibilities	Relationship with other Directors or senior management
WANG Benlong (王本龍)	41	Vice President	September 20, 2017	June 2014	Day-to-day business operations, customer relationship matters and overall administrative matters of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of Appointment	Date of Joining our Group	Roles and Responsibilities	Relationship with other Directors or senior management
XIAO Chunhe (肖春和)	41	Vice President	September 20, 2017	May 2011	Investment and development matters, sales and marketing management and business asset management of our Group	None
TAN Mingheng (談銘恒)	42	Chief financial officer	September 20, 2017	August 2015	Overall financial and capital operation of our Group	None

DIRECTORS

Our Board currently consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws and regulations, including the Listing Rules.

Executive Directors

Mr. HUANG Xianzhi (黃仙枝), aged 49, was appointed as our executive Director and the chairman of our Board on September 20, 2017. Mr. Huang is primarily responsible for the overall management of the investment strategies and business development of our Group. He has over 18 years of experience in the PRC real estate industry. Mr. Huang graduated from Jimei Advanced Specialized Institute of Finance and Economics (集美財經高等專科學校) in Fujian Province, the PRC in July 1989, where he majored in Investment Economics. He also obtained a master's degree in business administration from The Open University of Hong Kong in Hong Kong in November 2012. Mr. Huang obtained the qualification as an accountant in December 1997 as certified by the Ministry of Personnel of the PRC (中華人民共和國人事部).

DIRECTORS AND SENIOR MANAGEMENT

From October 1998 to October 2014, Mr. Huang served various positions in Zhenro Group Company, including the chief financial officer, the assistant to the chief executive director, the vice president primarily responsible for financial affairs and the executive vice president where he was responsible for overall management, consecutively. He has been a director and president of Zhenro Group Company since November 2014. Mr. Huang has served as an executive director and chairman of the board of Zhenro Properties Holdings since December 2015.

Mr. Huang was awarded “Outstanding Professional Manager in China for the Year of 2008” (2008年度中國傑出職業經理人) by China Human Resources Management Annual Selection Committee (中國人力資源管理年度評選組委會) in October 2008, and “Chief Accountant in China for the Year of 2011” (2011中國總會計師年度人物) by China Institute of Certified Public Accountants (中國總會計師協會) in December 2011. He was awarded “Figure with Contributions to China Real Estate Brands in 2015” (2015中國房地產品牌貢獻人物) jointly by the Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院) in September 2015. He also received “Top 100 Figures with Contributions to China Real Estate Industry in 2016” (2016中國房地產百強貢獻人物) award from China Real Estate TOP10 Research Group (中國房地產TOP10研究組) in March 2016.

Mr. LIN Zhaoyang (林朝陽), aged 46, was appointed as our executive Director on June 27, 2017 and the chief executive officer of our Company on September 20, 2017. Mr. Lin is primarily responsible for the overall business direction and day-to-day business and management of our Group. He has over 18 years of experience in the PRC real estate industry. Mr. Lin graduated from Putian Advanced Professional College (莆田高等專科學校) in Fujian Province, the PRC in July 1995, where he majored in financial accounting. He completed the advanced courses for chief executive officers in real estate in Shanghai Jiao Tong University in the PRC in May 2012. He obtained the qualifications as senior economist in August 2007 as credentialed by the Department of Personnel of Fujian Province of the PRC (中國福建省人事廳).

From October 1998 to April 2005, Mr. Lin served as the vice general manager of Zhenro Group Company. He then served as the general manager and the chairman of the board of directors of Putian Real Estate, consecutively, from April 2005 to March 2013. He served as the vice president primarily responsible for investment affairs of Zhenro Group Company from April 2013 to March 2016 and the director of the same company from July 2013 to March 2016. Mr. Lin has been an executive director and the chief executive officer of Zhenro Properties Holdings since December 2015.

Mr. Lin is a member of the Sixth People’s Congress of Putian City (莆田市第六屆人大代表), the vice president of Real Estate Association of Fujian Province (福建省房地產協會), the vice president of the Federation of Industry and Commerce of Minhang District of Shanghai (上海市閔行區工商業聯合會) as well as vice president of the Federation of Industry and Commerce of Putian City (莆田市工商業聯合會). Mr. Lin is a councilor of China Real Estate Association (中國房地產業協會). In October 2011, Mr. Lin was awarded “Outstanding Professional Manager in China for the Year of 2011” (2011年度中國傑出職業經理人). In March 2017, Mr. Lin was awarded “2017 China Top 100 Real Estate Entrepreneurs” (2017中國房地產百強企業貢獻人物).

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. OU Guoqiang (歐國強), aged 33, was appointed as our non-executive Director on September 20, 2017. He is the brother of Ou Guowei, who is also our non-executive Director, and the son of Ou Zongrong, one of our Controlling Shareholders. Ou Guoqiang is primarily responsible for providing strategic advice and recommendations on the operations and management of our Group. He has over 8 years of experience in the PRC real estate industry. Ou Guoqiang graduated from Peking University in Beijing, the PRC in July 2005, with a bachelor's degree in economics majoring in finance.

Ou Guoqiang has been serving as a non-executive director of Zhenro Properties Holdings since December 2015 and a director of Zhenro Group Company since February 2012. He served as an executive director from November 2008 to February 2010 and the chairman of the board of directors from March 2010 to February 2012, in Fuzhou Shiou Properties Development Co., Ltd. (福州世歐房地產開發有限公司), a real estate development company.

Ou Guoqiang is a member of the Fourteenth People's Congress of Fuzhou City (福州市第十四屆人大代表). He is also a councilor of Fujian Zhenro Public Welfare Foundation (福建省正榮公益基金會). Mr. Ou received the "Fuzhou May 4th Youth Medal" (福州青年五四獎章) from the Communist Youth League of Fuzhou Municipal Committee (共青團福州市委) and Fuzhou Youth Federation (福州市青年聯合會) in May 2013.

Mr. OU Guowei (歐國偉), aged 29, was appointed as our non-executive Director on September 20, 2017. He is the brother of Ou Guoqiang, who is also our non-executive Director, and the son of Ou Zongrong, one of our Controlling Shareholders. Ou Guowei is primarily responsible for providing strategic advice and recommendations on the operations and management of our Group. He has over 8 years of experience in the PRC real estate industry. Ou Guowei graduated from Shanghai Jiao Tong University (上海交通大學) in Shanghai, the PRC in February 2010, with a bachelor's degree in economics majoring in international economics and trade.

Before joining our Company, Ou Guowei served various positions in Nanchang Real Estate, including the chief officer of human resources from October 2009 till November 2011, the general manager from December 2011 till February 2013 and the chairman of the board of directors from March 2013 till February 2014. He also served as the assistant to the chief executive officer of Zhenro Group Company from March 2013 to March 2016 and has been a non-executive director of Zhenro Properties Holdings since December 2015.

Ou Guowei is the executive director of Shanghai Ronggu Venture Capital Co., Ltd. (上海榮顧創業投資有限公司), a subsidiary of Zhenro Group Company. He is also the executive vice president of Fujian General Association of Commerce in Jiangxi Province (江西福建總商會), the executive vice president of Nanchang Putian Association of Commerce (南昌莆田商會), a committee member of Nanchang Youth Confederation (南昌市青年聯合會), and the vice president of Fujian Association of Commerce in Shanghai (上海市福建商會).

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Dr. LOKE Yu alias LOKE Hoi Lam (陸海林), aged 68, was appointed as our independent non-executive Director on December 15, 2017. He is primarily responsible for providing independent advice on the operations and management of our Group. Dr. Loke has over 40 years of experience in accounting, auditing and corporate governance. Dr. Loke obtained a master's degree in business administration from the Universiti Teknologi Malaysia in Malaysia in April 2001 and a doctor's degree in business administration from the University of South Australia in Australia in March 2006.

Dr. Loke has been a Fellow of The Institute of Chartered Accountants in England and Wales since January 1982, a Fellow of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Directors since April 2004, and a Fellow of The Hong Kong Institute of Chartered Secretaries since October 2013.

Dr. Loke was the sole proprietor of H.L. Loke & Co. and Loke Hoi Lam & Co., both Certified Public Accountants firms in Hong Kong, from February 1980 to April 1985 and from April 1990 to December 1991, respectively. He served as a CPA partner in Loke & Heng from October 1984 to April 1985 and from November 1989 to December 1990. From November 1989 to December 1991, he served as the CPA partner of Baker Tilly, an accounting firm in Hong Kong, from November 1989 to December 1991 and a CPA partner in Tse & Loke from March 1993 to May 1996. Dr. Loke has been serving as the company secretary of Minth Group Limited, a company listed on the Stock Exchange (stock code: 425) since June 2007. Dr. Loke has been serving as the director of MHL Consulting Limited (萬豪企業管理有限公司) since September 2004. In addition, Dr. Loke currently holds or had held directorship in the following listed companies during the Track Record Period:

<u>Name of Entity</u>	<u>Principal Business</u>	<u>Place of Listing and Stock code</u>	<u>Position and Period of Time</u>
Matrix Holdings Limited (美力時集團有限公司)	manufacturing and trading of toys and lighting products	Stock Exchange (stock code: 1005)	an independent non-executive director since September 30, 2004
V1 Group Limited (第一視頻集團有限公司).	tele-media business, lottery-related business and mobile games business in the PRC	Stock Exchange (stock code: 82)	an independent non-executive director since May 17, 2005

DIRECTORS AND SENIOR MANAGEMENT

Name of Entity	Principal Business	Place of Listing and Stock code	Position and Period of Time
China Beidahuang Industry Group Holdings Limited (中國北大荒產業集團控股有限公司)	sales and distribution of wine and liquor; and production and sale of forages	Stock Exchange (stock code: 39)	an independent non-executive director since June 24, 2005
China Fire Safety Enterprise Group Limited (中國消防企業集團有限公司)	production and sale of fire engines; and production and sale of fire prevention and fighting equipment	Stock Exchange (stock code: 445)	an independent non-executive director since August 1, 2006
Winfair Investment Company Limited (永發置業有限公司)	property and share investments, property development and securities dealing	Stock Exchange (stock code: 287)	an independent non-executive director since April 2, 2007
SCUD Group Limited (飛毛腿集團有限公司)	manufacturing and sale of lithium-ion battery modules and related accessories for mobile phones, tablets and digital electronic appliances; manufacture and sale of lithium-ion bare battery cells	Stock Exchange (stock code: 1399)	an independent non-executive director since May 14, 2009
Zhong An Real Estate Limited (眾安房產有限公司)	property development, leasing and hotel operation	Stock Exchange (stock code: 672)	an independent non-executive director since June 30, 2009

DIRECTORS AND SENIOR MANAGEMENT

Name of Entity	Principal Business	Place of Listing and Stock code	Position and Period of Time
Chiho Environmental Group Limited (齊合環保集團有限公司)	metal recycling; foundry and wholesales business	Stock Exchange (stock code: 976)	an independent non-executive director since June 23, 2010
Tianjin Development Holdings Limited (天津發展控股有限公司)	utilities; operation of hotels; production, manufacture and sale of electrical and mechanical equipment; production, sale and distribution of winery products, elevators and escalators and provision of port services	Stock Exchange (stock code: 882)	an independent non-executive director since December 21, 2012
China Household Holdings Limited (中國家居控股有限公司)	trading of wooden products, provision of interior design services, sales of fabrics & garments	Stock Exchange (stock code: 692)	an independent non-executive director since August 9, 2013
Tianhe Chemicals Group Limited (天合化工集團有限公司)	production of specialty chemicals	Stock Exchange (stock code: 1619)	an independent non-executive director since May 31, 2014
Mega Medical Technology Limited (美加醫學科技有限公司)	manufacturing of and trading in dental prosthetics and electronic components	Stock Exchange (stock code: 876)	an independent non-executive director from June 20, 2014 to January 11, 2017
Lamtex Holdings Limited (林達控股有限公司)	development of property and investment in securities	Stock Exchange (stock code: 1041)	an independent non-executive director since July 28, 2015

DIRECTORS AND SENIOR MANAGEMENT

Name of Entity	Principal Business	Place of Listing and Stock code	Position and Period of Time
Forebase International Holdings Limited (申基國際控股有限公司)	manufacturing and sale of electronic components, properties investment and hotel operation	Stock Exchange (stock code: 2310)	an independent non-executive director since April 18, 2016
Hang Sang (Siu Po) International Holding Company Limited	manufacturing and sale of apparel labels and packaging printing products	Stock Exchange (stock code: 3626)	an independent non-executive director since April 26, 2016
Hong Kong Resources Holdings Company Limited (香港資源控股有限公司)	trademark licensing and retailing for selling gold and jewellery products	Stock Exchange (stock code: 02882)	an independent non-executive director since May 31, 2017

Mr. SHEN Guoquan (沈國權), aged 52, was appointed as our independent non-executive Director on December 15, 2017. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Shen has over 18 years of experience in the legal and financial regulatory area in the PRC. He obtained both his bachelor's degree and master's degree in economic law from East China College of Political Science and Law (華東政法學院), now known as East China University of Political Science and Law (華東政法大學), in the PRC in July 1986 and June 1993, respectively. Mr. Shen received his PRC Lawyer's Qualification Certificate in 1993, issued by the Ministry of Justice of the PRC.

Mr. Shen is the arbitrator of Shanghai Arbitration Commission and a member of the Fourth Listing Committee of Shanghai Stock Exchange. Mr. Shen served as a committee member of the Issuance Examination Committee of China Securities Regulatory Commission (中國證券監督管理委員會發行審核委員會) from December 2004 to April 2007. He has been the partner of Shanghai AllBright Law Offices (上海市錦天城律師事務所) since April 1999. In addition, Mr. Shen currently holds or had held directorship in the following listed companies:

Name of Entity	Principal Business	Place of Listing and Stock code	Position and Period of time
Harbin Pharmaceutical Group Co., Ltd. (哈藥集團股份有限公司)	pharmaceutical manufacturing	Shanghai Stock Exchange (stock code: 600664)	an independent director from December 24, 2004 to February 3, 2008

DIRECTORS AND SENIOR MANAGEMENT

Name of Entity	Principal Business	Place of Listing and Stock code	Position and Period of time
Zhejiang Crystal-Optech Co., Ltd (浙江水晶光電科技股份有限公司)	research, manufacturing and sale of optical, LED, micro-display and reflective material	Shenzhen Stock Exchange (stock code: 2273)	an independent director from April 12, 2007 to December 13, 2012
East Money Information Co., Ltd. (東方財富資訊股份有限公司) . .	on-line financial information service	Shenzhen Stock Exchange (stock code: 300059)	an independent director from June 26, 2008 to January 21, 2014
Shanghai Xinhua Media Co., Ltd. (上海新華傳媒股份有限公司) . .	publication of books and newspapers, advertising and media investment	Shanghai Stock Exchange (stock code: 600825)	an independent director from February 20, 2008 to July 14, 2014
Beijing Hualu Baina Film & TV Inc. (北京華錄百納影視股份有 限公司).	Investment and management of film and television projects	Shenzhen Stock Exchange (stock code: 300291)	an independent director from August 9, 2010 to November 13, 2016
Jiangxi Lianchuang Opto-electronic Science & Technology Co., Ltd (江西聯創 光電科技股份有限公司)	research, manufacturing and sale of optoelectronic devices, application products and cable products	Shanghai Stock Exchange (stock code: 600363)	an independent director since July 29, 2014
Suzhou TA&A Ultra Clean Technology Co., Ltd. (蘇州天華 超淨科技股份有限公司)	research, manufacturing and sale of cleanroom and ESD control products	Shenzhen Stock Exchange (stock code: 300390)	an independent director from December 2, 2014 to December 25, 2016
State Energy Group International Assets Holdings Limited (國能 集團國際資產控股有限公司) (formerly known as “Takson Holdings Limited (第一德勝控 股有限公司)”)	manufacturing and sale of outerwear garments and sportswear products	Stock Exchange (stock code: 918)	an independent director since November 22, 2016

DIRECTORS AND SENIOR MANAGEMENT

Name of Entity	Principal Business	Place of Listing and Stock code	Position and Period of time
Zibo Qixiang Tengda Chemical Co., Ltd. (淄博齊翔騰達化工股份有限公司)	research and development, manufacturing and sales of chemical products	Shenzhen Stock Exchange (stock code: 002408)	an independent director since April 7, 2017
Bank of Shanghai Co., Ltd. (上海銀行股份有限公司)	commercial banking business	Shanghai Stock Exchange (stock code: 601229)	an independent director since June 24, 2017

Despite the fact that Dr. Loke and Mr. Shen have been appointed as an independent non-executive director of 15 and 4 other listed companies, respectively, Dr. Loke and Mr. Shen have advised the Company the following:

- (i) none of their current commitments would require them to work intensively on a daily basis as Dr. Loke does not currently have any full-time work and Mr. Shen is a senior partner of a PRC law firm and has other partners and associates to assist him in dealing with the day-to-day operation of his legal practice; and
- (ii) each of them maintains a high attendance rate based on the attendance records of such companies to which they serve as independent non-executive director.

As such, Dr. Loke and Mr. Shen are of the view that they can allocate sufficient time to serve as independent non-executive Director of the Company.

Based on the foregoing, the Directors are of the view and the Sole Sponsor concurs that Dr. Loke and Mr. Shen can devote sufficient time to discharge their responsibilities as independent non-executive Director of the Company. Nevertheless, pursuant to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”), our Board will (i) regularly review the contribution required from our Directors to perform their respective responsibilities to us, and whether each Director is spending sufficient time in performing their responsibilities; (ii) at the time when it proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, set out the reasons in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why our Board believes such individual should be elected, the reasons why such individual is considered to be independent by our Board and, if required under the Corporate Governance Code, explain why such individual who is considered to be overboarded would still be able to devote sufficient time to our Board.

Mr. WANG Chuanxu (王傳序), aged 46, was appointed as our independent non-executive Director on December 15, 2017. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Wang has over 16 years of experience in the finance industry and providing secretarial and corporate service to listed companies in the PRC. He obtained his bachelor’s degree in engineering majoring in industrial moulding design from East China

DIRECTORS AND SENIOR MANAGEMENT

University of Science and Technology (華東理工大學) in the PRC in July 1994 and his master's degree in economics majoring in political economics from East China Normal University (華東師範大學) in the PRC in July 1998. Mr. Wang was granted the qualification of securities investment consulting by China Securities Regulatory Commission in December 1999. He also obtained the certificate of secretary to the board of directors of listed companies issued by Shenzhen Stock Exchange in November 2008.

Mr. Wang had held several positions in a number of listed companies, including those set out below:

Name of Entity	Principal Business	Place of Listing and Stock Code	Position and Period of time
Industrial Securities Co., Ltd. (興業證券股份有限公司)	securities brokerage	Shanghai Stock Exchange (stock code: 601377)	a researcher and then the senior manager of investment banking from June 1998 to May 2007
Sinolink Securities Co., Ltd. (國金證券股份有限公司)	securities brokerage	Shanghai Stock Exchange (stock code: 600109)	a business director of investment banking from May 2007 and to December 2008
Fujian Zhongfu Industries Co., Ltd. (福建中福實業股份有限公 司) (now known as Zhongfu Straits (Pingtan) Development Company Limited (中福海峽(平 潭)發展股份有限公司))	plantation and trading of wood products, property development and asset management	Shenzhen Stock Exchange (stock code: 000592)	various positions including the vice general manager and the secretary to the board of directors of the company from December 2008 to September 2011
Thaihot Group Co., Ltd (泰禾集 團股份有限公司)	property development	Shenzhen Stock Exchange (stock code: 732)	the vice general manager and the secretary to the board of directors from November 2011 to April 2014
Greattown Holdings Ltd. (上海大 名城企業股份有限公司)	property development	Shanghai Stock Exchange (stock code: 600094)	the vice general manager from July 2014 to March 2015

Mr. Wang has also been serving as an executive director of Shanghai NextDV Software Company Limited (上海渡微軟件有限公司) since August 2015.

DIRECTORS AND SENIOR MANAGEMENT

Other Disclosure under Rule 13.52(2) of the Listing Rules

Dr. Loke Yu was a director of Seawood Properties Limited, a private company limited by shares incorporated in Hong Kong primarily engaged in the property investment business while this company was dissolved by striking off on March 8, 2002. He was also a director of Miniworld Company Limited (迷你世界有限公司), a private company limited by shares incorporated in Hong Kong primarily engaged in the manufacturing of artifacts while this company was dissolved by striking off on May 16, 2003. Dr. Loke confirmed that as both companies made commercial decisions to cease to carry on any business or operation, they were dissolved by striking off. Dr. Loke further confirmed that there was no wrongful act on his part leading to the dissolutions and he is not aware of any actual or potential claim that has been or will be initiated against him as a result of the dissolutions, and that his involvements in the dissolved companies was part and parcel of his services and that no misconduct or misfeasance had been involved in the dissolutions.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The biography of each of our senior management member is set out below.

Mr. WANG Benlong (王本龍), aged 41, was appointed as our vice president on September 20, 2017. Mr. Wang is primarily responsible for the day-to-day business operations, customer relationship matters and overall administrative matters of our Group. Mr. Wang has been serving as the vice president of Zhenro Properties Holdings since January 2017, primarily responsible for the operation management department, customer relationship department and comprehensive management department. Mr. Wang has also been assisting the president of Zhenro Properties Holdings since July 2017 with respect to affairs of the human resources department and has been a director of Zhenro Properties Holdings since September 2017. Mr. Wang obtained his bachelor's degree in engineering majoring in management engineering from Tianjin University (天津大學) in Tianjin, the PRC in July 1999.

Mr. Wang served as the general manager and then the chairman of the board of directors of Tianjin Real Estate from June 2014 to July 2016. He then served as the general manager of Suzhou Property from July 2015 to July 2016. He served as the assistant to the chief executive officer of Zhenro Properties Holdings from May 2016 to January 2017. Mr. Wang served as the manager in charge of our real estate business in Beijing and Tianjin at Zhenro Properties Holdings from July 2016 to March 2017, and the manager in charge of our real estate business in Zhengzhou at Zhenro Properties Holdings from March 2017 to July 2017. Before joining our Group, Mr. Wang worked in several property development companies in the PRC including (i) the project general manager of Shanghai Longhu Real Estate Co., Ltd. (上海龍湖置業發展有限公司) from February 2008 to August 2009; (ii) the general manager of Yancheng Zhongnan Century City Real Estate Investment Co., Ltd. (鹽城中南世紀城房地產投資有限公司) from September 2009 to June 2011; (iii) the chief officer of the group engineering center of Shanghai Penghui Property Development Co., Ltd. (上海鵬暉置業有限公司) from July 2011 to January 2013 and (iv) the general manager of Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) from February 2013 till May 2014.

DIRECTORS AND SENIOR MANAGEMENT

Mr. XIAO Chunhe (肖春和), aged 41, was appointed as our vice president on September 20, 2017. Mr. Xiao is primarily responsible for the investment and development matters, sales and marketing management and business asset management of our Group. Mr. Xiao has been the vice president of Zhenro Properties Holdings since January 2017. Since July 2017, he has also been assisting the president with the investment expansion and teambuilding work for members of our Group in Shanghai, Tianjin and Jinan. Mr. Xiao obtained his bachelor's degree in engineering majoring in earth resources management from Fuzhou University (福州大學) in Fujian Province, the PRC in July 1999.

Mr. Xiao served various positions in Zhenro Group Company, including the marketing manager and then the marketing chief manager from May 2011 to January 2013, as well as the chief marketing officer and the assistant to the chief executive officer from October 2014 to May 2016. He was the vice general manager of Nanjing Real Estate from January 2013 to October 2014 where he was mainly responsible for marketing. He served as the assistant to the president of Zhenro Properties Holdings from March 2016 to January 2017, and the manager responsible for the real estate business in Shanghai from February 2017 to July 2017. He served as the general manager of Nanchang Real Estate from May 2016 to February 2017. Before joining our Group, he served in Fujian Jiushun Properties Development Co., Ltd. (福建久順房地產開發公司), a real estate development company, as the vice general manager of marketing from September 2010 till April 2011.

Mr. TAN Mingheng (談銘恒), aged 42, was appointed as our chief financial officer on September 20, 2017. He is responsible for the overall financial and capital operation of our Group. He has over 18 years of finance experience. Mr. Tan has been serving as the chief financial officer and the secretary to the board of directors of Zhenro Properties Holdings from December 2015 and is primarily responsible for the finance management center and legal department. Mr. Tan graduated from Shanghai University (上海大學) in July 1998 with a bachelor's degree in economics majoring in international finance. He also obtained an executive master of business administration degree from Fudan University (復旦大學) in Shanghai, the PRC in June 2013. He has been a certified public accountant as credentialed by Shanghai Institute of Certified Public Accountant since 1999. In November 2002, Mr. Tan was recognized as a certified internal auditor by China Institute of Internal Auditors with the authorization from the Institute of Internal Auditors.

Before joining our Group, he served in Ernst & Young Hua Ming LLP as a senior auditor from September 1998 to December 2000. From January 2001 to March 2008, he served in the Shanghai Branch of KPMG Huazhen LLP, including as a senior manager. From April 2008 to January 2013, he served in Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)有限公司), a property development company, as the director of the risk management department. Mr. Tan was appointed as the chief financial officer and the officer in charge of audit legal affairs of Jingrui Holdings Limited (景瑞控股有限公司), a property development company listed on the Stock Exchange (stock code: 01862), in January 2013 and served as so till August 2015.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. TAN Mingheng (談銘恒), is one of the joint company secretaries of our Company and has been appointed with effect from Listing. Please refer to his biography under the paragraph headed “— Senior Management” above.

Ms. KWONG Yin Ping Yvonne (鄺燕萍) is one of the joint company secretaries of our Company and has been appointed with effect from Listing. Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies. She is a vice president of SW Corporate Services Group Limited, a company focusing on the provision of listing company secretarial and compliance services. She currently serves as the company secretary or joint company secretary of several companies listed on the Stock Exchange.

Ms. Kwong received a higher diploma in company secretaryship and administration from Hong Kong Polytechnic University in November 1979 and a bachelor’s degree in accounting from Hong Kong Polytechnic University in November 1997. She has been a fellow of The Hong Kong Institute of Chartered Secretaries and a fellow of The Institute of Chartered Secretaries and Administrators of the United Kingdom since December 2012.

DIRECTORS’ AND SENIOR MANAGEMENT’S INTEREST

Save as disclosed in “— Directors”, “— Senior Management” and “— Joint Company Secretaries”, each of our Directors and the members of our senior management (i) did not hold other positions in our Group as of the Latest Practicable Date; (ii) had no other relationship with any Directors or our members of the senior management as of the Latest Practicable Date; and (iii) did not hold any other directorship in listed companies in the three years prior to the Latest Practicable Date. See “Statutory and General Information” in Appendix V for further information about our Directors, including the particulars of their service contracts of letters of appointment and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO).

Save as disclosed “— Directors”, “— Senior Management” and “— Joint Company Secretaries”, there are no other matters in respect of each of our Directors and the members of our senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other material matters relating to our Directors and the members of our senior management that need to be brought to the attention of our Shareholders.

BOARD COMMITTEES

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The Audit Committee consists of three members, namely LOKE Yu (alias LOKE Hoi Lam) and WANG Chuanxu, our independent non-executive Directors, and OU Guowei, non-executive Director. LOKE Yu (alias LOKE Hoi Lam) has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee include: (i) making

DIRECTORS AND SENIOR MANAGEMENT

recommendations regarding the appointment and removal of external auditors of our Company; (ii) reviewing the accounting policies and financial positions of our Company; (iii) reviewing and supervising the internal audit functions and internal control structure of our Company; and (iv) reviewing and overseeing the risk management of our Company.

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The Remuneration Committee has three members, namely WANG Chuanxu, HUANG Xianzhi and SHEN Guoquan. WANG Chuanxu, our independent non-executive Director, has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include: (i) reviewing and making recommendations to the Board regarding remuneration policies for Directors and senior management; and (ii) supervising the implementation of remuneration policies.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The Nomination Committee consists of two independent non-executive Directors, being WANG Chuanxu and SHEN Guoquan and one executive Director, being HUANG Xianzhi, who is the chairman of our Board and also acts as the chairman of the Nomination Committee. The primary duties of the nomination committee include: (i) reviewing the composition of the Board of Directors and assess the ability and experience of Directors; (ii) making recommendations to our Board on the appointment and removal of Directors; and (iii) assessing the independence of the independent non-executive Directors.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Management presence

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, see “Waivers from Strict Compliance with the Listing Rules — Waiver in relation to Management Presence in Hong Kong.”

Qualification of Joint Company Secretaries

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rule 3.28 and Rule 8.17 of the Listing Rules in relation to the requirements on the qualifications of the company secretary. For details of the waiver, see “Waivers from Strict Compliance with the Listing Rules — Waiver in relation to Joint Company Secretaries.”

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive compensation from our Company in the form of fees, salaries, bonuses, allowances and other benefits in kind such as contributions to pension plans.

The aggregate remuneration (including fees, salaries, bonuses, allowances and other benefits in kind such as contributions to pension plans) we paid to our Directors for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 was approximately RMB4.1 million, RMB5.5 million, RMB6.0 million and RMB3.5 million, respectively, which included the aggregate contributions we paid to pension plans for our Directors in respect of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 of approximately RMB0.2 million, RMB0.3 million, RMB0.4 million and RMB0.2 million, respectively.

Save as disclosed in note 8 to the Historical Financial Information in Appendix I, no other amounts have been paid or are payable by any member of our Group to our Directors for the years ended December 31, 2014, 2015 and 2016.

The aggregate amount of fees, salaries, bonuses, allowances and other benefits in kind such as contributions to pension plans we paid to our five highest paid individuals in respect of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 was approximately RMB4.6 million, RMB6.2 million, RMB7.2 million and RMB4.1 million, respectively, which included the aggregate contributions we paid to pension plans in respect of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 of approximately RMB0.3 million, RMB0.3 million, RMB0.5 million and RMB0.3 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017. Further, none of our Directors had waived or agreed to waive any remuneration during the same period.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind and discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2017 is estimated to be approximately RMB7.0 million in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the following persons will have an interest or a short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of Interests ⁽¹⁾	Shares held as of the date hereof and immediately prior to the Global Offering		Shares held immediately following the completion of the Global Offering	
		Number	Percentage	Number	Percentage ⁽²⁾
ZR Ou ⁽³⁾	Interest in controlled corporation	2,415,060,000	80.5%	2,415,060,000	60.38%
RoYue	Beneficial interest	2,272,560,000	75.75%	2,272,560,000	56.81%
RoJing	Beneficial interest	142,500,000	4.75%	142,500,000	3.56%
Lin Shuying (林淑英) ⁽⁴⁾	Interest of spouse	2,415,060,000	80.5%	2,415,060,000	60.38%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 4,000,000,000 Shares in issue after completion of the Share Subdivision and the Capitalization Issue and immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).
- (3) ZR Ou is the sole beneficial owner of RoYue and RoJing. By virtue of the SFO, ZR Ou is deemed to be interested in the Shares held by RoYue and RoJing.
- (4) Lin Shuying is the spouse of ZR Ou. Under Part XV of the SFO, Lin Shuying is deemed to be interested in the same number of Shares in which ZR Ou is interested.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, after completion of the Share Subdivision and the Capitalization Issue and immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized share capital of our Company as of the Latest Practicable Date and immediately following the completion of the Global Offering:

Authorized share capital

Shares	Description	Nominal value	Total nominal value
5,000,000	As of the Latest Practicable Date	US\$0.01	US\$50,000
5,000,000,000	Immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering	US\$0.00001	US\$50,000

The following is a description of the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

Issued share capital

As of the Latest Practicable Date:

Shares	Nominal value	Total nominal value
50,000	US\$0.01	US\$500

Immediately after the completion of the Global Offering and before any exercise of the Over-allotment Option:

Shares	Description of Shares	Nominal value	Total nominal value
50,000,000	Shares in issue after the Share Subdivision	US\$0.00001	US\$500
2,950,000,000	Shares to be issued pursuant to the Capitalization Issue	US\$0.00001	US\$29,500
1,000,000,000	Shares to be issued pursuant to the Global Offering	US\$0.00001	US\$10,000
<u>4,000,000,000</u>	Total	<u>—</u>	<u>US\$40,000</u>

SHARE CAPITAL

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Companies Law and the terms of our Memorandum and Articles of Association, our Company may from time to time by ordinary shareholders' resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by shareholders' special resolution. For more details, please see "Summary of the Constitution of our Company and Cayman Companies Law — 2. Articles of Association — (a) Shares — (iii) Alteration of capital" in Appendix IV.

Pursuant to the Cayman Companies Law and the terms of our Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see "Summary of the Constitution of our Company and Cayman Companies Law — 2. Articles of Association — (a) Shares — (ii) Variation of rights of existing Shares or classes of Shares" in Appendix IV.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the conditions stated in "Structure of the Global Offering — Conditions of the Global Offering", our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

SHARE CAPITAL

For further details of these general mandate, please see “Statutory and General Information — A. Further Information About our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on December 15, 2017” in Appendix V.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in “Statutory and General Information — D. Share Option Scheme” in Appendix V.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited combined financial statements, including the notes thereto as of and for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, as well as our unaudited combined financial statements as of and for the six months ended June 30, 2016, included in the Accountants' Report set out in Appendix I to this prospectus. The Accountants' Report has been prepared in accordance with IFRSs issued by the International Accounting Standards Board (the "IASB"), which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in "Risk Factors".

For the purpose of this section, unless the context otherwise requires, references to 2014, 2015 and 2016 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a combined basis.

OVERVIEW

We are a large comprehensive property developer in the PRC focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group's exclusive platform to carry out its property development business founded in 1998. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone. As of October 31, 2017, we had a property portfolio of 81 property projects with an aggregate GFA attributable to us of approximately 11.5 million sq.m., including (i) the total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. Our property projects were located in 17 cities in four core business regions at various stages of development, of which 64 property projects were owned and developed by us, ten property projects were developed by our Joint Ventures and seven property projects were developed by our associated companies.

We attribute our success to our distinctive market positioning strategy, strong land sourcing capability, standardized property development procedures and dynamic realizable-market-value-based inventory management approach, all of which enable us to replicate our success as we expand throughout China and create brand recognition. In particular, We have adopted a dynamic management approach in the entire life cycle of a property project, focusing on maximizing returns for our property projects, optimizing cash position and responding quickly to market changes. We conduct quarterly review and may establish new or adjust our existing investment plans and product positioning, design,

FINANCIAL INFORMATION

sales price and marketing approach in view of the estimated realizable market value of our projects which are based on our annual sales targets, our profit targets, our real time property inventory position and the changing market conditions. Although sales targets are set at our headquarters, we empower a senior management team in each city which performs regional management functions with the ability to adjust sales price for our projects based on changing market conditions due to their familiarity with the local property markets. Such ability to adjust our inventory status, sales price and cash flow to proactively respond to trends in local property markets has enabled us to maintain profitability. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we achieved gross margin of 22.0%, 23.4%, 21.7%, 26.7% and 20.8%, respectively, with net profit margin of 2.6%, 9.7%, 8.5%, 10.3% and 4.7%, respectively. The decrease in net profit margin for the six month ended June 30, 2017 from the corresponding period in 2016 was primarily due to an increase in the percentage of revenue derived from the sale of properties with a relatively lower profit margins delivered in the six months ended June 30, 2017 and a higher fair value gains on investment properties recorded in the six months ended June 30, 2016.

We derive our revenue principally from the sales of properties we developed, including residential, commercial and mixed-use properties. We also retain a portion of our properties as investment properties to generate rental income and enjoy the benefit of any appreciation in property value. In addition, we also generate a portion of our revenue from commercial property management service to the commercial properties we developed. Our business operations have experienced significant growth during the Track Record Period. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, our revenue amounted to RMB3,039.6 million, RMB4,310.2 million, RMB14,603.5 million, RMB5,404.5 million and RMB8,085.2 million, respectively. During the same period, the profit and total comprehensive income for the period was RMB80.1 million, RMB418.9 million, RMB1,243.2 million, RMB559.2 million and RMB376.6 million, respectively. In addition, if fair value gains on investment properties after tax was excluded, we would incur a net loss of RMB358.7 million and RMB160.7 million for the years ended December 31, 2014 and 2015, respectively, and would recognize a net profit of RMB797.6 million for the year ended December 31, 2016. If fair value gains on investment properties after tax was excluded, our net profit would be RMB239.9 million and RMB339.4 million for the six months ended June 30, 2016 and 2017, respectively. Net losses after excluding fair value gains on investment properties in 2014 and 2015 were primarily because we accelerated our nationwide expansion since 2013, resulting in high fixed costs and expenses comparing with a relatively lower level of aggregate GFA completed and delivered in this early stage of expansion, which had subsequently been improved since 2016.

BASIS OF PRESENTATION

Our Company acts as the holding company of our Group and was established in the Cayman Islands on July 21, 2014. As part of the Corporate Restructuring, Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group's exclusive platform to carry out its property development business founded in 1998. See "Our History and Reorganization — The Corporate Restructuring." The companies now comprising our Group were under the common control of the Controlling Shareholders before and after the Corporate Restructuring and the Reorganization. Accordingly, the financial information of our Group has been prepared on a combined basis by applying the principles of merger accounting as if the Corporate Restructuring and the Reorganization had been completed at the beginning of the Track Record Period.

FINANCIAL INFORMATION

The combined statements of comprehensive income, statements of changes in equity and statements of cash flows of our Group for the Track Record Period include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The combined statements of financial position of our Group as of December 31, 2014, 2015 and 2016 and June 30, 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Corporate Restructuring and the Reorganization. Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Corporate Restructuring are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on consolidation.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Economic Conditions and Regulatory Environment in the PRC

The overall economic growth and urbanization in the cities and regions that we operate and intend to operate are expected to continue to impact our business and operating results. The overall economic growth in the PRC and the rate of urbanization will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. Such macroeconomic dynamics and policies have in the past affected and will likely continue to affect the supply and demand for properties and property pricing trends in the cities and regions where we operate and intend to operate.

In addition, our business and operating results have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC, in particular those relating to property market. In the past few years, the PRC government implemented a series of measures to control the overheated property market, which aim to discourage speculative investments and increase the supply of affordable residential properties. From time to time, the central and local governments adjust or introduce policies and regulations relating to land grants, pre-sales of properties, bank financing and taxation, planning and zoning, building design and construction, which have significantly impacted the availability and cost of financing for real estate developers, including us. In addition, restrictive regulations may also affect the availability and cost of financing for potential property purchasers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks, restrictions on the number of properties local residents may purchase and increasing taxes on title transfer and property ownership. More recently, the property market in the PRC has witnessed signs of a slowdown and the PRC government has eased certain restrictive measures to foster the growth of the property market in China, encourage transactions and reduce idle housing inventory. We are currently focused on developing properties that target customers who purchase to upgrade their

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home, which represent property development activities that are encouraged under the current regulatory environment in the PRC. As a result, we believe we are less susceptible to the restrictive measures and will continue to benefit from the continued economic growth and urbanization, as well as the government policies to foster the continued growth of the property market in the PRC.

Furthermore, our continuing growth depends, to a significant extent, on our ability to expand into other regions and cities. We intend to further expand into cities in the four major regions we currently operate and may enter into additional economic areas in the PRC in the future. We may not have the same level of familiarity with local regulatory environment, local economic conditions, local contractors, business practices, customs and customer tastes, behavior and preference. If we cannot successfully leverage our experience or understand the property market in any other cities which we target for expansion, our business, results of operations and financial position will be adversely affected.

Availability and Cost of Land in Strategically Selected Locations

Land acquisition costs are one of the major components of our cost of sales for property development. Our continued business growth is highly dependent on our ability to secure and acquire quality land parcels at reasonable prices that can yield favorable returns. During the Track Record Period, we primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities, auctions and public tenders. We also acquire land by cooperating with third-party business partners through joint ventures. In addition, we occasionally acquire land from third parties by acquiring equity interests in companies that possess land use rights. As the PRC economy continues to grow and demand for commodity properties remains relatively strong, we expect competition among property developers to intensify, especially in the first- and second-tier cities where most of our properties are located in. In addition, PRC governmental land supply policies and implementation measures are likely to further intensify competition, consequently, increase the land acquisition costs. In order to participate in the public tender, auction and listing-for-sale processes, we are required to pay a deposit upfront, which typically represents a significant portion of the actual cost of the relevant land and we are required to settle the land premium within one year after signing the land grant contract in accordance with relevant regulation, which have accelerated the timing of our payment for land acquisition costs and have had a significant impact on our cash flows. It is generally expected that land premiums will continue to rise in the PRC as the economy continues to grow, which may materially and adversely affect our business and operating results.

Timing of Property Development, Pre-sale and Delivery

The number of property projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as land supply. The development of a property project may take several months to even years before the commencement of pre-sale, depending on the size and difficulty of the project, and no revenue with respect to such project is recognized until it is completed and delivered to the customers. Therefore, our cash flows and results of operation vary from period to period, subject to the selling prices and the GFA pre-sold / sold and delivered in the relevant periods. In addition, delays in construction, regulatory approval and other processes may also adversely affect the timetable of our projects. Timing of pre-sale is subject to not only our internal schedules but also relevant PRC laws and

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regulations. The relevant pre-sale requirements vary from city to city and pre-sale proceeds of a project are required to be used to finance its development. As a result of the time differences between cost incurred, cash received from pre-sales and revenue recognition, our results of operation have fluctuated in the past and are likely to continue to fluctuate in the future.

Revenue and Product Mix

We derive our revenue principally from the sale of properties that we developed, including residential, commercial and mixed-use properties. We also retain a portion of our properties as investment properties to generate rental income. Moreover, we generate a small portion of our revenue from property management service to the commercial properties we developed. As a result, our results of operations, including particularly our gross margins, and the sources and amount of cash from operations, have varied and may continue to vary significantly from period to period depending on the mix of our revenues from sale of properties and the provision of property leasing and commercial property management services. We proactively and closely plan and manage the relative growth of our sales of properties, property leasing and commercial property management operations in order to achieve and maintain a desirable revenue mix from these businesses.

With respect to the revenue we generated from sale of properties, we price our properties by taking into account various factors, including prevailing local market prices, supply and demand conditions, the type and positioning of properties being developed. The price of properties in different cities can have significant difference, so are the related construction and land use rights costs. Therefore, our results of operations and cash flows may vary from period to period depending on the types, total GFA and the location of properties delivered and the average selling prices of these properties sold.

Construction Materials and Labor Cost

Construction costs constitute a substantial portion of our cost of sales, of which, construction materials and labor cost are the two major components. Construction costs fluctuate as a result of changes in the price of certain key construction materials, such as steel and cement. Costs for construction materials and construction labor are generally included in the contractor fees agreed between us and our general contractors. However, for certain major construction materials such as steel and cement, where the prices may fluctuate significantly, we and our contractors usually specify the price range within which the total construction contract price will remain fixed. If the price fluctuate outside such initial specified price range, we will be solely responsible for the price increase beyond the agreed scope. If we are unable to successfully pass on such increase in construction costs to our customers, we cannot sell our properties at a price level sufficient to cover all the increased costs, we will not be able to achieve our target margin and our profitability will be adversely impacted as well.

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Availability and Cost of Financing

Financing is an important source of funding for property development. During the Track Record Period, we financed our operations primarily through internally generated cash flow including proceeds from the pre-sale of our properties, provision of property leasing and management services, as well as external financings, such as borrowings from commercial banks, trust and other financing arrangements and the issuance of corporate bond. The monetary regulations imposed by the PRC government from time to time may affect our access to capital and cost of financing. We are also highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those that restrict the ability of real estate developers to obtain bank financing. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs. In addition, as of June 30, 2017, we had 43 outstanding trust financing arrangements provided by trust financing providers, asset management companies and other financial institutions, which usually have a greater flexibility in terms of fund availability and repayment requirements. While trust financing providers, asset management companies and other financial institutions generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. The PRC government may implement more stringent measures to control risks in loan growth, which may include more stringent review procedures that trust financing providers, asset management companies and other financial institutions are required to adopt when considering applications for trust financing and remedial actions that they are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC government may implement could limit the amount that trust financing providers, asset management companies and other financial institutions can make available for the PRC property development industry as a whole and to us. As such, any increase in interest rates offered to us and the general credit availability may significantly impact our real estate development business.

As of December 31, 2014, 2015 and 2016 and June 30, 2017, our total outstanding borrowings amounted to RMB30,180.5 million, RMB25,358.4 million, RMB35,034.1 million and RMB36,413.9 million, respectively. The weighted average effective interest rates on our total borrowings as of December 31, 2014, 2015 and 2016 and June 30, 2017 were 12.5%, 11.6%, 8.5% and 7.3%, respectively. On October 10, 2016, our wholly-owned subsidiary, Jiangxi Real Estate, issued the 2016 Corporate Bond. We may from time to time in the future obtain further funding by accessing both the international and domestic capital markets, including but not limited to the issuance of new corporate bonds, asset-backed securities programs and debt offerings, to diversify our financing sources, secure sufficient working capital and to support our business expansion. In addition, a significant portion of our finance costs are capitalized at the time it is incurred to the extent such costs are directly attributable to the land acquisition and project construction. An increase in our finance costs will negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will adversely affect our results of operations.

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LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign invested real estate developers in the PRC and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. We recorded LAT expenses of RMB115.2 million, RMB206.2 million, RMB548.4 million, RMB390.2 million and RMB338.7 million for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, respectively. We have accrued all LAT payable on our property sales and transfers in compliance with the relevant LAT laws and regulations during the Track Record Period. However, the provision for LAT requires our management to use a significant amount of judgment and estimates and we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Under such circumstances, our results of operations and cash flows may be materially and adversely affected.

Fair Value of Our Investment Properties

Property values are affected by, among others, rental income, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, political and economic developments, construction costs and the timing of development of properties. We state our investment properties at fair value on our combined statements of financial position as non-current assets as of each financial statements date based on the valuations prepared by JLL, an independent property valuer, and record changes in fair value of investment properties in our combined statements of comprehensive income. See “— Description of Certain Major Components of Our Combined Statement of Comprehensive Income — Fair Value Gains on Investment Properties.” Property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may be higher or lower if the valuer uses a different set of bases and assumptions or if the valuation is conducted by another qualified independent professional valuer using the same or a different set of bases and assumptions.

The fair value of completed investment properties is determined by the income capitalization method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalization rate. A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalization rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Quantitative sensitivity analysis shows that 10% increase (decrease) in capitalization rate would result in the decrease (increase) in fair value of by RMB92 million (RMB92 million), RMB201 million (RMB202 million), RMB272 million (RMB273 million) and RMB277 million (RMB279 million) as of December 31, 2014, 2015, and 2016 and June 30, 2017, and 5% increase (decrease) in rental would result in the increase (decrease) in fair value of by RMB61 million

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(RMB58 million), RMB135 million (RMB129 million), RMB193million (RMB185 million) and RMB190 million (RMB181 million) as of December 31, 2014, 2015, and 2016 and June 30, 2017. The following table demonstrates the sensitivity of the fair value of completed investment properties during the Track Record Period to hypothetical changes in rental and capitalization rate:

Hypothetical changes in the input	Fair value of completed commercial properties				
	Year ended December 31,			Six months ended	
	2014	2015	2016	June 30,	2017
(RMB'000, except for percentages)					
Rent					
5%	1,544,263	4% 3,356,823	4% 4,597,759	4% 4,665,540	4%
0%	1,483,338	0% 3,221,661	0% 4,405,236	0% 4,475,200	0%
-5%	1,425,309	-4% 3,092,920	-4% 4,220,566	-4% 4,294,060	-4%
Capitalization rate					
10%	1,390,919	-6% 3,020,439	-6% 4,133,610	-6% 4,197,710	-6%
0%	1,483,338	0% 3,221,661	0% 4,405,236	0% 4,475,200	0%
-10%	1,575,536	6% 3,423,535	6% 4,677,860	6% 4,754,160	6%

The fair value of investment properties under construction is determined by using comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items (a) estimated construction cost and professional fees to be expensed to complete the properties that would be incurred by a market participant; and (b) estimated profit margin that a market participant would require to hold and develop the property to completion. The higher the estimation construction cost, the lower the fair value is for the investment properties under construction. Quantitative sensitivity analysis shows that 10% increase (decrease) in estimation construction cost would result in the decrease (increase) in fair value of by RMB113 million (RMB106 million), RMB146 million (RMB92 million), RMB219 million (RMB206 million) and RMB223 million (RMB212 million) as of December 31, 2014, 2015, and 2016 and June 30, 2017. The following table demonstrates the sensitivity of the fair value of investment properties under construction during the Track Record Period to hypothetical changes in estimation construction cost:

Hypothetical changes in the input	Fair value of commercial properties under construction				
	Year ended December 31,			Six months ended	
	2014	2015	2016	June 30,	2017
(RMB'000, except for percentages)					
Estimated construction cost					
10%	1,517,387	-7% 1,445,971	-8% 2,803,769	-7% 3,085,717	-7%
0%	1,630,252	0% 1,564,219	0% 3,016,624	0% 3,312,890	0%
-10%	1,736,677	7% 1,675,269	7% 3,217,470	7% 3,526,262	6%

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Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. As of December 31, 2014, 2015 and 2016 and June 30, 2017, the fair value of our investment properties amounted to RMB3,113.6 million, RMB4,785.9 million, RMB7,421.9 million and RMB7,788.1 million, respectively. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we recorded increase in fair value of investment properties of RMB585.1 million, RMB772.8 million, RMB594.2 million, RMB425.7 million and RMB49.6 million, respectively. The fair value of each of our investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions. Any decrease in the fair value of our investment properties will adversely affect our profitability. In addition, increases in the fair value of investment properties are unrealized and do not generate any cash inflow to us until such investment properties are disposed of at considerations similar to the valuations. We may therefore experience higher profitability through increases in the fair value of investment properties without a corresponding improvement to our liquidity position. We cannot assure you that levels of increases in the fair value of investment properties similar to those recognized during the Track Record Period can be sustained in the future.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our combined financial statements. Some of our critical accounting policies involve subjective assumption and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies are set forth in details in Note 2.4 to the Accountants' Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in the future periods, and as a result, actual results could differ from those estimates.

Revenue Recognition

Revenue from the sale of properties in the ordinary course of business is recognized when all the following criteria are met:

- (i) the significant risks and rewards of ownership of the properties are transferred to purchasers;
- (ii) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;
- (iii) the amount of revenue can be measured reliably;

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- (iv) it is probable that the economic benefits associated with the transaction will flow to us; and
- (v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria for sale of properties are met when construction of the relevant properties has been completed and we have obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the combined statement of financial position under current liabilities.

Rental income is recognized on a time proportion basis over the lease terms.

Property management fee income derived from the provision of property maintenance and management services is recognized when the relevant services are rendered.

Interest income is recognized, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Revenue of sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value. Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed Properties Held for Sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or

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supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the years of 2014, 2015 and 2016 and the end of six months ended June 30, 2017.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by us as an owner-occupied property becomes an investment property, we account for such property in accordance with the policy stated under “Accountants’ Report — II. Notes to the Historical Financial Information — 2.4 Summary of Significant Accounting Policies — Property, Plant and Equipment and Depreciation” in Appendix I to this prospectus up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. Our financial liabilities include trade and bills payables, other payables, amounts due to shareholders, amounts due to related companies and interest-bearing bank and other borrowings.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

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Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year during the Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which we operate. Deferred tax is provided, using the liability method, on all temporary differences at the end of each year during the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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- in respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each year during the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each year during the Track Record Period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Estimate of Fair Value of Investment Properties

Investment properties under construction carried at fair value, were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, we consider information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date. The principal assumptions for our estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

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COMBINED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth our combined statements of comprehensive income for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,					
	2014		2015		2016		2016		2017			
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)		
	(Unaudited)											
Revenue	3,039,559	100.0	4,310,180	100.0	14,603,520	100.0	5,404,538	100.0	8,085,246	100.0		
Cost of sales	(2,370,938)	(78.0)	(3,300,201)	(76.6)	(11,433,831)	(78.3)	(3,961,566)	(73.3)	(6,399,933)	(79.2)		
Gross profit	668,621	22.0	1,009,979	23.4	3,169,689	21.7	1,442,972	26.7	1,685,313	20.8		
Other income and gains	11,909	0.4	15,165	0.4	48,642	0.3	16,598	0.3	63,747	0.8		
Selling and distribution expenses	(332,233)	(10.9)	(557,720)	(12.9)	(587,476)	(4.0)	(237,912)	(4.4)	(284,894)	(3.5)		
Administrative expenses	(295,882)	(9.7)	(342,783)	(8.0)	(477,292)	(3.3)	(211,582)	(3.9)	(263,840)	(3.3)		
Other expenses	(31,889)	(1.0)	(18,698)	(0.4)	(19,528)	(0.1)	(11,647)	(0.2)	(9,529)	(0.1)		
Fair value gains on investment properties	585,056	19.2	772,829	17.9	594,150	4.1	425,696	7.9	49,555	0.6		
Finance costs	(181,349)	(6.0)	(78,868)	(1.8)	(356,072)	(2.4)	(203,516)	(3.8)	(251,657)	(3.1)		
Share of losses of:												
Joint ventures	—	—	—	—	(7,205)	(0.1)	(811)	0.0	(17,927)	(0.2)		
An associate	—	—	—	—	—	—	—	—	(214)	(0.0)		
Profit before tax	424,233	14.0	799,904	18.6	2,364,908	16.2	1,219,798	22.6	970,554	12.0		
Income tax expense	(344,132)	(11.3)	(380,965)	(8.9)	(1,121,686)	(7.7)	(660,623)	(12.2)	(593,965)	(7.3)		
Profit and total comprehensive income for the year/period	80,101	2.7	418,939	9.7	1,243,222	8.5	559,175	10.3	376,589	4.7		
Attributable to:												
Owners of the parent	53,359	1.8	418,737	9.7	1,183,256	8.1	573,294	10.6	309,120	3.8		
Non-controlling interests	26,742	0.9	202	0.0	59,966	0.4	(14,119)	(0.3)	67,469	0.9		
	80,101	2.7	418,939	9.7	1,243,222	8.5	559,175	10.3	376,589	4.7		

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DESCRIPTION OF CERTAIN MAJOR COMPONENTS OF OUR COMBINED STATEMENT OF COMPREHENSIVE INCOME

Revenue

Our revenue during the Track Record Period consists of revenue derived from (i) sales of properties, (ii) property leasing, (iii) provision of commercial property management services and (iv) sales of goods and provision of design consultation services to our joint ventures. The table below sets forth our revenue for each of the components described above and the percentage of total revenue represented for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2014		2015		2016		2016		2017	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(Unaudited)									
Sale of properties	3,024,343	99.5	4,291,373	99.6	14,534,660	99.5	5,370,917	99.4	8,037,186	99.4
Rental income	10,661	0.4	15,367	0.4	49,227	0.3	25,229	0.4	33,696	0.4
Property management income	2,174	0.0	3,440	0.0	18,772	0.2	8,392	0.2	14,364	0.2
Others ⁽¹⁾	2,381	0.1	—	—	861	0.0	—	—	—	—
Total	<u>3,039,559</u>	<u>100.0</u>	<u>4,310,180</u>	<u>100.0</u>	<u>14,603,520</u>	<u>100.0</u>	<u>5,404,538</u>	<u>100.0</u>	<u>8,085,246</u>	<u>100.0</u>

Note:

(1) Primarily includes revenue generated from sale of goods and provision of design consultation services to our joint ventures, both of which are one-off in nature.

Sale of Properties

Revenue from sale of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue. Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we delivered during such period and the market demand for those properties. Conditions of the property markets change from period to period and are affected by the economic, political and regulatory developments in the PRC in general as well as in the cities and regions in which we operate. During the Track Record Period, our GFA delivered fluctuated from period to period depending on the size of the projects and the stage of their development. The recognized ASP of properties sold also fluctuated from period to period depending

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on the selling prices for properties in cities and regions where we developed and sold property projects. The table below sets forth the total revenue recognized from sale of properties, the aggregate GFA delivered, the recognized ASP per sq.m. for the periods and regions indicated:

	For the Year Ended December 31,									For the Six Months Ended June 30,					
	2014			2015			2016			2016			2017		
	GFA Delivered	Recognized Revenue	Recognized ASP	GFA Delivered	Recognized Revenue	Recognized ASP	GFA Delivered	Recognized Revenue	Recognized ASP	GFA Delivered	Recognized Revenue	Recognized ASP	GFA Delivered	Recognized Revenue	Recognized ASP
	(sq.m.)	(RMB/ RMB'000)	(RMB/ sq.m.)	(sq.m.)	(RMB/ RMB'000)	(RMB/ sq.m.)	(sq.m.)	(RMB/ RMB'000)	(RMB/ sq.m.)	(sq.m.)	(RMB/ RMB'000)	(RMB/ sq.m.)	(sq.m.)	(RMB/ RMB'000)	(RMB/ sq.m.)
Western Taiwan Straits Economic Zone	329,436	2,467,659	7,491	456,021	3,852,796	8,449	849,790	8,502,426	10,005	419,657	4,164,249	9,923	413,491	3,509,251	8,487
Yangtze River Delta Economic Region	—	—	—	—	—	—	290,755	5,560,628	19,125	70,006	1,022,035	14,599	151,320	3,109,119	20,547
Bohai Economic Rim	—	—	—	—	—	—	—	—	—	—	—	—	101,667	1,034,875	10,179
Midwest China Economic Region	108,159	556,684	5,147	75,850	438,577	5,782	110,572	471,606	4,265	46,599	184,633	3,962	71,044	383,941	5,404
Total	437,595	3,024,343	6,911	531,872	4,291,373	8,068	1,251,117	14,534,660	11,617	536,262	5,370,917	10,015	737,522	8,037,186	10,898

Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is a time difference, typically from several months to one year, between the time we commence the pre-selling properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers. Proceeds from customers of pre-sold properties are recorded as “advances from customers” before relevant sales revenue is recognized. Since the revenue from sale of properties are only recognized upon the delivery of properties, the timing of such delivery may affect not only the amount and growth rate of our revenue from sale of properties but also may cause other payables and accruals to fluctuate from period to period.

The increases in our revenue from sale of properties during the Track Record Period were primarily attributable to: (i) an increase in the number of residential and commercial property projects completed and delivered and therefore the total GFA, as we continue to expand into our target regions in the PRC; and (ii) an overall increase in the selling prices for our residential property projects completed and delivered which were generally in line with the market trends in the regions we operate. The growth of both our GFA delivered and average selling prices during the Track Record Period was also attributable to our successful expansion into the Yangtze River Delta Economic Region, which has higher average selling prices than those of other regions we operate. Macro-economic factors, growing popularity and market demand of high quality residential properties, our enhanced efforts to secure new land reserves in our targeted regions and to construct new residential property projects all contributed to our rapid expansion during the Track Record Period.

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Rental Income

Rental income mainly includes recurring revenue from leasing of our investment properties and is recognized on a time proportion basis over the relevant lease terms. As of June 30, 2017, four mixed-use complexes that we developed were in operation and open to the public, in which we retained certain commercial spaces in the relevant shopping malls as investment properties to generate rental income.

The table below sets forth the breakdown of our revenue from rental income for each project for the years indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2014	2015	2016	2016	2017
	RMB'000			(Unaudited)	
Putian Zhenro Fortune Center	—	1,287	30,012	14,796	18,464
Putian Zhenro Times Plaza.	8,697	9,904	10,065	6,402	5,509
Fuzhou Zhenro Fortune Center.	—	—	476	—	5,432
Nanchang Zhenro The Capital of Great Loch.	1,964	4,176	8,674	4,031	4,291
	10,661	15,367	49,227	25,229	33,696

During the Track Record Period, our rental income increased primarily due to the continued growth of our investment properties completed and put in operation. In particular, a substantial portion of our rental income in 2016 and the six months ended June 30, 2017 was generated from the leasing of commercial areas of Putian Zhenro Fortune Center, which commenced operation in December 2015.

Property Management Income

Our property management income represents revenue generated from commercial property management services that we provide to certain commercial properties we developed through our commercial property management subsidiaries. Property management revenue is recognized over the period when our commercial property management services are rendered. During the Track Record Period, revenue from commercial property management in absolute amount increased substantially, primarily due to the continued growth of our commercial properties completed and under our management, such as Putian Zhenro Fortune Center which opened in December 2015 and Fuzhou Zhenro Fortune Center which opened in December 2016.

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Others

We also generate a very small portion of our revenue from the sales of goods and the provision of design consultation services to our joint ventures, both of which are one-off in nature.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our commercial property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

- *Construction costs.* Construction costs include all the costs for the design and construction of a project, including costs of construction materials and labor costs. Our construction costs are affected by a number of factors, including the type and geographic condition of the properties being constructed or the type and amount of construction materials to be used, which may vary from city to city. Historically, construction material costs and labor costs, which are generally included in the payments to the construction contractors, particularly the cost of steel and cement, has been a primary contributing factor in terms of fluctuations in our construction costs.
- *Land use right costs.* Land use right costs include costs relating to acquisition of the rights to occupy, use and develop land and primarily land premiums incurred in connection with a land grant from the government. These costs for a project are affected by a number of factors, such as the location of the underlying property, regional property market condition, the timing of the land acquisition, the project's plot ratios, the method of acquisition and changes in PRC regulations. Although we have not in the past required to do so, we may be required to pay demolition and resettlement costs, subject to the condition of the land parcel that is acquired.
- *Capitalized interest.* We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the construction of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our combined income statements in the period in which they are incurred.

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The table below sets forth information relating to our cost of sales for each of our business segments and as percentage of total cost of sales for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2014		2015		2016		2016		2017	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(Unaudited)									
Cost of properties sold:										
Construction costs . . .	1,741,767	73.5	2,054,118	62.2	4,820,868	42.2	1,859,973	47.0	2,734,659	42.7
Land use right costs . . .	447,817	18.9	776,087	23.5	4,598,094	40.2	1,323,219	33.4	2,667,975	41.7
Capitalized interest . . .	179,043	7.6	468,219	14.2	2,001,353	17.5	774,297	19.5	987,394	15.4
	2,368,627	99.9	3,298,424	99.9	11,420,315	99.9	3,957,489	99.9	6,390,028	99.8
Cost of property management ⁽¹⁾	—	—	1,777	0.1	13,516	0.1	4,077	0.1	9,905	0.2
Others ⁽²⁾	2,311	0.1	—	—	—	—	—	—	—	—
Total	2,370,938	100.0	3,300,201	100.0	11,433,831	100.0	3,961,566	100.0	6,399,933	100.0
Total GFA delivered (sq.m.)	437,595		531,872		1,251,117		536,262		737,522	
Average cost per sq.m. sold (RMB) ⁽³⁾	5,413		6,202		9,128		7,380		8,664	
Average cost as % of ASP	78.3%		76.9%		78.6%		73.7%		79.5%	
Average land use right cost per sq.m. sold (RMB) ⁽⁴⁾	1,023		1,459		3,675		2,467		3,617	
Average land use right cost as % of ASP	14.8%		18.1%		31.6%		24.6%		32.9%	

Notes:

- (1) Primarily includes labor costs, maintenance fees and other miscellaneous fees.
- (2) Includes cost incurred in connection with our sales of goods in 2014, which is one-off in nature.
- (3) Refers to the average cost of our property sales (excluding the costs associated with property leasing and management operations) and is derived by dividing the sum of construction costs, land use rights costs and capitalized interest for a period by the total GFA delivered in that period.
- (4) Refers to the average land use right cost of our property sales (excluding the costs associated with property leasing and management operations) and is derived by dividing the land use rights costs for a period by the total GFA delivered in that period.

Throughout the Track Record Period, our cost of sales continued to increase in absolute amounts primarily due to the number of our residential property projects completed and delivered, and accordingly our total GFA, continued to grow, which was in line with our business expansion. Our cost of sales as a percentage of our revenue decreased from 78.0% in 2014 to 76.6% in 2015, primarily attributable to strengthened cost control efforts. Our cost of sales as a percentage of our revenue

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increased from 76.6% in 2015 to 78.3% in 2016 and increased from 73.3% for the six months ended June 30, 2016 to 79.2% for the same period in 2017, primarily attributable to an increase in land cost per sq.m. as a result of higher land acquisition costs for the properties sold, especially following our expansion into the Yangtze River Delta Economic Region.

Other Income and Gains

Our other income and gains primarily consist of interest income, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. Commercial compensation primarily represents forfeited deposits received from certain potential customers who did not subsequently entered into sales contracts with us and penalties received from certain customers due to their breach of sales or pre-sales contracts with us. During the Track Record Period, other income and gains increased from RMB11.9 million in 2014 to RMB15.2 million in 2015 and further increased to RMB48.6 million in 2016 as well as increased from RMB16.6 million for the six months ended June 30, 2016 to RMB63.7 million for the same period in 2017, primarily due to the increases in interest income on bank deposits, mainly as a result of the increase in the total amount of bank deposits. As of December 31, 2014, 2015 and 2016 and June 30, 2017, our cash and bank balances was RMB1,637.3 million, RMB4,775.8 million, RMB18,506.8 million and RMB11,938.5 million, respectively.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising, marketing and business development expenses, sales and marketing staff cost, office expenses, fees paid to our third-party sales agents, rental and other expenses relating to sales of our properties and property leasing services. Advertising, marketing and business development expenses primarily include costs incurred in connection with advertisement in newspaper and magazines, promotional offers made directly to our customers and certain other promotional events. The following table sets forth a breakdown of key components of our selling and distribution expenses, in absolute amounts and as percentages of revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2014		2015		2016		2016		2017	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
							(Unaudited)			
Advertising, marketing and business development expenses	263,384	8.6	370,405	8.6	315,436	2.2	119,337	2.2	147,997	1.8
Staff costs	37,507	1.2	95,468	2.2	147,381	1.0	67,552	1.3	79,915	1.0
Office expenses	20,241	0.7	54,404	1.3	77,801	0.5	32,036	0.6	34,328	0.4
Sales agent fees	1,707	0.1	10,151	0.2	17,869	0.1	11,581	0.2	13,319	0.2
Rental expenses and others	9,394	0.3	27,292	0.6	28,989	0.2	7,406	0.1	9,335	0.1
Total	332,233	10.9	557,720	12.9	587,476	4.0	237,912	4.4	284,894	3.5

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Our selling and distribution expenses increased in absolute amounts from 2014 to 2015, primarily attributable to (i) our strengthened selling and marketing efforts to promote newly-launched property projects in new cities and regions in which we operate as part of our business expansion; and (ii) the expansion of our in-house sales and marketing team to support our business expansion during the Track Record Period. Our selling and distribution expenses continued to increase in absolute amounts from 2015 to 2016, primarily attributable to the expansion of our in-house sales and marketing team to support our business expansion during the Track Record Period, partially offset by lower expenditure for advertising, marketing and business development activities in 2016, as compared to 2015, as a result of a strong sales performance of our property projects in 2016, benefiting from positive market environment and increasing market demand of our properties. Our selling and distribution expenses increased in absolute amounts for the six months ended June 30, 2016 to the same period in 2017, primarily attributable to (i) our strengthened selling and marketing efforts to promote newly-launched property projects in new cities and regions in which we operate as part of our business expansion; and (ii) the expansion of our in-house sales and marketing team to support our business expansion.

Administrative Expenses

Administrative expenses primarily consist of management and administrative staff costs, entertainment expenses, office and meeting expenses, stamped duties and other taxes, rental costs, depreciation of property, plant and equipment, professional fees, travelling expenses, bank charges, listing expenses and other general office expenses and miscellaneous expenses. The following table sets forth a breakdown of key components of our administrative expenses, in absolute amounts and as percentages of revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2014		2015		2016		2016		2017	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(Unaudited)									
Staff costs	93,934	3.1	141,249	3.3	179,442	1.2	77,252	1.4	103,065	1.2
Office and meeting expenses	39,411	1.3	41,798	1.0	47,447	0.3	21,437	0.4	31,392	0.4
Entertainment expenses	43,876	1.4	42,450	1.0	62,304	0.4	22,117	0.4	30,486	0.4
Tax	27,761	0.9	30,121	0.7	52,886	0.4	18,613	0.3	25,574	0.3
Rental cost	16,352	0.5	18,345	0.4	22,940	0.2	10,388	0.2	14,299	0.2
Professional fee	12,387	0.4	10,732	0.2	21,074	0.1	14,966	0.3	12,979	0.2
Depreciation of property, plant and equipment	14,313	0.5	17,176	0.4	21,833	0.2	11,831	0.2	11,161	0.1
Traveling expenses	8,492	0.3	10,225	0.2	20,525	0.1	7,186	0.1	10,458	0.1
Listing expenses	—	—	1,652	0.1	8,532	0.1	7,526	0.1	5,131	0.1
Bank charges	10,827	0.4	5,723	0.1	10,684	0.1	4,003	0.1	4,176	0.1
Other cost	28,529	0.9	23,313	0.6	29,625	0.2	16,263	0.4	15,119	0.2
Total	295,882	9.7	342,783	8.0	477,292	3.3	211,582	3.9	263,840	3.3

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Throughout the Track Record Period, our administrative expenses continued to increase in absolute amounts as the number of our property projects under development and planned for future development experienced continuous growth which was in line with our business expansion, resulting in increases in our management and administrative headcount, entertainment expenses, traveling expenses and other miscellaneous expenses.

Fair Value Gains On Investment Properties

We develop and hold certain commercial areas in our properties on a long-term basis for rental income or capital appreciation. Our investment properties are recorded as non-current assets in our combined statements of financial position at fair value as of each balance sheet date as determined by independent valuations. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses in our combined statements of comprehensive income, which may have a substantial effect on our profits. The valuation of property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may have been higher or lower if a different set of bases or assumptions is used. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow for our operations. The amounts of fair value adjustments have been, and may continue to change based on property market conditions in China. Our investment properties are appraised annually by our independent property valuer. The fair value gains on investment properties for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017 were RMB585.1 million, RMB772.8 million, RMB594.2 million, RMB425.7 million and RMB49.6 million, respectively, which are primarily related to the appreciation in value of our properties, in particular Putian Zhenro Fortune Center.

Finance Costs

Finance costs primarily consist of interest expenses for bank and other borrowings net of capitalized interest relating to properties under development. Finance costs decreased from RMB181.3 million in 2014 to RMB78.9 million in 2015 and increased to RMB356.1 million in 2016. Finance costs increased from RMB203.5 million for the six months ended June 30, 2016 to RMB251.7 million for the same period in 2017. Since the construction period for a project does not necessarily coincide with the interest payment periods of the relevant loan, not all of the interest costs related to a project can be capitalized. Our finance costs fluctuate from period to period depending on the level of total interest expenses as well as the level of interest costs that are capitalized within the reporting period.

Income Tax Expenses

Income tax expenses represent corporate income tax and LAT payable by our subsidiaries in the PRC. We calculate our effective corporate income tax rate (deducting the tax effect from LAT) by using the quotient of (a) the result of PRC corporate income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, our effective corporate income tax rate

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was 74.1%, 29.4%, 31.6%, 32.6% and 40.4%, respectively. The relatively higher effective corporate income tax rate in 2014 was primarily due to the unrecognized deferred tax asset in connection with the carried forward tax losses and deductible temporary differences of certain subsidiaries of our Group by considering the uncertainty of their future profitability in such period.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current tax					
PRC corporate income tax	184,392	341,553	741,022	358,277	369,760
PRC LAT.	115,192	206,150	548,426	390,212	338,713
Deferred tax	44,548	(166,738)	(167,762)	(87,866)	(114,508)
Total tax charge for the year/period	344,132	380,965	1,121,686	660,623	593,965

Fluctuations in our effective income tax rate (deducting the tax effect from LAT) from period to period were primarily due to recognition on deferred tax assets for deductible temporary difference and unused tax losses. During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there are no matters in dispute or unresolved with the relevant tax authorities.

TAXATION

PRC

Income tax

Pursuant to the EIT Law, a uniform 25% enterprise income tax rate is generally applied to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Our Company and our subsidiaries are subject to the 25% enterprise income tax rate.

We had not distributed any dividends as of June 30, 2017. Moreover, our Group's funds are expected to be retained in mainland China for our operations and we do not expect our PRC subsidiaries to distribute such earnings in the foreseeable future. Therefore no deferred income tax needs to be recognized for withholding tax on dividends payable to non-PRC resident corporate investors.

LAT

Under PRC laws and regulations, our subsidiaries in the PRC that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in

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which each project is located. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the combined statements of comprehensive income as income tax expense.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Revenue

Our revenue increased by 49.6% from RMB5,404.5 million for the six months ended June 30, 2016 to RMB8,085.2 million in the same period in 2017, primarily due to the increase in revenue derived from our sale of properties.

The table below sets forth a summary of revenues derived from each of our business segments:

	For the Six Months Ended June 30,			
	2016		2017	
	RMB'000	%	RMB'000	%
	(Unaudited)			
Sale of properties	5,370,917	99.4	8,037,186	99.4
Rental income	25,229	0.4	33,696	0.4
Property management service income	8,392	0.2	14,364	0.2
Total	5,404,538	100.0	8,085,246	100.0

Revenue from sale of properties. Revenue derived from sale of properties increased by 49.6% from RMB5,370.9 million for the six months ended June 30, 2016 to RMB8,037.2 million in the same period in 2017, primarily due to increases in the total GFA delivered and sales price per GFA sold to our customers. Total GFA sold increased from 536,262 sq.m. for the six months ended June 30, 2016 to 737,522 sq.m. in the same period in 2017, primarily attributable to an increase in the number of properties completed and delivered in the Yangtze River Delta Economic Region, Midwest China Economic Region and Bohai Economic Rim in 2017. The ASP increased from RMB10,015 per sq.m. for the six months ended June 30, 2016 to RMB10,898 per sq.m. in the same period in 2017, primarily attributable to (i) an overall increase in the selling prices of our residential and commercial properties in the Yangtze River Delta Economic Region, Midwest China Economic Region and Bohai Economic Rim which was generally in line with the market trends; and (ii) contribution of residential properties completed and delivered in the Yangtze River Delta Economic Region in 2017, which has higher average selling prices than other regions we operate.

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The table below sets forth the revenue recognized, the total GFA delivered and the ASP for our projects for the six months ended June 30, 2016 and 2017:

	For the Six Months Ended June 30,							
	2016				2017			
	Revenue (RMB '000)	%	GFA (sq.m.)	ASP (RMB/ sq.m.)	Revenue (RMB '000)	%	GFA (sq.m.)	ASP (RMB/ sq.m.)
	(Unaudited)							
Western Taiwan								
Straits Economic Zone	4,164,249	77.6	419,657	9,923	3,509,251	43.6	413,491	8,487
Yangtze River Delta								
Economic Region	1,022,035	19.0	70,006	14,599	3,109,119	38.7	151,320	20,547
Bohai Economic Rim	—	—	—	—	1,034,875	12.9	101,667	10,179
Midwest China								
Economic Region	184,633	3.4	46,599	3,962	383,941	4.8	71,044	5,404
Total	<u>5,370,917</u>	<u>100.0</u>	<u>536,262</u>	10,015	<u>8,037,186</u>	<u>100.0</u>	<u>737,522</u>	10,898

Rental income. Rental income increased by 33.6% from RMB25.2 million for the six months ended June 30, 2016 to RMB33.7 million in the same period in 2017, primarily due to an increase in leasable GFA of our investment properties completed and put in operation following the opening of Fuzhou Zhenro Fortune Center in the end of 2016.

Property management service income. Revenue derived from our commercial property management services increased by 71.2% from RMB8.4 million for the six months ended June 30, 2016 to RMB14.4 million in the same period in 2017, primarily due to an increase in the number of property projects under management following the opening of Fuzhou Zhenro Fortune Center in the end of 2016.

Cost of sales

Our cost of sales increased by 61.6% from RMB3,961.6 million for the six months ended June 30, 2016 to RMB6,399.9 million in the same period in 2017, primarily due to a significant increase in the scale of our operations as evidenced by the increase in GFA sold. Increase in average cost per sq.m. sold from RMB7,380 for the six months ended June 30, 2016 to RMB8,664 in the same period in 2017 was primarily due to the increases in land use rights costs and construction costs. As a percentage of our revenue, our cost of sales increased from 73.3% for the six months ended June 30, 2016 to 79.2% in the same period in 2017, which was primarily attributable to an increase in land cost per sq.m. as a result of higher land acquisition costs for the properties sold in 2017, especially following our expansion into the Yangtze River Delta Economic Region.

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Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 16.8% from RMB1,443.0 million for the six months ended June 30, 2016 to RMB1,685.3 million in the same period in 2017. Our gross margin decreased from 26.7% for the six months ended June 30, 2016 to 20.8% in the same period in 2017.

Other Income and Gains

Our other income and gains increased by 284.1% from RMB16.6 million for the six months ended June 30, 2016 to RMB63.7 million in the same period in 2017, primarily due to an increase in interest income on bank deposits, mainly as a result of the increase in the total amount of bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 19.7% from RMB237.9 million for the six months ended June 30, 2016 to RMB284.9 million in the same period in 2017, primarily attributable to (i) our strengthened selling and marketing efforts to promote newly-launched property projects in new cities and regions in which we operate as part of our business expansion; and (ii) the expansion of our in-house sales and marketing team to support our business expansion.

Administrative Expenses

Our administrative expenses increased by 24.7% from RMB211.6 million for the six months ended June 30, 2016 to RMB263.8 million in the same period in 2017, primarily due to an increase in the number of our property projects under development and planned for future development in line with our business expansion, resulting in the increases in our management and administrative headcount, entertainment expenses, traveling expenses and other miscellaneous expenses.

Other Expenses

Our other expenses decreased by 18.2% from RMB11.6 million for the six months ended June 30, 2016 to RMB9.5 million in the same period in 2017.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 88.4% from RMB425.7 million for the six months ended June 30, 2016 to RMB49.6 million in the same period in 2017, primarily because Putian Zhenro Fortune Center commenced operation since late 2015 which recorded a relatively higher level of appreciation in value for the six months ended June 30, 2016 than in the corresponding period in 2017. The fair value gains on investment properties for the six months ended June 30, 2017 was also partially attributable to the appreciation in value of Xi'an Jingheng Rainbow Valley in such period.

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Finance Costs

Our finance costs increased by 23.7% from RMB203.5 million for the six months ended June 30, 2016 to RMB251.7 million in the same period in 2017, primarily due to an increase in our borrowings to support our business growth. See “— Indebtedness.”

Share of Losses of Joint Ventures

Our share of losses of joint ventures increased by 211.0% from RMB0.8 million for the six months ended June 30, 2016 to RMB17.9 million in the same period in 2017, primarily due to an increase in our relevant expenses resulting from the increased property projects held by our new Joint Ventures.

Share of Loss of An Associate

We recorded a share of loss of an associate of RMB0.2 million for the six months ended June 30, 2017, primarily due to relevant expenses resulting from the increased property project held by our associated company. We did not record such share of loss since we did not have any associate in corresponding period in 2016.

Profit Before Tax

As a result of the foregoing, our profit before tax decreased by 20.4% from RMB1,219.8 million for the six months ended June 30, 2016 to RMB970.6 million in the same period in 2017.

Income Tax Expense

Our income tax expense decreased by 10.1% from RMB660.6 million for the six months ended June 30, 2016 to RMB594.0 million in the same period in 2017, primarily due to a decrease in our profit before tax.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, our profit and total comprehensive income decreased by 32.7% from RMB559.2 million for the six months ended June 30, 2016 to RMB376.6 million in the same period in 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenue

Our revenue increased by 238.8% from RMB4,310.2 million in 2015 to RMB14,603.5 million in 2016, primarily due to the increase in revenue derived from our sale of properties.

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The table below sets forth a summary of revenues derived from each of our business segments:

	For the Year Ended December 31,			
	2015		2016	
	RMB'000	%	RMB'000	%
Sale of properties	4,291,373	99.5	14,534,660	99.5
Rental income	15,367	0.4	49,227	0.3
Property management service income	3,440	0.1	18,772	0.2
Others ⁽¹⁾	—	—	861	0.0
Total	4,310,180	100.0	14,603,520	100.0

Note:

- (1) Primarily includes revenue generated from provision of design consultation services to our joint ventures, which is one-off in nature.

Revenue from sale of properties. Revenue derived from sale of properties increased by 238.7% from RMB4,291.4 million in 2015 to RMB14,534.7 million in 2016, primarily due to increases in the total GFA delivered and sales price per GFA sold to our customers. Total GFA sold increased from 531,872 sq.m. in 2015 to 1,251,117 sq.m. in 2016, primarily attributable to an increase in the number of properties completed and delivered in the Yangtze River Delta Economic Region and the Western Taiwan Straits Economic Zone in 2016. The ASP increased from RMB8,068 per sq.m. in 2015 to RMB11,617 per sq.m. in 2016, primarily attributable to (i) an overall increase in the selling prices of our residential and commercial properties in the Western Taiwan Straits Economic Zone which was generally in line with the market trends; and (ii) contribution of residential properties completed and delivered in the Yangtze River Delta Economic Region in 2016, which has higher average selling prices than other regions we operate.

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The table below sets forth the revenue recognized, the total GFA delivered and the ASP for our projects in 2015 and 2016:

	For the Year Ended December 31,							
	2015				2016			
	Revenue (RMB '000)	%	GFA (sq.m.)	ASP (RMB/ sq.m.)	Revenue (RMB '000)	%	GFA (sq.m.)	ASP (RMB/ sq.m.)
Western Taiwan								
Straits Economic								
Zone	3,852,796	90.0	456,021	8,449	8,502,426	58.5	849,790	10,005
Yangtze River Delta								
Economic Region	—	—	—	—	5,560,628	38.3	290,755	19,125
Midwest China								
Economic Region	438,577	10.0	75,850	5,782	471,606	3.2	110,572	4,265
Total	<u>4,291,373</u>	<u>100.0</u>	<u>531,872</u>	8,068	<u>14,534,660</u>	<u>100.0</u>	<u>1,251,117</u>	11,617

Rental income. Rental income increased by 219.4% from RMB15.4 million in 2015 to RMB49.2 million in 2016, primarily due to an increase in leasable GFA of our investment properties completed and put in operation following the opening of Putian Zhenro Fortune Center in December 2015.

Property management service income. Revenue derived from our commercial property management services increased by 445.7% from RMB3.4 million in 2015 to RMB18.8 million in 2016, primarily due to an increase in the number of property projects under management, including Putian Zhenro Fortune Center which opened in December 2015 and Fuzhou Zhenro Fortune Center which opened in December 2016.

Others. We recorded revenue from provision of design consultation services of RMB0.9 million to our joint ventures in 2016 which is one-off in nature.

Cost of sales

Our cost of sales increased by 246.5% from RMB3,300.2 million in 2015 to RMB11,433.8 million in 2016, primarily due to a significant increase in the scale of our operations as evidenced by the increase in GFA sold from 2015 to 2016. Increase in average cost per sq.m. sold from RMB6,202 in 2015 to RMB9,128 in 2016 was primarily due to the increases in land use rights costs and construction costs. As a percentage of our revenue, our cost of sales increased from 76.6% in 2015 to 78.3% in 2016, which was primarily attributable to an increase in land cost per sq.m. from 2015 to 2016 as a result of higher land acquisition costs for the properties sold in 2016, especially following our expansion into the Yangtze River Delta Economic Region.

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Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 213.8% from RMB1,010.0 million in 2015 to RMB3,169.7 million in 2016. Our gross margin decreased from 23.4% in 2015 to 21.7% in 2016.

Other Income and Gains

Our other income and gains increased by 219.7% from RMB15.2 million in 2015 to RMB48.6 million in 2016, primarily due to an increase in interest income on bank deposit. During the same periods, our cash and bank balances increased from RMB4,775.8 million as of December 31, 2015 to RMB18,506.8 million as of December 31, 2016.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 5.3% from RMB557.7 million in 2015 to RMB587.5 million in 2016, primarily due to an increase in our sales and marketing staff cost as a result of continuous expansion of in-house sales and marketing team to support our business expansion during the Track Record Period, partially offset by lower expenditures for advertising, marketing and business development activities in 2016, as compared to 2015, as a result of a strong sales performance of our property projects in 2016, benefiting from positive market environment and increasing market demand of our properties.

Administrative Expenses

Our administrative expenses increased by 39.2% from RMB342.8 million in 2015 to RMB477.3 million in 2016, primarily due to an increase in the number of our property projects under development and planned for future development in line with our business expansion, resulting in the increases in our management and administrative headcount, entertainment expenses, traveling expenses and other miscellaneous expenses.

Other Expenses

Our other expenses increased by 4.4% from RMB18.7 million in 2015 to RMB19.5 million in 2016.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 23.1% from RMB772.8 million in 2015 to RMB594.2 million in 2016, primarily because Putian Zhenro Fortune Center recorded a higher level of appreciation in value when it opened and put in operation in December 2015.

Finance Costs

Our finance costs increased by 351.5% from RMB78.9 million in 2015 to RMB356.1 million in 2016, primarily due to an increase in our borrowings to support our business growth. See “—Indebtedness.”

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Share of Losses of Joint Ventures

We recorded a share of losses of joint ventures of RMB7.2 million in 2016, primarily due to the losses incurred by Changsha Zhenro Zhengtai which we established in 2016. We did not have any joint venture in 2015.

Profit Before Tax

As a result of the foregoing, our profit before tax increased by 195.6% from RMB799.9 million in 2015 to RMB2,364.9 million in 2016.

Income Tax Expense

Our income tax expense increased by 194.4% from RMB381.0 million in 2015 to RMB1,121.7 million in 2016, primarily due to an increase in our profit before tax.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, our profit and total comprehensive income increased by 196.7% from RMB418.9 million in 2015 to RMB1,243.2 million in 2016.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue

Our revenue increased by 41.8% from RMB3,039.6 million in 2014 to RMB4,310.2 million in 2015, primarily due to the increase in revenue derived from our sale of properties.

The table below sets forth a summary of revenues derived from each of our business segments:

	For the Year Ended December 31,			
	2014		2015	
	RMB'000	%	RMB'000	%
Sales of properties	3,024,343	99.5	4,291,373	99.6
Rental income	10,661	0.4	15,367	0.4
Property management service income	2,174	0.0	3,440	0.0
Others ⁽¹⁾	2,381	0.1	—	—
Total	3,039,559	100.0	4,310,180	100.0

Note:

(1) Primarily includes revenue generated from sale of goods, which is one-off in nature.

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Revenue from sale of properties. Revenue derived from sale of properties increased by 41.9% from RMB3,024.3 million in 2014 to RMB4,291.4 million in 2015, primarily due to the increases in the total GFA delivered and sales price per GFA sold to our customers. Total GFA sold increased from 437,595 sq.m. in 2014 to 531,872 sq.m. in 2015, primarily attributable to an increase in the number of residential projects completed and delivered in the Western Taiwan Straits Economic Zone in 2015. The ASP increased from RMB6,911 per sq.m. in 2014 to RMB8,068 per sq.m. in 2015, primarily attributable to an overall increase in the selling prices for our residential projects in the Western Taiwan Straits Economic Zone which was generally in line with market trends.

The table below sets forth the revenue recognized, the total GFA delivered and the ASP for our projects in 2014 and 2015:

	For the Year Ended December 31,							
	2014				2015			
	Revenue (RMB '000)	%	GFA (sq.m.)	ASP (RMB/ sq.m.)	Revenue (RMB '000)	%	GFA (sq.m.)	ASP (RMB/ sq.m.)
Western Taiwan								
Straits Economic								
Zone	2,467,659	81.6	329,436	7,491	3,852,796	89.8	465,021	8,449
Midwest China								
Economic Region	556,684	18.4	108,159	5,147	438,577	10.2	75,850	5,782
Total	<u>3,024,343</u>	<u>100.0</u>	<u>437,595</u>	6,911	<u>4,291,373</u>	<u>100.0</u>	<u>531,872</u>	8,068

Rental income. Rental income increased by 44.1% from RMB10.7 million in 2014 to RMB15.4 million in 2015, primarily due to an increase in leasable GFA of our investment properties completed and put in operations as a result of the launch of Putian Zhenro Fortune Center in December 2015 and an increase in rental level of the investment properties in Nanchang Zhenro The Capital of Great Loch from 2014 to 2015.

Property management service income. Revenue derived from our commercial property management services increased by 58.2% from RMB2.2 million 2014 to RMB3.4 million in 2015, primarily due to the increase in the number of property projects under management, including the Putian Zhenro Fortune Center in 2015.

Others. We recorded revenue from sale of goods of RMB2.4 million in 2014, which is one-off in nature.

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Cost of Sales

Our cost of sales increased by 39.2% from RMB2,370.9 million in 2014 to RMB3,300.2 million in 2015, primarily due to an increase in the scale of our operations as evidenced by the increase in GFA sold from 2014 to 2015. Increase in average cost per sq.m. sold from RMB5,413 in 2014 to RMB6,202 in 2015 was primarily due to a general increase in construction material cost and construction labor cost. As a percentage of our revenue, our cost of sales decreased from 78.0% in 2014 to 76.6% in 2015, which was primarily attributable to our cost control efforts.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increase by 51.1% from RMB668.6 million in 2014 to RMB1,010.0 million in 2015. Our gross margin increased from 22.0% in 2014 to 23.4% in 2015.

Other Income and Gains

Our other income and gains increased by 27.3% from RMB11.9 million in 2014 to RMB15.2 million in 2015, primarily due to an increase in interest income on bank deposit. During the same periods, our cash and bank balances increased from RMB1,637.3 million as of December 31, 2014 to RMB4,775.8 million as of December 31, 2015.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 67.9% from RMB332.2 million in 2014 to RMB557.7 million in 2015 as we increased the level of promotional and advertising activities in 2015 as part of our business expansion and increased the number of properties that were pre-sold in 2015 as compared to 2014, which was in line with the increase in our contracted sales during the periods.

Administrative Expenses

Our administrative expenses increased by 15.9% from RMB295.9 million in 2014 to RMB342.8 million in 2015, primarily due to an increase in the number of our property projects under development and planned for future development in line with our business expansion, resulting in the increases in our management and administrative headcount and other miscellaneous expenses.

Other Expenses

Our other expenses decreased by 41.4% from RMB31.9 million in 2014 to RMB18.7 million in 2015, primarily due to a decrease in expenses incurred for donations in 2015.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties increased by 32.1% from RMB585.1 million in 2014 to RMB772.8 million in 2015. The fair value gains on investment properties in 2014 and 2015 were primarily related to the appreciation in value of the properties of Putian Zhenro Fortune Center.

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Finance Costs

Our finance costs decreased by 56.5% from RMB181.3 million in 2014 to RMB78.9 million in 2015, primarily due to an increase in the level of interest costs that were capitalized in 2015.

Profit before Tax

As a result of the foregoing, our profit before tax increased by 88.5% from RMB424.2 million in 2014 to RMB799.9 million in 2015.

Income Tax Expense

Our income tax expense increased by 10.7% from RMB344.1 million in 2014 to RMB381.0 million in 2015, primarily due to an increase in our profit before tax, partially offset by a decrease in deferred tax recorded in 2015.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, our profit and total comprehensive income increased by 423.0% from RMB80.1 million in 2014 to RMB418.9 million in 2015.

CERTAIN BALANCE SHEET ITEMS

Prepaid Land Lease Payments

Prepaid land lease payments represent payments made in connection with the acquisition of land parcels for which the land use right certificates have been obtained but the development has not yet commenced. Our long-term prepaid land lease payments decreased from RMB1,038.9 million as of December 31, 2014 to RMB1,008.8 million as of December 31, 2015 and further decreased to RMB387.4 million as of December 31, 2016, primarily because we commenced property development activities over land parcels we acquired earlier. Our long-term prepaid land lease payments remained stable of RMB387.4 million as of December 31, 2016 and June 30, 2017, primarily because we continued to develop our property projects in Fuzhou, Putian and Changsha which are in large scale and are expected to be developed in several phases. Our current portion prepaid land lease payments were RMB5,989.7 million, RMB86.6 million, RMB6,941.4 million and RMB6,064.7 million as of December 31, 2014, 2015 and 2016 and June 30, 2017, respectively. The relatively lower current portion in 2015 was primarily because of our prudent land acquisition strategy in 2015 due to then unfavorable market conditions.

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Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale. Our properties under development increased from RMB27,714.9 million as of December 31, 2014 to RMB39,512.9 million as of December 31, 2015, primarily due to the increases in our land bank and property development activities over the same periods. Our properties under development decreased from RMB39,512.9 million as of December 31, 2015 to RMB37,524.4 million as of December 31, 2016, primarily due to an increase in properties completed and delivered in 2016. Our properties under development increased from RMB37,524.4 million as of December 31, 2016 to RMB43,085.7 million as of June 30, 2017, primarily due to the increases in our land bank and property development activities over the same periods.

In the three months ended September 30, 2017, RMB1,297.1 million, or 3.0%, of our properties under development as of June 30, 2017, was transferred to completed properties.

Completed Properties Held for Sale

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable selling expenses, or by management estimates of the estimated selling prices based on prevailing market conditions. As of December 31, 2014, 2015, 2016 and June 30, 2017, we had completed properties held for sale of RMB1,029.8 million, RMB2,564.4 million, RMB9,526.7 million and RMB10,923.3 million, respectively. We have obtained the construction completion certificates in respect of all completed properties held by us for sale.

In the three months ended September 30, 2017, RMB1,932.8 million, or 17.7%, of our completed properties held for sale as of June 30, 2017, was subsequently sold.

Investment Properties

We retain a portion of the properties that we developed mainly for rental purpose and the appreciation of property value. The fair value of each of our investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions. See “— Description of Certain Major Components of Our Combined Statement of Comprehensive Income

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— Fair Value Gains on Investment Properties” for more details. The following table sets forth the movement of the assessed fair value of our investment properties by geographic regions for the periods indicated:

	For the Year ended December 31,			For the six months ended	
				June 30,	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Western Taiwan Straits Economic Zone	607,036	629,458	357,502	369,148	(97,828)
Yangtze River Delta Economic Region	(11,752)	(2,122)	130,914	3,148	51,849
Bohai Economic Rim	—	—	20,973	—	3,724
Midwest China Economic Region	(10,228)	145,493	84,761	53,400	91,810
Total	<u>585,056</u>	<u>772,829</u>	<u>594,150</u>	<u>425,696</u>	<u>49,555</u>

The value of our investment properties increased during the Track Record Period, primarily due to an increase in our capital expenditure for projects under development and an increase in the fair value of these investment properties as a result of appreciation.

Trade Receivables

Our trade receivables primarily consist of rentals receivables from our tenants in connection with our investment properties.

Our trade receivables are unsecured and non-interest-bearing and the carrying amounts of trade receivables approximate to their fair value. The table below sets forth the aging analysis of the trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	RMB'000			
Less than 1 year	2,764	4,038	10,205	16,872
Over 1 year	11,221	—	—	4,316
Total	<u>13,985</u>	<u>4,038</u>	<u>10,205</u>	<u>21,188</u>

During the Track Record Period, no trade receivables was impaired. Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record. Based on our past experience, no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. During the Track Record Period,

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our trade receivables only accounted for an insignificant portion of our total revenue in each reporting period. In addition, considering the nature of our business and past experience, we only encountered a very limited number of incidents of default by our purchasers. As such, we believe that we are not exposed to significant credit risk of trade receivables.

As of October 31, 2017, approximately RMB5.2 million, representing 24.4% of total trade receivables as of June 30, 2017, were subsequently collected.

Prepayments, Deposits, and Other Receivables

We set out below the breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	RMB'000			
Prepayments for acquisition of land use rights	1,482,214	138,500	305,786	1,587,827
Prepayments for construction cost	38,822	44,669	49,283	84,439
Prepayments for investment	—	—	116,141	—
Other tax recoverable	359,460	901,518	1,280,497	1,371,136
Deposits	134,562	387,831	696,731	3,594,633
Due from third parties	117,036	128,753	—	—
Prepayments related to land use right of third parties	—	—	—	1,311,392
Due from non-controlling shareholders of subsidiaries	229,240	436,240	571,270	643,970
Other receivables	62,161	53,158	72,166	96,762
	<u>2,423,495</u>	<u>2,090,669</u>	<u>3,091,874</u>	<u>8,690,159</u>

Our prepayments for acquisition of land use rights decreased from RMB1,482.2 million as of December 31, 2014 to RMB138.5 million as of December 31, 2015, primarily due to the reclassification of most of these balances as of December 31, 2014 to properties under development as we obtained the land use right certificates for, and commenced development of, certain new projects in 2015. Our prepayments for acquisition of land use rights increased to RMB305.8 million as of December 31, 2016 and further increased to RMB1,587.8 million as of June 30, 2017, primarily attributable to our increased land acquisition efforts.

The increase in prepayments for construction cost from RMB38.8 million as of December 31, 2014 to RMB44.7 million as of December 31, 2015, to RMB49.3 million as of December 31, 2016 and further to RMB84.4 million as of June 30, 2017, mainly due to the increase in property development activities resulting from our business expansion.

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Our prepayments for investment in 2016 primarily relates to upfront investment in our joint venture, Suzhou Ronghui.

Our other tax recoverable, which primarily relates to prepaid turnover tax and other surcharges, increased from RMB359.5 million as of December 31, 2014 to RMB901.5 million as of December 31, 2015, to RMB1,280.5 million as of December 31, 2016 and further to RMB1,371.1 million as of June 30, 2017, which was in line with the increase in our contracted sales.

Our deposit, which primarily relates to upfront deposit required for the participation in the public tender, auction and listing-for-sale processes, increased from RMB134.6 million as of December 31, 2014 to RMB387.8 million as of December 31, 2015, to RMB696.7 million as of December 31, 2016 and further to RMB3,594.6 million, which is mainly due to our strengthened land acquisition efforts as part of our business expansion, especially for our new projects in Suzhou and Zhengzhou in 2017.

We recorded RMB1,311.4 million as of June 30, 2017 for our prepayments related to land use right of third parties, primarily because we started to jointly develop property projects with third parties since 2017.

Amounts due from non-controlling shareholders of subsidiaries were mainly cash advances made to non-controlling shareholders from time to time during the Track Record Period. One of the non-controlling shareholders is a connected person of us and we expect to settle the amounts with such shareholder before Listing.

Trade and Bills Payables

Trade and bills payables mainly include payables to third-party suppliers and construction contractors. Our trade and bills payables increased from RMB2,231.2 million as of December 31, 2014 to RMB4,517.1 million as of December 31, 2015 and further to RMB5,506.4 million as of December 31, 2016, primary due to increased construction costs relating to our increased property construction and development activities. Our trade and bills payables subsequently decreased to RMB4,965.0 million as of June 30, 2017 because we had settled the payables to third-party suppliers and construction contractors. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we had not defaulted on payment of trade and bills payables.

The table below sets forth the aging analysis of our trade payables as of the dates indicated:

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	RMB'000			
Less than 1 year	2,175,039	4,440,598	5,428,244	4,881,811
Over 1 year	56,122	76,532	78,197	83,216
	2,231,161	4,517,130	5,506,441	4,965,027

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As of October 31, 2017, approximately RMB2,379.5 million, representing 47.9% of total trade and bills payables as of June 30, 2017, were settled.

Advances from Customers

Advances from customers represent the sales proceeds received from customers in connection with our pre-sale of properties. We start the sales of our properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as advances received from customers before the relevant sales are recognized as revenue. Advances from pre-sales of properties are non-interest-bearing. As of December 31, 2014, 2015 and 2016 and June 30, 2017, advances from pre-sales of properties amounted to RMB6,936.5 million, RMB21,334.1 million, RMB32,612.8 million and RMB36,549.9 million, respectively, which was in line with our increase in contracted sales during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

Source of Liquidity

We operated in a capital-intensive industry and have financed our working capital, capital expenditure and other capital requirements primarily through cash generated from operations including proceeds from the pre-sale of our properties, bank loans, trust and other financings and the issuance of corporate bond. We may also look for additional financing opportunities, such as the issuance of new corporate bonds, asset-backed securities programs and other debt offerings, to fund our property development operations. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

As of December 31, 2014, 2015 and 2016 and June 30, 2017, we had cash and bank balances of RMB1,637.3 million, RMB4,775.8 million, RMB18,506.8 million and RMB11,938.5 million, respectively, which primarily consisted of cash at bank and on hand.

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Net Current Assets

The table below sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of	As of
	2014	2015	2016	June 30,	October 31,
	RMB'000			2017	2017
					(unaudited)
Current asset					
Available-for-sale					
investments	1,530	1,438,020	—	—	5,000
Properties under					
development	27,714,867	39,512,885	37,524,366	43,085,702	45,657,002
Completed properties					
held for sale	1,029,833	2,564,430	9,526,678	10,923,322	13,634,292
Trade receivables	13,985	4,038	10,205	21,188	15,770
Due from related					
companies	15,217	2,122,047	1,462,879	1,709,202	1,806,839
Due from shareholders . .	—	—	8,210	10,973	14,973
Prepaid land lease					
payments	5,989,700	86,564	6,941,396	6,064,715	2,553,619
Prepayments, deposits					
and other receivables . .	2,423,495	2,090,669	3,091,874	8,690,159	9,298,767
Tax recoverable	304,580	509,298	953,569	1,052,368	1,058,271
Restricted cash	275,949	1,726,115	2,984,436	3,819,566	4,248,386
Pledged deposits	335,545	519,007	832,654	758,334	1,171,336
Cash and cash					
equivalents	<u>1,025,792</u>	<u>2,530,727</u>	<u>14,689,689</u>	<u>7,360,643</u>	<u>9,623,775</u>
Total current assets	<u>39,130,493</u>	<u>53,103,800</u>	<u>78,025,956</u>	<u>83,496,172</u>	<u>89,088,030</u>
Current liabilities					
Trade and other					
payables	2,231,161	4,517,130	5,506,441	4,965,027	4,761,970
Other payables, deposits					
received and accruals . .	736,096	810,745	968,033	2,896,446	3,059,551
Advance from customers .	6,936,543	21,334,102	32,612,783	36,549,900	40,032,443
Due to related					
companies	1,177,634	144,240	7,648	281,979	899,983
Due to shareholders	93,192	94,192	79,856	79,856	79,856
Interest-bearing bank and					
other borrowings	13,793,224	9,411,467	10,319,155	14,264,378	17,226,077
Tax payable	<u>247,457</u>	<u>479,781</u>	<u>1,011,813</u>	<u>1,101,745</u>	<u>1,075,283</u>
Total current liabilities . .	<u>25,215,307</u>	<u>36,791,657</u>	<u>50,505,729</u>	<u>60,139,331</u>	<u>67,135,163</u>
Net current assets	<u>13,915,186</u>	<u>16,312,143</u>	<u>27,520,227</u>	<u>23,356,841</u>	<u>21,952,867</u>

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Our net current assets increased from 2014 to 2016 primary due to increases in properties under development during the same periods as we accelerated our nationwide expansion since 2013 and our property construction activities significantly increased ever since, which was partially offset by continuous increases in advance from our customers as the pre-sale of our properties then under development continued and trade and other payables, which are consistent with our business expansion. Our net current assets later decreased as of June 30, 2017, primarily due to a decrease in cash and cash equivalents resulting from our increasing investments in land acquisitions and increases in other payables, advances from customers as the pre-sale of our properties continued and interest-bearing bank and other borrowings, partially offset by increases in properties under development and prepayments, deposits and other receivables and restricted cash. Our net current assets decreased from June 30, 2017 to October 31, 2017, primarily due to the increase in advance from customers as our pre-sale of properties continued and the decrease in prepaid land lease payments due to the commencement of construction of certain projects in the four months which reduced the leasehold lands for development for future sale.

The table below sets forth a breakdown of other payables, deposits received and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Retention deposits related to construction	345,904	479,695	512,420	401,355
Deposits related to sales of properties . . .	19,235	24,363	37,329	48,906
Advances from non-controlling shareholders of subsidiaries	85,600	30,500	68,600	1,215,804
Maintenance fund.	61,214	59,043	78,520	80,937
Interest payable	105,426	103,845	102,067	107,767
Payroll and welfare payable.	38,871	56,368	74,463	59,258
Advances from employees	1,586	2,120	697	810
Business tax and surcharges.	8,276	21,748	43,390	38,780
Advances from third parties.	25,680	—	—	—
Deposits related to land use rights.	—	—	—	885,532
Others	44,304	33,063	50,547	57,297
	<u>736,096</u>	<u>810,745</u>	<u>968,033</u>	<u>2,896,446</u>

Among others, advances from non-controlling shareholders of subsidiaries mainly referred to investments made by the non-controlling shareholders in connection with the development of our projects, which fluctuated during the Track Record Period subject to the different development stages of our various projects.

Deposits related to land use rights of RMB885.5 million as of June 30, 2017 were primarily relating to upfront payments received from the third party property developers under cooperation arrangements for land premiums in connect with projects located in Suzhou and Fuzhou.

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Cash Flows Analysis

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

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2014	2015	2016	2016	2017
	RMB'000			(unaudited)	
Net cash flows (used in)/from					
operating activities	(13,332,202)	7,356,744	(1,659,917)	(1,264,840)	(6,805,326)
Net cash flows (used in)/from					
investing activities	(1,276,009)	(2,110,462)	266,377	1,050,023	(2,110,079)
Net cash flows from/(used in)					
financing activities	<u>14,530,874</u>	<u>(3,741,347)</u>	<u>13,552,502</u>	<u>10,218,094</u>	<u>1,586,359</u>
Net decrease/(increase) in cash					
and cash equivalents	(77,337)	1,504,935	12,158,962	10,003,277	(7,329,046)
Cash and cash equivalents at					
beginning of the year/period . . .	<u>1,103,129</u>	<u>1,025,792</u>	<u>2,530,727</u>	<u>2,530,727</u>	<u>14,689,689</u>
Cash and cash equivalents at the					
end of the year/period	<u><u>1,025,792</u></u>	<u><u>2,530,727</u></u>	<u><u>14,689,689</u></u>	<u><u>12,534,004</u></u>	<u><u>7,360,643</u></u>

Net Cash Flows (Used in)/from Operating Activities

Our primary source of cash generated from operating activities is proceeds we receive from the sales of our properties, including pre-sales of properties under development, as well as rental income from our property leasing business and property management income from our commercial property management business. Our primary uses of cash in operating activities are amounts that we pay for our property development activities, including land acquisitions.

We recorded net operating cash outflows for the years ended December 31, 2014 and 2016 and the six months ended June 30, 2016 and 2017, primarily due to the increases in our properties under development and completed properties held for sale and acquisitions of land use rights.

For the six months ended June 30, 2017, our net cash used in operating activities was RMB6,805.3 million, which was the result of net cash used in operations of RMB4,759.2 million, the payment of interest of RMB1,387.1 million and payment of tax of RMB717.3 million, offset by the interest received of RMB58.3 million. Net cash used in operations was primarily comprised of (i) increase in properties under development and completed properties held for sale of RMB5,776.3 million as a result of our increased property development activities and (ii) increase in prepayments, deposits and other receivables of RMB5,598.3 million in connection with prepayments for the land use

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right acquired in 2017, partially offset by (i) increase in advances from customers of RMB3,937.1 million associated with our increased pre-sale of new property projects, (ii) increase in other payables, deposits received and accruals of RMB1,942.7 million primarily due to the increased funding from the third parties partners for the new projects in 2017 and (iii) profit before tax of RMB970.6 million.

For the six months ended June 30, 2016, our net cash used in operating activities was RMB1,264.8 million, which was the result of payment of interest of RMB1,374.8 million and payment of tax of RMB709.1 million, offset by (i) cash generated from operations of RMB809.2 million and (ii) interest received of RMB9.9 million. Net cash generated from operations was primarily comprised of (i) increase in advances from customers of RMB7,234.3 million associated with our increased pre-sale of new property projects and (ii) profit before tax of RMB1,219.8 million, partially offset by (i) increase in prepayments, deposits and other receivables of RMB4,122.7 million in connection with prepayments for the land use right acquired in 2016, (ii) increase in properties under development and completed properties held for sale of RMB1,499.5 million as a result of our increased property development activities, (iii) increase in prepaid land lease payments of RMB966.6 million and (iv) increase in restricted cash of RMB848.8 million.

For the year ended December 31, 2016, our net cash used in operating activities was RMB1,659.9 million, which was the result of payment of interest of RMB2,997.9 million and payment of tax of RMB1,201.7 million, offset by (i) cash generated from operations of RMB2,503.1 million and (ii) interest received of RMB36.5 million. Net cash generated from operations was primarily comprised of (i) increase in advances from customers of RMB11,278.7 million associated with our increased pre-sale of new property projects, (ii) profit before tax of RMB2,364.9 million and (iii) increase in trade and bills payables of RMB1,024.4 million as a result of our increased property development activities, partially offset by (i) increase in prepaid land lease payments of RMB6,233.5 million, (ii) increase in properties under development and completed properties held for sale of RMB3,065.1 million as a result of our increased property development activities, (iii) increase in restricted cash of RMB1,258.3 million, and (vi) increase in prepayments, deposits and other receivables of RMB1,001.2 million in connection with prepayments for the land use rights acquired in 2016.

For the year ended December 31, 2015, our net cash generated from operating activities was RMB7,356.7 million, which was the result of net cash generated from operations of RMB11,486.8 million and interest received of RMB9.7 million, partially offset by the payment of interest of RMB3,619.7 million and payment of tax of RMB520.1 million. Net cash generated from operations was primarily comprised of (i) increase in advances from customers of RMB14,397.6 million associated with our increased pre-sale of new property projects, (ii) decrease in prepaid land lease payments of RMB5,933.2 million and (iii) increase in trade and bills payables of RMB2,067.4 million as a result of our increased property development activities, partially offset by (i) increase in properties under development and completed properties held for sale of RMB9,894.8 million and (ii) increase in restricted cash of RMB1,450.2 million, both of which are in connection with our increased property development activities.

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For the year ended December 31, 2014, our net cash used in operating activities was RMB13,332.2 million, which was the result of net cash used in operations of RMB9,960.9 million, the payment of interest of RMB3,045.9 million and payment of tax of RMB332.5 million, offset by the interest received of RMB7.1 million. Net cash used in operations was primarily comprised of (i) increase in properties under development and completed properties held for sale of RMB16,230.7 million as a result of our increased property development activities and (ii) increase in prepaid land lease payment of RMB4,656.0 million, partially offset by (i) decrease in prepayments, deposits and other receivables of RMB5,544.8 million in connection with prepayments for the acquisitions of land use rights, (ii) increase in advances from customers of RMB2,666.8 million associated with our pre-sale of new projects and (iii) decrease in restricted cash of RMB1,598.5 million.

In recent years, we began to co-develop property projects by establishing joint ventures with third party real estate developers. Such joint ventures are project companies established for the purpose of the development of particular property projects and are jointly incorporated by us and third party real estate developers over which we have joint control with such relevant third parties. As of June 30, 2017, we had six joint ventures developing six property projects located in five cities. Our equity ownership in such joint ventures varies from 19% to 50%. As of December 31, 2014, 2015 and 2016 and June 30, 2017, our investments in joint ventures amounted to nil, nil, RMB46.9 million and RMB1,268.6 million, respectively. Our investments in joint ventures represent our share of net assets under the equity method of accounting for our joint venture companies. We generally expect to incur share of loss in such joint ventures until their respective development of property projects completes and starts to contribute revenue. For more details about our joint ventures, please refer to note 17 to the Accountants' Report included in Appendix I to this prospectus. As of the Latest Practicable Date, the number of our joint ventures increased to 11.

Net Cash Flows (Used in)/from Investing Activities

Net cash used in our investing activities is primarily related to cash outflow in connection with our investment properties, acquisition of available-for-sale investments and purchase of property, plant and equipment as well as intangible assets. Net cash flows from our investing activities is primarily related to cash inflow in connection with disposal of available-for-sale investments.

For the six months ended June 30, 2017, our net cash used in investing activities was RMB2,110.1 million, primarily consisted of (i) investments in joint ventures of RMB1,239.6 million, (ii) acquisition of available-for-sale investments of RMB508.6 million in short-term deposits products to improve our cash management efforts and (iii) increase in investment properties of RMB341.0 million.

For the six months ended June 30, 2016, our net cash flows from investing activities was RMB1,050.0 million, primarily consisted of (i) disposal of available-for-sale investments of RMB1,438.0 million in short-term deposit products, partially offset by (i) increase in investment properties of RMB342.9 million, (ii) investment in 50% equity interest in our newly established Joint Venture, Changsha Zhenro Zhengtai, for a total of RMB30.0 million and (iii) purchases of items of property, plant and equipment of RMB15.4 million.

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For the year ended December 31, 2016, our net cash flows from investing activities was RMB266.4 million, primarily consisted of disposal of available-for-sale investments of RMB1,438.0 million in short-term deposit products, partially offset by (i) increase in investment properties of RMB1,094.9 million, (ii) investment in 50% equity interest in each of our newly established joint ventures, Changsha Zhenro Zhengtai and Wuhan Zhengsheng, for a total of RMB55.0 million in 2016 and (iii) purchases of items of property, plant and equipment of RMB22.2 million.

For the year ended December 31, 2015, our net cash used in investing activities was RMB2,110.5 million, primarily consisted of (i) acquisition of available-for-sale investments of RMB1,438.0 million in short-term deposit products to improve our cash management efforts and (ii) increase in investment properties of RMB680.9 million, partially offset by the disposal of 75% equity interest of a subsidiary, Zhaocheng Trading, to Zhenro Group for a total of RMB22.5 million pursuant to the share transfer agreement dated November 28, 2015.

For the year ended December 31, 2014, our net cash used in investing activities was RMB1,276.0 million, primarily consisted of (i) increase in investment properties of RMB1,230.9 million and (ii) purchases of items of property, plant and equipment of RMB40.6 million.

Net Cash Flows from/(used in) Financing Activities

Cash generated from financing activities is primarily related to proceeds from interest-bearing bank and other borrowings and advances from shareholders. Cash used in financing activities is primarily related to repayment of advances from shareholders and proceeds from interest-bearing bank and other borrowings.

For the six months ended June 30, 2017, our net cash flows from financing activities was RMB1,586.4 million, which primarily consisted of (i) proceeds from interest-bearing bank and other borrowings of RMB14,861.2 million and (ii) repayment of advances from related companies of RMB2,176.6 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB13,481.4 million and (ii) advance to related companies of RMB2,421.5 million to support the ordinary business operation of our Joint Ventures.

For the six months ended June 30, 2016, our net cash flows from financing activities was RMB10,218.1 million, which primarily consisted of (i) proceeds from interest-bearing bank and other borrowings of RMB21,657.5 million, (ii) advances from related companies of RMB6,510.1 million and (iii) repayment of advances from related companies of RMB2,353.5 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB12,447.4 million, (ii) repayment of advances from related companies of RMB6,474.1 million and (iii) advance to related companies of RMB919.9 million to support the ordinary business operation of our Joint Ventures.

For the year ended December 31, 2016, our net cash flows from financing activities was RMB13,552.5 million, which consisted of (i) proceeds from interest-bearing bank and other borrowings of RMB39,229.1 million and the 2016 Corporate Bond of RMB1,957.8 million, (ii) advances from related companies of RMB26,763.8 million and (iii) repayment of advances from

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related companies of RMB11,665.2 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB29,553.4 million, (ii) repayment of advances from related companies of RMB26,898.6 million and (iii) advance to related companies of RMB11,007.2 million to support the ordinary business operation of our Joint Ventures.

For the year ended December 31, 2015, our net cash used in financing activities was RMB3,741.3 million, which primarily consisted of (i) repayment of advances from related companies of RMB30,521.1 million and (ii) repayment of interest-bearing bank and other borrowings of RMB22,798.0 million, partially offset by (i) advances from related companies of RMB30,113.8 million and (ii) proceeds from interest-bearing bank and other borrowings of RMB17,975.9 million.

For the year ended December 31, 2014, our net cash generated from financing activities was RMB14,530.9 million, which primarily consisted of (i) proceeds from interest-bearing bank and other borrowings of RMB19,657.0 million and (ii) advances from related companies of RMB16,981.5 million, partially offset by repayment of advances from related companies of RMB18,062.7 million.

Working Capital

We need working capital to service our debts when due and pay construction costs and all applicable taxes for projects developed by our subsidiaries. For the years ended December 31, 2014 and 2016 and the six months ended June 30, 2016 and 2017, we recorded continuous net operating cash outflows, primarily due to our continued increase in property development activities and strengthened land acquisition efforts. Such cash outflows may not always be completely offset by the proceeds received from our pre-sales and sales of the properties for the respective year, which we believe is consistent with our industry practice. See “— Cash Flows Analysis — Net Cash Flows (Used in)/from Operating Activities” for detailed information.

To achieve sufficient working capital, we will continue to improve our cash inflow associated with the sales and pre-sales of our properties by strengthening marketing efforts and further enhancing the payment collection from our customers with respect to the property sales and pre-sales. We also intend to better utilize the payment terms under the construction agreements provided by our general contractors through negotiation and the establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our proceeds collection and property sales plan. In addition, at our headquarters level, various departments will coordinate to plan and monitor our cash outflow by establishing our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds, asset-backed securities programs or other debt offerings, and property sales proceeds.

Sufficiency of Working Capital

Taking into account our current project development and sales schedules, our expected cash generated from operating activities, the estimated net proceeds from the Global Offering, our credit facilities maintained with banks, and additional financial resources available to us, together with our

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expected cash outflow in the near future, which mainly driven by the increase in the number of our existing property development projects entering into development stage and the unpaid land premiums, our Directors are of the opinion that we will have available sufficient working capital for our present requirements, that is for at least the 12 months following the date of this prospectus.

Capital Expenditures

Our capital expenditures during the Track Record Period primarily represented expenditures incurred in relation to purchase of property, plant and equipment and acquisition of intangible assets such as certain software. For the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, we incurred capital expenditures of RMB44.9 million, RMB16.1 million, RMB23.8 million, RMB15.4 million and RMB10.3 million, respectively. Our Directors estimate that our capital expenditure for the years ending December 31, 2017 and 2018 will be approximately RMB17.3 million and RMB8.2 million, respectively. Such estimate represents the total capital expenditure that we expect to incur in the relevant period based on our existing business plans. We may adjust our business plans from time to time and the estimated total capital expenditure may also change.

Contingent Liabilities

Mortgage Guarantees

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, we are typically required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks.

The following table sets forth our total mortgage guarantees as of the dates indicated:

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	RMB'000			
Guarantees given to banks in connection with facilities granted to purchasers of our properties	4,851,674	11,775,835	18,129,489	21,486,407
Guarantees given to banks and other institutions in connection with facilities granted to related companies .	758,900	1,075,800	—	—
	<u>5,610,574</u>	<u>12,851,635</u>	<u>18,129,489</u>	<u>21,486,407</u>

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We provided guarantees to banks and other institutions in connection with financial facilities granted to related companies. As of the Latest Practicable Date, all such guarantees were released and discharged.

Legal Contingents

We are involved in lawsuits and other proceedings in the ordinary course of business. We believe that no liabilities resulting from these proceedings will have a material and adverse effect on our business, financial condition or operating results. See “Business — Legal Proceedings and Material Claims” for more details.

We have assessed the claims and considered that the ultimate outcome of these legal proceedings will not have a material and adverse effect on our financial position.

COMMITMENTS

Expenditure Commitments

The following table sets forth our property development expenditures we had contracted but yet provided for as of the dates indicated:

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	RMB'000			
Contracted, but not provided for:				
- Property development activities	10,108,847	10,437,436	6,982,580	7,207,405
- Acquisition of land use rights	171,330	146,634	163,621	1,180,606
	10,280,177	10,584,070	7,146,201	8,388,011

We intend to fund our expenditure commitments by using our cash flow generated from pre-sales/sales, bank and other financings, issuance of corporate bond and the net proceeds received from the Global Offering.

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Operating Lease Commitments

We lease certain of our office properties under operating lease arrangements for a term of one to five years with an option for renewal upon contract expiry. The following table sets forth our operating lease expenditures as of the dates indicated:

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	RMB'000			
Within one year	36,776	43,062	39,005	37,993
In the second to fifth years, inclusive . . .	49,474	53,178	19,264	26,778
	<u>86,250</u>	<u>96,240</u>	<u>58,269</u>	<u>64,771</u>

INDEBTEDNESS

General

The following table sets forth the principal amounts of our current and non-current bank and other borrowings as of the dates indicated:

	As of December 31,			As of	As of
	2014	2015	2016	June 30,	October 31,
	RMB'000				2017
					2017
	RMB'000				(Unaudited)
Current Borrowings:					
Bank loans - unsecured	—	—	120,000	—	—
Other loans - secured ⁽¹⁾	989,401	1,175,295	3,474,624	1,967,657	3,932,095
Other loans - unsecured ⁽¹⁾	150,000	450,000	850,000	—	—
Add: Current portion of long-term					
bank loans - secured	2,622,789	3,922,014	1,346,701	5,945,044	7,391,369
bank loans - unsecured	—	—	148,437	—	—
other loans - secured ⁽¹⁾	9,986,034	3,684,158	4,044,393	6,101,677	5,902,613
other loans - unsecured ⁽¹⁾	45,000	180,000	335,000	250,000	—
Total Current Borrowings:	<u>13,793,224</u>	<u>9,411,467</u>	<u>10,319,155</u>	<u>14,264,378</u>	<u>17,226,077</u>
Non-Current Borrowings:					
Bank loans - secured	3,310,332	4,995,355	6,310,945	5,175,280	6,477,273
Other loans - secured ⁽¹⁾	12,756,932	10,951,533	17,862,161	15,094,506	14,267,871
Other loans - unsecured ⁽¹⁾	320,000	—	541,800	1,879,693	380,000
Total Non-Current Borrowings:	<u>16,387,264</u>	<u>15,946,888</u>	<u>24,714,906</u>	<u>22,149,479</u>	<u>21,125,144</u>
Total.	<u>30,180,488</u>	<u>25,358,355</u>	<u>35,034,061</u>	<u>36,413,857</u>	<u>38,351,221</u>

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Note:

- (1) These borrowings are mainly in the form of trust and other financing arrangements with trust financing providers, asset management companies and other financial institutions. See “— Trust and Other Financing Arrangements.”

Our total outstanding borrowings decreased from RMB30,180.5 million as of December 31, 2014 to RMB25,358.4 million as of December 31, 2015. Our total outstanding borrowings increased from RMB25,358.4 million as of December 31, 2015 to RMB35,034.1 million as of December 31, 2016 and further to RMB36,413.9 million as of June 30, 2017. The fluctuation of our total outstanding borrowings during the Track Record Period was primarily due to the changes in financial needs in light of our business expansion and cash flow planning. Our total borrowings further increased to RMB38,351.2 million as of October 31, 2017 from RMB 36,413.9 million as of June 30, 2017, primarily due to the increasing capital needs in association with new developments commenced in the four months.

As of June 30, 2017, our borrowings were secured by our asset portfolio which includes investment properties, prepaid land lease payments, properties under development, completed properties held for sale, and restricted cash. In addition, our Controlling Shareholders, Mr. ZR Ou, Mr. GQ Ou and Mr. GW Ou, have pledged certain of our other borrowings up to RMB57.7 million, RMB453.8 million, RMB346.2 million and RMB1,044.2 million with 108,100,800, 180,168,000, 162,151,200 and 270,252,000 shares of Zhenro Group Company as of December 31, 2014, 2015, 2016 and June 30, 2017, respectively. Zhenro Group Company has guaranteed certain of our bank and other borrowings up to RMB5,968.6 million, RMB5,040.0 million, RMB15,600.8 million and RMB15,414.8 million as of December 31, 2014, 2015, 2016 and June 30, 2017, respectively. The Controlling Shareholders, Mr. ZR Ou, Mr. GQ Ou and Mr. GW Ou, have guaranteed certain of our bank and other borrowings up to RMB4,674.2 million, RMB4,052.3 million, RMB3,380.3 million and RMB3,096.9 million as of December 31, 2014, 2015, 2016 and June 30, 2017, respectively. In addition, Zhenro Group Company and our Controlling Shareholders, Mr. ZR Ou, Mr. GQ Ou and Mr. GW Ou, have jointly guaranteed certain of our bank loans up to RMB17,612.2 million, RMB10,120.7 million, RMB7,411.4 million and RMB10,554.2 million as of December 31, 2014, 2015, 2016 and June 30, 2017, respectively. Such pledges and guarantees by Zhenro Group Company, Mr. ZR Ou, Mr. GQ Ou and Mr. GW Ou will be released prior to the Listing.

We are subject to certain customary restrictive covenants under our credit facilities with commercial banks. For example, certain of our subsidiaries are prohibited from merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities also contain cross default provisions. See “Risk Factors — Risks Relating to Our Business — We had negative net operating cash flow for the years ended December 31, 2014 and 2016 and the six months ended June 30, 2017 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments whether through bank loans, corporate bonds, asset-backed securities programs, trust financing or other arrangements, on commercially reasonable terms, or at all.” However, our Directors do not expect that such covenants would materially restrict our overall ability to undertake additional debt or equity financing necessary to carry out our current business plans. Our Directors confirmed that they are not aware of any breach of any of the covenants contained in our banking and other loan facilities constituting any event of default during the Track Record Period and up to the Latest

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Practicable Date, nor are they aware of any restrictions that will limit our ability to drawdown on our unutilized facilities. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities nor had we been rejected for any loan application.

The weighted average effective interest rates on our total borrowings, which represent actual borrowing cost incurred during the period divided by weighted average borrowings that are outstanding during the period, as of December 31, 2014, 2015 and 2016 and June 30, 2017 were 12.5%, 11.6%, 8.5% and 7.3%, respectively. The decrease in average effective interest rates on our borrowings during the Track Record Period was primarily due to (i) a decrease in the benchmark lending rates published by the PBOC in 2016 and (ii) our stronger bargaining power to access to capital at competitive costs as a result of our growing operation scale.

As of October 31, 2017, we had approximately RMB7,724.7 million in unutilized banking facilities. Our approved unutilized credit facilities are covered by legally binding and enforceable loan agreements which we have entered into with the banks and other financial institutions. Our Directors have confirmed that, other than the Global Offering and the potential financing plans contemplated by us as disclosed under the section entitled “Summary — Recent Developments,” we do not currently have any concrete and material external financing plans outside our ordinary course of business. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although there is no assurance that we will be able to access bank financing on favorable terms or at all.

The following table sets forth the maturity profiles of our total borrowings as of the dates indicated:

	As of December 31,			As of	As of
	2014	2015	2016	June 30, 2017	October 31, 2017
	RMB'000				(Unaudited)
Repayable within one year	13,793,224	9,411,467	10,319,155	14,264,378	17,226,077
Repayable in the second year . .	13,126,563	10,774,848	17,427,532	16,981,467	16,072,601
Repayable within two to five years	2,970,701	4,897,040	7,287,374	5,168,012	5,052,543
Repayable in more than five years	290,000	275,000	—	—	—
Sub-total	<u>16,387,264</u>	<u>15,946,888</u>	<u>24,714,906</u>	<u>22,149,479</u>	<u>21,125,144</u>
Total	<u>30,180,488</u>	<u>25,358,355</u>	<u>35,034,061</u>	<u>36,413,857</u>	<u>38,351,221</u>

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Trust and Other Financing Arrangements

As with many other property developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial partners in the ordinary course of business to finance our property development and other related operations. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, which constitute an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments. These financing arrangements can be categorized into trust financing and other financing arrangements. Trust financing arrangements refer to the financing arrangements with trust companies, asset management companies and their financing vehicles. As of October 31, 2017, the total amount of trust financing outstanding accounted for 63.8% of our total borrowings as of the same date. For additional information as to the relevant laws and regulations applicable to trust financing arrangements, see “Regulatory Overview — Real Estate Financing — Trust Financing.” Other financing arrangements refer to financial arrangements, such as contractual funds, with other financial partners. As of October 31, 2017, we have settled all the outstanding balance of other financing.

The following table sets forth our outstanding trust financing arrangements with trust companies, asset management companies and their financing vehicles as of the dates indicated:

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals	Veto rights to financial institution	Principal balance as of		General category of trust financing arrangements
							June 30, 2017	October 31, 2017 ⁽¹⁾	
							(RMB'000)		
							(Unaudited)		
<i>Shanghai Yupin</i>									
1	JIC Trust Co., Ltd. (“中建投信託有限責任公司”)	7.40%	September 19, 2016	September 18, 2018	Pledge of land use right	N/A	857,800	—	Type 1
2	China Universal Asset Management Company Limited (“滙添富資本管理有限公司”)	8.30%	April 20, 2017	May 8, 2018	Guaranteed by the beneficial right to collect certain property payments	N/A	600,000	600,000	Type 1
<i>Shanghai Yuyuan</i>									
3	Xiamen International Trust Co., Ltd. (“廈門國際信託有限公司”)	7.80%, adjusted to 6.8% since August 26, 2016	March 16, 2016	September 14, 2018	Pledge of land use rights and property	N/A	850,000	850,000	Type 1
4	China Huarong Asset Management Co., Ltd. (“中國華融資產管理股份有限公司”)	6.90%	December 9, 2016	December 8, 2018	100% shares of Shanghai Yuyuan and its derivative rights*	N/A	320,000	320,000	Type 2

FINANCIAL INFORMATION

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals	Veto rights to financial institution	Principal balance as of		General category of trust financing arrangements
							June 30, 2017	October 31, 2017 ⁽¹⁾	
							(RMB'000)		
							(Unaudited)		
<i>Shanghai Yutian</i>									
5	China Industrial International Trust Ltd. (“興業國際信託公司”)	6.50%	December 12, 2016	December 12, 2018	100% shares of Shanghai Yutian* and pledge of land use right	N/A	700,000	700,000	Type 2
6	China Huarong Asset Management Co., Ltd. (“中華融資產管理股份有限公司”)	8.40%	December 13, 2016	December 13, 2018	Pledge of land use rights and property under development	N/A	400,000	400,000	Type 1
<i>Fuzhou Real Estate</i>									
7.	Huarong International Trust Co., Ltd. (“華融國際信託有限責任公司”)	8.00%	February 27, 2017	February 27, 2019	N/A	N/A	800,000	760,000	Type 1
8.	Huarong International Trust Co., Ltd. (“華融國際信託有限責任公司”)	8.00%	March 28, 2017	March 28, 2019	N/A	N/A	700,000	665,000	Type 1
<i>Putian Real Estate</i>									
9	Bohai International Trust Co., Ltd. (“渤海國際信託股份有限公司”)	7.00%	August 30, 2016	August 30, 2021	Pledge of land use rights and property	N/A	325,000	320,000	Type 1
<i>Putian Fortune Center</i>									
10	JIC Trust Co., Ltd. (“中建投信託有限責任公司”)	8.30%	December 21, 2016	December 21, 2018	100% shares of Putian Fortune Center * and pledge of land use rights and property	N/A	596,600	596,600	Type 2
11	China Cinda Asset Management Co., Ltd. (“中國信達資產管理股份有限公司”)	8.60%	September 22, 2016	September 22, 2018	Pledge of property under development	N/A	300,000	—	Type 1
12	Shenzhen Pingan Decheng Investment Co., Ltd. (“深圳市平安德成投資有限公司”)	7.70%	November 30, 2016	November 30, 2017	Pledge of land use rights and property	N/A	400,000	390,000	Type 1
13	Bohai International Trust Co., Ltd. (“渤海國際信託股份有限公司”)	7.00%	June 1, 2017	June 1, 2020	Pledge of property	N/A	1,500,000	1,500,000	Type 1

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Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals	Veto rights to financial institution	Principal balance as of		General category of trust financing arrangements
							June 30, 2017	October 31, 2017 ⁽¹⁾	
							(RMB'000)		
							(Unaudited)		
<i>Putian Investment</i>									
14	HuaAn Future Asset Management (Shanghai) Co., Ltd. (“華安未來資產管理(上海)有限公司”)	8.50%	August 5, 2016	February 4, 2018	100% shares of Putian Investment*	N/A	600,000	600,000	Type 2
<i>Nanping Real Estate</i>									
15	Wuhu Taide No.2 Investment Center, LLP (“蕪湖泰德貳號投資中心有限合夥”)	7.00%	May 31, 2016	May 31, 2018	The shares and the derivative rights of Zhenro Group owned by our Controlling Shareholder, Mr. ZR Ou* and pledge of land use rights	N/A	349,105	212,125	Type 2
16	China Cinda Asset Management Co., Ltd. (“中國信達資產管理股份有限公司”)	8.50%	December 15, 2016	December 15, 2018	55% shares of Nanping Real Estate* and pledge of land use rights and property	N/A	249,045	216,045	Type 2
<i>Nanjing Property</i>									
17	JIC Trust Co., Ltd. (“中建投信託有限責任公司”)	9.50%	March 25, 2016	March 25, 2018	100% shares of Nanjing Property* and pledge of property under development	N/A	295,405	300,273	Type 2
<i>Suzhou Property</i>									
18	China Orient Asset Management Co., Ltd. (“中國東方資產管理股份有限公司”)	15.00%	March 6, 2014	December 14, 2018	100% shares of Suzhou Property*	N/A	477,854	455,768	Type 2
<i>Suzhou Real Estate</i>									
19	China Orient Asset Management Co., Ltd. (“中國東方資產管理股份有限公司”)	15.05%	November 14, 2013	December 14, 2018	100% shares of Suzhou Real Estate*	N/A	353,525	351,851	Type 2
<i>Changsha Real Estate</i>									
20	China Cinda Asset Management Co., Ltd. (“中國信達資產管理股份有限公司”)	8.50%	December 29, 2016	June 29, 2018	100% shares of Hunan Xiushan Lishui* and pledge of land use rights	N/A	238,191	—	Type 2

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Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals	Veto rights to financial institution	Principal balance as of		General category of trust financing arrangements
							June 30, 2017	October 31, 2017 ⁽¹⁾	
(RMB'000)									
(Unaudited)									
21	China Cinda Asset Management Co., Ltd. (“中國信達資產管理股份有限公司”)	8.50%	December 29, 2016	September 29, 2018	100% shares of Hunan Xiushan Lishui* and pledge of land use rights	N/A	240,227	—	Type 2
22	China Cinda Asset Management Co., Ltd. (“中國信達資產管理股份有限公司”)	8.50%	December 29, 2016	December 28, 2018	100% shares of Hunan Xiushan Lishui* and pledge of land use rights	N/A	320,000	—	Type 2
<i>Nanchang Real Estate</i>									
23	Daye Trust Co., Ltd. (“大業信託責任有限公司”)	7.80%	May 27, 2017	November 27, 2018	100% shares of Nanchang Real Estate* and pledge of property under development	N/A	199,630	318,135	Type 2
<i>Nanchang Shiou</i>									
24	Wuhu Huide No.1 Investment Center Co., Ltd. (“蕪湖匯德壹號投資中心有限公司”)	First year: 6.00%; Second year: 8.50%	November 9, 2016	November 9, 2018	100% shares of Nanchang Shiou*	N/A	600,000	600,000	Type 2
<i>Nanchang Xinjian</i>									
25	Shanghai Zhihua Investment Center, LLP (“上海置華投資中心有限合夥”)	13.80%	March 31, 2016	September 30, 2017	51% shares of Nanchang Xinjian**	N/A	250,000	—	Type 3
<i>Pingtian Real Estate</i>									
26	Wuhu Taide No.2 Investment Center, LLP (“蕪湖泰德貳號投資中心有限合夥”)	First year: 7.00%; Second year: 10.00%	June 17, 2016	June 16, 2018	51% shares of Pingtian Real Estate* and pledge of land use rights and property under development	N/A	149,125	—	Type 2
<i>Nanjing Dexin</i>									
27	Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (“深圳平安大華匯通財富管理有限公司”)	7.90%, adjusted to 6.60% after April 5, 2017	March 30, 2016	March 30, 2019	90% shares of Nanjing Dexin** and pledge of land use rights	N/A	2,185,837	1,682,772	Type 3
28	China Huarong Asset Management Co., Ltd. (“中國華融資產管理股份有限公司”)	First year: 7.40%; Second year: 8.40%	February 24, 2017	February 23, 2019	6% of Zhenro Group owned by our Controlling Shareholder, Mr. ZR Ou*	N/A	695,050	531,589	Type 2

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Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals	Veto rights to financial institution	Principal balance as of		General category of trust financing arrangements
							June 30, 2017	October 31, 2017 ⁽¹⁾	
							(RMB'000)		
							(Unaudited)		
Xi'an Jingqi									
29	New Times Securities Co., Ltd. (“新時代證券股份有限公司”)	5.82%	December 27, 2016	December 27, 2019	100% shares of Xi'an Jingqi*	N/A	259,000	700,000	Type 2
Tianjin Zhenghong									
30	Bosera Capital Management Co., Ltd. (“博時資本管理有限公司”)	6.50%	April 22, 2016	April 22, 2019	100% shares of Tianjin Zhenghong*	N/A	1,113,193	1,099,487	Type 2
31	CITIC Securities Co., Ltd. (“中信證券股份有限公司”)	5.57%	December 16, 2016	December 15, 2019	Pledge of land use rights	N/A	500,617	499,903	Type 1
Wuhan Zhengtai									
32	China Huarong Asset Management Co., Ltd. (“中國華融資產管理股份有限公司”)	8.50%	December 6, 2016	December 6, 2017	32% shares of Jiangxi Real Estate*	N/A	193,500	193,500	Type 2
33	New China Trust Co., Ltd. (“新華信託股份有限公司”)	5.50%	December 29, 2016	December 29, 2018	Pledge of land use rights	N/A	300,000	300,000	Type 1
34	China Rail Way Trust Co., Ltd. (“中鐵信託有限責任公司”)	6.20%	June 29, 2016	June 28, 2018	100% shares of Wuhan Zhengtai*	N/A	600,000	600,000	Type 2
Putian Yuhu									
35	Shanghai Zhihua Investment Center, LLP (“上海置華投資中心有限合夥”)	6.90%	April 28, 2016	April 28, 2019	100% shares of Putian Yuhu* and pledge of land use rights	N/A	370,000	416,000	Type 2
Fuzhou Investment									
36	China Cinda Asset Management Co., Ltd. (“中國信達資產管理股份有限公司”)	8.50%	October 13, 2016	October 13, 2018	N/A	N/A	500,000	350,000	Type 1
Zhenro Zhenxing									
37	Guodo Securities Co., Ltd. (“國都證券股份有限公司”)	5.70%	September 28, 2016	September 27, 2018	100% shares of Zhenro Zhenxing*	N/A	1,099,992	700,042	Type 2
Nanchang Zhengchuang									
38	New China Fushi Asset Management Co., Ltd. (“北京新華富時資產管理有限公司”)	6.50%	August 26, 2016	August 23, 2018	100% shares of Nanchang Zhengchuang* and pledge of land use rights	N/A	1,000,987	1,006,130	Type 2
39	China Universal Asset Management Company Limited (“滙添富資本管理有限公司”)	7.80%	March 20, 2017	March 20, 2018	N/A	N/A	600,000	600,000	Type 1

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Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collaterals	Veto rights to financial institution	Principal balance as of		General category of trust financing arrangements
							June 30, 2017	October 31, 2017 ⁽¹⁾	
							(RMB'000)		
							(Unaudited)		
<i>Zhenro Zhenghong Putian</i>									
40	First Capital Securities Co., Ltd. (“第一創業證券股份有限公司”)	6.50%	October 31, 2016	October 31, 2018	100% shares of Zhenro Zhenghong Putian*	N/A	380,000	380,000	Type 2
41	China Cinda Asset Management Co., Ltd. (“中國信達資產管理股份有限公司”)	8.20%	April 19, 2017	April 18, 2019	Pledge of land use rights and property under development	N/A	550,000	550,000	Type 1
<i>Hefei Zhengyu</i>									
42	China Resources Sztic Trust Co., Ltd. (“華潤深國投信託有限公司”)	8.00%	June 22, 2017	June 21, 2019	20% shares of Hefei Zhengyu** and pledge of land use rights	N/A	600,000 ⁽²⁾	600,000 ⁽²⁾	Type 3
<i>Suzhou Zhengrun</i>									
43	Jiaxing Chuangqian Investment, LLP (“嘉興創乾投資合夥企業”)	7.30%	April 19, 2017	April 18, 2020	100% shares of Suzhou Zhengrun*	N/A	1,499,693	2,006,371	Type 2
Total							25,119,376	22,371,592	

* Pledge of equity interest

** Transfer of equity interest or equity investment

Notes:

(1) Reflects the outstanding balances as of October 31, 2017 of our trust financing arrangements as of June 30, 2017.

(2) The equity transfer was officially completed in July 2017.

These trust companies, asset management companies and their financing vehicles we have cooperated with are reputable and well-established institutions in the PRC and are independent third parties to us.

The terms and covenants of our trust financing vary, largely depending on whether there is any equity interest held by us or our Controlling Shareholders, as the case may be, that is (i) pledged or (ii) transferred to, or subscribed by, the financial institutions as security.

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Types of Our Trust Financing Arrangements

Our trust financing arrangements are broadly categorized into:

- *Type 1 arrangements* which have terms similar to bank borrowings and do not involve either a pledge or a transfer of equity interests;
- *Type 2 arrangements* which have similar terms as bank borrowings and involves a pledge of equity interests; or
- *Type 3 arrangements* which involve a transfer of equity interests to the trust financing provider or a subscription of registered capital by the financial institutions; we undertake to repurchase such equity interests at a pre-determined repurchase consideration or at a consideration calculated based on a pre-determined formula at the expiry of the terms of the respective financing arrangements.

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

	As of June 30, 2017		As of October 31, 2017 ⁽¹⁾	
	Number	RMB ('000)	Number	RMB ('000)
Type 1	15	9,183,417	13	7,784,903
Type 2	25	12,900,122	22	12,903,917
Type 3	3	3,035,837	1	1,682,772
Total trust financing borrowings	43	25,119,376	36	22,371,592

Note:

(1) Reflects the outstanding balances as of October 31, 2017 of our trust financing arrangements as of June 30, 2017.

Our trust financing arrangements may also be secured by other securities, including pledges of land use rights of the relevant property projects, or guaranteed by corporate guarantees or personal guarantees by our Controlling Shareholders. At maturity, and upon the satisfaction of the terms for repayment, the corresponding guarantees and project liens will be released in accordance with the relevant agreements and, as the case may be, the pledge of the equity interests in the relevant company is released and/or the equity interests in the relevant company is repurchased from the relevant entities provided in each of our trust financing arrangement. We believe these agreements we have entered into are in line with industry practice in the PRC.

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Key terms of Type 1 arrangements

In Type 1 arrangements, where our equity interests are neither pledged nor transferred, the lenders typically require such financings to be secured by our properties under development, completed properties held for sale or land use rights or guaranteed personally by our Controlling Shareholders. They may also contain terms that prohibit our borrowing subsidiaries from entering into transactions such as merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business or declaration of dividends or incurring further indebtedness without prior consent. We retain the rights and control in respect of the daily operation and management of our project companies and borrowing subsidiaries.

Key terms of Type 2 arrangements

In Type 2 arrangements, the equity interests held by us or our Controlling Shareholders, as the case may be, in the relevant companies are pledged to the lenders. The lenders do not have the right to participate in these companies' board or shareholders' meetings or have veto rights in any form. In addition, we are generally not required to obtain the prior consent from the lenders in respect of operational activities during the ordinary course of business. Since under the terms of this type of borrowing arrangements, the lenders typically can only exercise ordinary creditors' rights and do not have veto rights relating to operational matters in the ordinary course of business of those relevant companies, we believe that such arrangements will not affect the control over such companies. The pledged interests will be released upon repayment of the principal of, and any other amount due under, such trust financing.

Key terms of Type 3 arrangements

In Type 3 arrangements, where a portion of our equity interests in the borrowing project companies are transferred to, or subscribed by and issued to, the lenders, the legal terms are more complex. A summary of key terms is set forth below.

Board representation

Through equity participation in the relevant project companies, the lenders are entitled to appoint a certain number of directors to the relevant boards. We retain majority board seats in all the relevant subsidiaries and therefore, we retain control over the decision making power of such boards. During the Track Record Period and up to the Latest Practicable Date, there had been no dissenting vote cast by any of the board representatives appointed by lenders in this type of arrangements.

Control over the project companies

During the term of the Type 3 arrangements, we retain the right in respect of the day-to-day operation and management of our project companies and their businesses. However, under certain of our Type 3 arrangements, the lenders are entitled to designate officers to relevant subsidiaries to supervise the management of such subsidiaries, including exercising actual control of the stamps, licenses and certificates, and inspecting the construction site. Such officers also have access to the bank account, financial records and IT systems of our project companies. In addition, under such

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arrangements, the lenders are entitled to take over the management of our relevant subsidiary in cases the management of our subsidiary are not competent to perform management roles. During the Track Record Period and up to the Latest Practicable Date, none of the lenders in this type of arrangements actively participated or intervened in the day-to-day operations and management of any of our project companies.

Veto right

Under each of our outstanding Type 3 arrangements as of October 31, 2017, the lender is entitled to veto right to certain material matters relating to the relevant project company, including but not limited to the review and approval of its annual financial budget plans and development plans, any merger, investment, asset transfer or disposal, any litigation and arbitration, loan or financing, any providing pledge or guarantee matters that may materially affect the relevant trust fund's interests to recoup its fixed income return. Such veto rights were merely protective rights designed and effected to provide enhanced security to the lender in respect of our negative covenants given under the Type 3 arrangements that we may not operate our business in such a way that deviates materially from the pre-determined financial and operating policies. During the Track Record Period and up to the Latest Practicable Date, none of the board representatives of such lender has exercised his/her veto rights. As of the Latest Practicable Date, we conducted interviews with such financial institution lenders and had received a confirmation letter from them confirming that they would not exercise their veto rights. Our PRC legal advisors have confirmed to us that these confirmations are legally valid under PRC law. Accordingly, the Directors are satisfied that the risk of losing control over the borrowing subsidiaries is mitigated, and we believe that we maintain control over the borrowing subsidiaries despite such veto rights. The funds injected in our Group under Type 3 trust arrangements are treated as borrowings of our Group. See Note 2 of the Accountants' Report in Appendix I.

Repayment

The terms of our trust financing arrangements range from one year to three years. We are obliged to make the full repayment of the loans under our trust financing arrangements in order to repurchase the equity interest from the relevant lenders and discharge the pledged land use rights and/or equity interests. If we fail to satisfy our repayment obligations on time, we will be subject to penalties for any late payment based on the calculation agreed in the relevant agreements, or we will be subject to enforcement actions against the security interest we have granted and could affect our ownership of our project companies. See "Risk Factors — Risks Relating to Our Business — We have substantial indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations." We expect that we will satisfy our repayment obligations under our trust financing arrangements by utilizing our internal resources. During the Track Record Period, we had not defaulted on any of our repayments or other obligations in any material respect under the trust financing arrangements.

Security

As security for the performance of our project companies, we have in some cases provided guarantees, share pledges and/or fixed asset liens to the lenders.

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Fixed income return

According to the confirmation letters issued by our lenders, under the terms of the Type 3 agreements we have entered into, the lenders do not in any circumstance enjoy any investment return other than a pre-determined fixed income return. We remain fully accountable for the profits and losses of our project companies. The lenders do not bear any risks or enjoy any benefits other than the fixed income return that was pre-determined through arm's length negotiation. Our Directors have confirmed that the rates of fixed income return provided to the trust companies, asset management companies or other financial institutions under our Type 3 arrangements are within the range of market rates.

Financing Covenants

Our loan agreements with trust companies, asset management companies and their financing vehicles contain a number of customary affirmative and/or negative covenants. To ensure the loans for which the agreed uses are properly applied, such lenders normally stipulate certain monitoring measures in their loan agreements. For example, we are required to provide interim financial statements, property development and sales schedules to the relevant lenders upon their request. Under certain trust financing agreements, we are required to report to the relevant lenders as to the use of proceeds on a regular basis. In addition, we are subject to restrictive covenants under certain loan agreements with such lenders. For example, we are not permitted to transfer or assign our rights and obligations under the loan agreements to any third-party without the prior consent from the relevant lenders. We are prohibited from carrying out any merger, restructuring, spin-off, reduction of registered share capital, material asset transfer, liquidation, change in shareholding or management structure, or establishment of any joint venture without the written consent of the relevant lenders.

Our PRC legal advisor, Commerce & Finance Law Offices, is of the opinion that the entry into trust financing agreements detailed in this prospectus by our Group does not contravene any applicable PRC laws and regulations, and the relevant agreements entered into by the Group under the trust financing arrangement are legally enforceable and binding on the respective counter-parties.

2016 Corporate Bond

In addition to bank borrowings and trust and other financing arrangements, we have funded our expansion through the issuance of the 2016 Corporate Bond. On October 10, 2016, our wholly-owned subsidiary, Jiangxi Real Estate, issued the 2016 Corporate Bond to qualified investors in an amount of RMB2.0 billion with a three-year term at a coupon rate of 6.4% per annum to repay the principal balance on our bank and other borrowings before deducting the administrative expenses payable by us. The 2016 Corporate Bond was listed and traded on the Shanghai Stock Exchange on November 1, 2016.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of June 30, 2017, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the period or as of the dates indicated:

	As of/For the Year Ended December 31,			As of/For the Six Months Ended June 30,
	2014	2015	2016	2017
Current ratio (times) ⁽¹⁾	1.6	1.4	1.5	1.4
Net gearing ratio (%) ⁽²⁾	N/A ⁽³⁾	326.2	206.0	278.1
Return on equity (%) ⁽⁴⁾	N/A ⁽⁵⁾	10.5	16.3	8.1
Return on total assets (%) ⁽⁶⁾	0.2	0.8	1.7	0.8

Notes:

- (1) Equal to current assets divided by current liabilities as of the end of the respective period.
- (2) Equal to total borrowings less cash and bank balances divided by total equity as of the end of the respective period and multiplied by 100.
- (3) Our Company was only incorporated on July 21, 2014 with one share initially allotted and issued. Accordingly, the presentation of net gearing ratio as of December 31, 2014 would not be a meaningful measure. For more information, see “— Basis of Presentation.”
- (4) Equals to net profit for the year or annualized period divided by average total equity and multiplied by 100. Average total equity for each period represents the arithmetic mean of the opening and ending balance of total equity during the relevant period.
- (5) Our Company was only incorporated on July 21, 2014 with one share initially allotted and issued. Accordingly, the presentation of return on equity as of December 31, 2014 would not be a meaningful measure. For more information, see “— Basis of Presentation.”
- (6) For the year ended December 31, 2014, equals to net profit divided by total assets and multiplied by 100. For the years ended December 31, 2015 and 2016 and the six months ended June 30, 2017, equals to net profit for the year or annualized period divided by average total assets and multiplied by 100. The average total assets for each period represents the arithmetic mean of the opening and ending balance of total assets during the relevant period.

Current Ratio

Our current ratio remained relatively stable at 1.6, 1.4, 1.5 and 1.4, respectively, as of December 31, 2014, 2015, 2016 and June 30, 2017.

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Net Gearing Ratio

Our net gearing ratio decreased from 326.2% as of December 31, 2015 to 206.0% as of December 31, 2016, primarily due to our continuous efforts to manage our financial leverage to achieve sustainable growth. Our net gearing ratio increased from 206.0% as of December 31, 2016 to 278.1% as of June 30, 2017, primarily due to reduced cash flows as we acquired additional land parcels in the six months ended June 30, 2017 while the relevant development projects had not started the pre-sale and to generate cash inflow.

Return on Equity

Our return on equity increased from 10.5% as of December 31, 2015 to 16.3% as of December 31, 2016, primarily due to the increase in our aggregate GFA delivered as well as our strengthened cost control efforts in 2016. Our return on equity decreased from 16.3% as of December 31, 2016 to 8.1% as of June 30, 2017, primarily due to a lower profitability, on an annualized basis, in the six months ended June 30, 2017 because of the relatively less GFA completed and delivered in such period.

Return on Total Asset

Our return on total asset increased from 0.2% as of December 31, 2014 to 0.8% as of December 31, 2015 and further increased to 1.7% as of December 31, 2016, primarily due to the increase in our aggregate GFA delivered as well as our strengthened cost control efforts during the periods. Our return on total asset decreased from 1.7% as of December 31, 2016 to 0.8% as of June 30, 2017, primarily due to a lower profitability, on an annualized basis, in the six months ended June 30, 2017 because of the relatively less GFA completed and delivered in such period.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are, in the ordinary course of our business, exposed to various market risks, including interest rate risk, credit risk and liquidity risk. Our capital risk management strategy aims to safeguard our ability to continue as a going concern in order to provide returns for our shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Our exposure to changes interest rates is mainly attributable to our borrowings from bank and other borrowings. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts to interest-bearing assets resulting from the changes interest rates, because the interest rates of bank balances are not expected to change significantly.

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If interest rates on borrowings at floating rates had been 1% higher/lower with all other variables held constant, our profit before tax would have decreased/increased by approximately RMB58.6 million, RMB36.2 million, RMB34.8 million and RMB33.7 million for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, respectively.

Credit Risk

We have no significant concentrations of credit risk in view of our large number of customers. We did not record any significant bad debts losses during the Track Record Period. The credit risk of our other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Directors do not expect any losses from non-performance of these counterparties.

Liquidity Risk

We aim to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities and corporate bonds to meet our operation needs and commitments in respect of property projects. Our objective is to maintain a balance between continually of funding and flexibility through the use of interest-bearing bank and other borrowings. We review our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of our borrowings and the progress of the planned property development projects in order to monitor our liquidity requirements in the short and long terms. We have established an appropriate liquidity risk management framework for our liquidity management requirements to ensure that we maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet our liquidity requirements in the short and long term.

DISTRIBUTABLE RESERVES

Under PRC laws, distributable reserves consist of net profit calculated according to PRC accounting principles, which, in many aspects, differs from the generally accepted accounting principles in other jurisdictions, including IFRS. In addition, PRC laws and regulations also require a PRC-incorporated enterprise to set aside at least 10% of its after-tax profits calculated based on PRC accounting standards each year, if any, to fund certain statutory reserves, which may not be distributed as cash dividends (when the statutory reserve reaches and is maintained at or above 50% of their registered capital, no further allocations to this statutory reserve will be required). These statutory reserves are not available for distribution as cash dividends.

As of June 30, 2017, our Company had retained profits of RMB1,960.0 million which will be available for distribution to the Shareholders of our Company after appropriation for statutory reserves.

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SENSITIVITY ANALYSIS OF HISTORICAL RESULTS

For illustrative purposes only, the following table demonstrates the sensitivity of our net profit during the Track Record Period to hypothetical changes in cost of sales:

Hypothetical changes in cost of sales	Net profit									
	Year ended December 31,					Six months ended June 30,				
	2014		2015		2016	2016		2017		
	(RMB'000, except for percentages)									
8%	-109,574	-237%	154,923	-63%	328,516	-74%	242,250	-57%	-135,406	-136%
6%	-62,155	-178%	220,927	-47%	557,192	-55%	321,481	-43%	-7,407	-102%
4%	-14,737	-118%	286,931	-32%	785,869	-37%	400,712	-28%	120,592	-68%
2%	32,682	-59%	352,935	-16%	1,014,545	-18%	479,944	-14%	248,590	-34%
0%	80,101	0%	418,939	0%	1,243,222	0%	559,175	0%	376,589	0%
-2%	127,520	59%	484,943	16%	1,471,899	18%	638,406	14%	504,588	34%
-4%	174,939	118%	550,947	32%	1,700,575	37%	717,638	28%	632,586	68%
-6%	222,357	178%	616,951	47%	1,929,252	55%	796,869	43%	760,585	102%
-8%	269,776	237%	682,955	63%	2,157,928	74%	876,100	57%	888,584	136%

DIVIDEND

We may distribute dividends by way of cash, stock or other means that we consider appropriate. Our Company has not declared dividends in the past. We do not currently have any dividend plans nor do we have any pre-determined dividend payout ratio in the foreseeable future, however, we may re-evaluate our dividend policy in the future and the amount of dividends to be distributed to our Shareholders, if any, will depend upon our earnings, financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. A decision to declare and pay any dividends would require the approval of the Shareholders' meeting. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that we may enter into in the future.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

LISTING EXPENSES INCURRED AND TO BE INCURRED

The listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. During the Track Record Period, we incurred listing expenses of approximately RMB20.4 million, of which RMB15.3 million were charged to our administrative expenses for the years ended December 31, 2015, 2016 and the six months ended June 30, 2017. We

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currently expect to incur further expenses amounting to RMB155.0 million subsequent to the end of the Track Record Period, of which RMB35.4 million will be charged to our income statement and RMB119.6 million will be charged to our equity. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2017.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is prepared to show the effect on the audited net tangible assets of our Group as of June 30, 2017 as if the Global Offering had occurred on June 30, 2017 and is based on the combined net assets derived from the audited financial information of our Group as of June 30, 2017, as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as follows:

	Audited Combined Net Tangible Assets of Our Group as of June 30, 2017 ⁽¹⁾	Estimated Net Proceeds from the Global Offering ⁽²⁾	Unaudited Pro Forma Adjusted Net Tangible Assets of our Group ⁽³⁾	Unaudited Pro Forma Adjusted Net Tangible Assets per Share ^{(4) (5)}	
	RMB'000	RMB'000	RMB'000	RMB	HK\$
Based on an Offer					
Price of HK\$4.08 per Share.	8,370,947	3,264,833	11,635,780	2.91	3.44
Based on an Offer					
Price of HK\$3.40 per Share.	8,370,947	2,709,419	11,080,366	2.77	3.28

Notes:

- (1) The combined net tangible assets attributable to owners of the Company as of June 30, 2017 is extracted from the Accountants' Report, which is based on the audited combined equity attributable to owners of the Company as of June 30, 2017 of approximately RMB8,376 million.
- (2) The estimated net proceeds from the Global Offering are based on the offer prices of HK\$3.40 and HK\$4.08 per share, being the low and high ends of the stated offer price range, after deduction of the underwriting fees and other related expenses payable by our Group and does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme and may be allotted and repurchased by our Group pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in "Share Capital."
- (3) No adjustment has been made to the unaudited *pro forma* adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to June 30, 2017.

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- (4) The unaudited *pro forma* including adjusted net tangible assets per Share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares are expected to be in issue following the Global Offering, but do not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme and may be allotted and repurchased by our Group pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in “Share Capital”.
- (5) For purposes of the estimated net proceeds of the Global Offering and the unaudited *pro forma* adjusted net tangible assets per Share are converted into Hong Kong dollars and RMB at an exchange rate of HK\$1.0 to RMB0.8456. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or *vice versa*, at that rate.

RELATED PARTY TRANSACTIONS

The related party transactions during the Track Record Period are as set forth in Note 38 to the Accountants’ Report in Appendix I.

During the Track Record Period, we recorded amounts due from a shareholder, namely GQ Ou, of RMB8.2 million and RMB11.0 million as of December 31, 2016 and June 30, 2017, respectively. Amounts due from related companies amounted to RMB15.2 million, RMB2,122.0 million, RMB1,462.9 million and RMB1,709.2 million as of December 31, 2014, 2015 and 2016 and June 30, 2017, respectively. We recorded amounts due to shareholders, namely GQ Ou and ZR Ou, were RMB93.2 million, RMB94.2 million, RMB79.9 million and RMB79.9 million as of December 31, 2014, 2015 and 2016 and June 30, 2017, respectively. Amounts due to related companies amounted to RMB1,177.6 million, RMB144.2 million, RMB7.6 million and RMB282.0 million as of December 31, 2014, 2015 and 2016 and June 30, 2017, respectively.

Among others, as of December 31, 2014, 2015 and 2016 and June 30, 2017, we recorded outstanding balances due from our Controlling Shareholders and their respective close associates of nil, RMB2,110.1 million, RMB63.1 million and RMB11.9 million, respectively. As of December 31, 2014, 2015 and 2016 and June 30, 2017, we recorded outstanding balances due to our Controlling Shareholders and their respective close associates of RMB1,196.1 million, RMB94.2 million, RMB79.9 million and RMB79.9 million, respectively. A significant portion of these balances arose when Zhenro Properties Holdings had not been established as the onshore holding company of our Group and Zhenro Group Company was the direct parent company of our business prior to our Corporate Restructuring. At that time, Zhenro Group Company centralized all the funding needs of its subsidiaries and affiliates, including our group companies, and allocated funds among its group companies based on a centralized fund management mechanism and on an interest free basis. Funds under Zhenro Group’s centralized management comprise internal cash resources generated from operations and external borrowings of Zhenro Group Company, its subsidiaries and affiliates. For external borrowings, we historically obtained loans from banks and other financial institutions and those funds were transmitted to Zhenro Group under the centralized fund management mechanism to settle, among others, the amounts payable by our Group to the contractors who delivered services or supplies to our Group. The foregoing balances were subsequently classified as related party balances following the Corporate Restructuring and Zhenro Group became our connected person. In order to meet the requirement for financial independence, the arrangement between our Group and Zhenro Group under the centralized management mechanism has been discontinued and the related balances (including both amounts due to and from) as of June 30, 2017 will be settled before Listing. On the

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basis that (i) the related party balances (being the difference between the total amounts due from and due to our Controlling Shareholders and their respective close associates in a given period for calculation purpose) as a percentage of our total borrowings as of the relevant period end were insignificant, namely 4.0%, 7.9%, 0.05% and 0.2% as of December 31, 2014, 2015 and 2016 and June 30, 2017, respectively, (ii) if related party balances were obtained from external borrowings, by applying an interest rate equivalent to the PBOC's benchmark one-year bank lending rate at 4.35% published in 2015, the aggregate interests we may incur in connection with the such amounts would be totaling at approximately RMB12.1 million, which we believe were also insignificant, and (iii) we, including our group companies, had not experienced any material difficulties in obtaining external borrowings nor had we been rejected for any loan applications or trust financing applications during the Track Record Period and up to the Latest Practicable Date, our Directors believe, and the Sole Sponsor concurs, that the cessation of such practice will not have any material adverse impact on us.

In addition, our Directors further confirm that all amounts due to or from, and loans or guarantees provided by our Controlling Shareholders and their respective close associates, will be fully repaid or released before Listing.

The allocation of funds by Zhenro Group under the centralized fund arrangement mechanism involved the lending of money which may not be in compliance with the General Lending Provisions (《貸款通則》), a regulation promulgated by the PBOC in 1996. According to the General Lending Provisions, only financial institutions may legally engage in the business of extending loans, and loans as between companies that are not financial institutions are prohibited. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from loan advancing activities. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the “**Provisions**”) promulgated on June 23, 2015 and effective on September 1, 2015, loans among companies are legal if extended for purposes of financing production or business operations. PRC courts will also support a company's claim for interest in respect of such a loan as long as the annual interest rate does not exceed 24%. Pursuant to the Notice of the Supreme People's Court on Conscientiously Studying, Implementing and Applying the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於認真學習貫徹適用《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》的通知) published on August 25, 2015, the Provisions shall apply to loans entered into prior to the implementation of the Provisions that are invalid under the former judicial interpretations but valid under the Provisions.

As confirmed by the Directors, all the advances to and from Zhenro Group Company are for the purposes of business operations and are interest-free. As of the Latest Practicable Date, we had not received any notice of claim or penalty relating to the loans. We are advised by our PRC Legal Advisor that under normal circumstances, the possibility that the PBOC would impose a penalty on the companies in respect of the intra-group financing arrangement pursuant to the General Lending Provisions is low.

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The Group obtained loan facilities from certain lenders (the “**Lenders**”) which are banks and financial institutions in the PRC where the loan proceeds shall be used towards the designated property projects pursuant to the facility agreements. The Group first applied to the relevant Lenders for the credit approvals of “property development projects financing loans” for, among others, the construction works, engineering works and other ancillary works relating to the Group’s existing and specified underlying property development projects. During the credit approval process of the relevant Lenders, the relevant Lenders would (i) review the relevant permits and certificates concerning the relevant property development projects, including the relevant land use right certificates, construction land planning permits, construction project planning permits and building construction permits submitted by the Group; and (ii) require the creation of security interests over the relevant land use rights. At the stage of drawdown of the loan amounts approved by the relevant Lenders, apart from submitting the service contracts entered into with independent third party service providers for the settlement of the relevant contract sums, the Group would also submit to the relevant Lenders certain commercial contracts (the “**Commercial Contracts**”) entered into with its related parties (the “**Related Counter Parties**”). After receiving funds through the arrangements described above (the “**Historical Borrowing Arrangements**”), the Related Counter Parties in turn remitted such funds to Zhenro Group Company as inter-company loans on an interest-free basis such that funds and funding needs were centralized at Zhenro Group Company. The Group settled the amounts payable to the suppliers of the property projects using funds under the centralized fund management mechanism. The Group entered into the Historical Borrowing Arrangements to (i) facilitate both the Group and Lenders in managing the relevant loan drawdown and loan repayment schedules on a centralized basis and in a more effective and efficient manner, (ii) facilitate the Group in managing the amount of available cash for the payment of the Group’s various works under property development projects, (iii) provide the Group with optimal flexibility to settle the payables to the relevant contractors, and (iv) allocate the funds remitted from the Related Counter Parties in relation to the Commercial Contracts under the centralized fund mechanism to meet its unanticipated funding needs for its property construction projects in an effective manner.

In addition to the view of our PRC Legal Advisor, we also confirmed with the banks from whom we obtained external borrowings, a portion of which were then used for the centralized fund management, that (i) the Lenders were aware of the actual fund flow of the relevant loan amounts; (ii) the on-lending did not breach any loan agreement; (iii) the banks have not identified any acts of fraud or cases of overdue repayments; (iv) that the banks have not suffered any losses as a result of the centralized fund management of Zhenro Group Company, hence, would not have any claim under the loan agreement or applicable PRC laws, including the PRC Contract Law and the General Lending Provisions; and (v) the banks have also confirmed that there is no factor that may limit our Group’s credit line and/or other cooperation with our Group going forward.

Upon obtaining a special legal opinion from our PRC Legal Advisor, our Directors are of the view that the Historical Borrowing Arrangements did not amount to any breach of applicable PRC laws from civil and administrative law perspective and the directors of the PRC Subsidiaries relating to the Historical Borrowing Arrangements would not be held personally liable under the Contract Law of the PRC and the General Lending Provisions regarding the Historical Borrowing Arrangement. In addition, Beijing Kang Da Law Firm, the special PRC criminal law advisors to our Company, advised that Group did not commit any criminal offences under the PRC Criminal Law due to the Historical Borrowing Arrangements and none of our Directors or the directors of the Group’s subsidiaries

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committed any criminal offences under the PRC Criminal Law due to the Historical Borrowing Arrangements. Based on the foregoing, and the fact that none of our Directors would be held personally liable from civil, administrative and criminal law perspective due to the Historical Borrowing Arrangements, our Directors are of the view that the Historical Borrowing Arrangements do not affect the suitability of our Directors.

Also see “Relationship with Our Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence.”

PROPERTY INTERESTS AND PROPERTY VALUATION

JLL, an independent property valuer, has valued our property interests as of October 31, 2017 and is of the opinion that the aggregate value of our property interests as of such date was RMB90,832.3 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus.

A reconciliation of the net book value of our properties as of June 30, 2017 as set out in “Accountants’ Report” in Appendix I to their fair value as of October 31, 2017 as stated in the property valuation report set out in “Property Valuation Report” in Appendix III is set out below:

	<u>RMB in thousands</u>
Net book value of the following assets of the Group as of June 30, 2017	65,684,396
- <i>investment properties</i>	5,223,222
- <i>properties under development</i>	43,085,702
- <i>completed properties held for sale</i>	10,923,322
- <i>prepaid land lease payment</i>	6,452,150
Addition	5,467,683
Less: sales of completed properties held for sale	<u>(3,781,983)</u>
Net book value of the following assets of the Group as of October 31, 2017	67,370,096
Valuation surplus, before tax	18,635,359
Valuation of properties of the Group as of October 31, 2017 as set out in the Property Valuation Report in Appendix III	<u>90,832,255</u>
Less: Valuation of properties of the Group’s joint ventures included in the Property Valuation Report in Appendix III	(4,826,800)
Valuation of properties of the Group as of October 31, 2017 as set out in the Property Valuation Report in Appendix III (excluding properties of the Group’s joint ventures)	86,005,455

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SUBSEQUENT EVENT

There is no material subsequent event undertaken by our Group after June 30, 2017, being the date on which our latest audited combined financial statements were prepared, up to the date of this prospectus.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2017, being the date on which our latest audited combined financial statements were prepared, and there is no event since June 30, 2017 which would materially affect the information as set out in the Accountants' Report in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement with an investor (the “**Cornerstone Investor**”), who has agreed to subscribe at the Offer Price for such number of Shares that may be purchased with HK\$750 million (rounded down to the nearest whole board lot of 1,000 Shares).

Assuming an Offer Price of HK\$3.40 per Offer Share (being the low-end of the Offer Price range set out in this prospectus), the number of Shares to be subscribed for by the Cornerstone Investor would be 218,387,000, representing approximately (i) 5.5% of the Shares in issue upon the completion of the Global Offering and 21.8% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 5.3% of the Shares in issue upon the completion of the Global Offering and 19.0% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised. Assuming an Offer Price of HK\$3.74 per Offer Share (being the mid-point of the Offer Price range set out in this prospectus), the number of Shares to be subscribed for by the Cornerstone Investor would be 198,534,000, representing approximately (i) 5.0% of the Shares in issue upon the completion of the Global Offering and 19.9% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 4.8% of the Shares in issue upon the completion of the Global Offering and 17.3% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised. Assuming an Offer Price of HK\$4.08 per Offer Share (being the high-end of the Offer Price range set out in this prospectus), the number of Shares to be subscribed for by the Cornerstone Investor would be 181,989,000, representing approximately (i) 4.5% of the Shares in issue upon the completion of the Global Offering and 18.2% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 4.4% of the Shares in issue upon the completion of the Global Offering and 15.8% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

To the best of the knowledge of our Company, the Cornerstone Investor is an independent third party, independent from our Company, our connected persons and their respective associates. The Cornerstone Investor will not subscribe for any Shares under the Global Offering other than pursuant to the cornerstone investment agreement. Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any Board representation in our Company, and will not become a substantial Shareholder. The Offer Shares to be subscribed for by the Cornerstone Investor will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and the shareholding of the Cornerstone Investor will be counted towards the public float of our Shares.

The cornerstone placing forms part of the International Offering. The Shares to be purchased by the Cornerstone Investor will not be affected by any reallocation of the Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “Structure of the Global Offering — The Hong Kong Public Offering.”

CORNERSTONE INVESTOR

OUR CORNERSTONE INVESTOR

		Based on the Offer Price of HK\$3.74 (being the mid-point of the Offer Price range)			
		Approximate % of total number of Offer Shares		Approximate % of total number of Shares in issue immediately following the completion of the Global Offering	
		Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Cornerstone Investor	Investment Amount				
Hong Kong Bao Xin Asset Management Limited.	HK\$750,000,000 ⁽¹⁾	19.9%	17.3%	5.0%	4.8%

1. Including brokerage, SFC transaction levy and Stock Exchange trading fee.

We set out below a brief description of our Cornerstone Investor.

Hong Kong Bao Xin Asset Management Limited (“HKBX”)

HKBX has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of HK\$750 million at the Offer Price, including brokerage, SFC transaction levy and Stock Exchange trading fee which the Investor needs to pay. Assuming an Offer Price of HK\$3.40 per Offer Share (being the low-end of the Offer Price range set forth in this prospectus), HKBX will subscribe for approximately 218,387,000 Shares, representing approximately (i) 5.5% of the Shares in issue upon the completion of the Global Offering and 21.8% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 5.3% of the Shares in issue upon the completion of the Global Offering and 19.0% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised. Assuming an Offer Price of HK\$3.74 per Offer Share (being the mid-point of the Offer Price range set forth in this prospectus), HKBX will subscribe for approximately 198,534,000 Shares, representing approximately (i) 5.0% of the Shares in issue upon the completion of the Global Offering and 19.9% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 4.8% of the Shares in issue upon the completion of the Global Offering and 17.3% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised. Assuming an Offer Price of HK\$4.08 per Offer Share (being the high-end of the Offer Price range set forth in this prospectus), HKBX will subscribe for approximately 181,989,000 Shares, representing approximately (i) 4.5% of

CORNERSTONE INVESTOR

the Shares in issue upon the completion of the Global Offering and 18.2% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 4.4% of the Shares in issue upon the completion of the Global Offering and 15.8% of the Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

HKBX is a company incorporated in Hong Kong wholly owned by China Goldjoy Group Limited (“CGG”), a company listed on the Stock Exchange (stock code: 1282). HKBX is principally engaged in investment holding and securities investment. CGG, the guarantor under the cornerstone investment agreement, is a company incorporated under the laws of the Cayman Islands. CGG and its subsidiaries are principally engaged in financial services, automation, manufacturing, securities investment and property investment and development. As of the Latest Practicable Date, CGG was directly held as to approximately 46.81% by Tinmark Development Limited, the controlling shareholder of CGG.

HKBX may obtain external financing from CCB International Securities Limited (the “CCBI Lender”) to partially finance its subscription for the Offer Shares. The ultimate beneficial owner of the CCBI Lender is China Construction Bank Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939), which controls CCB International Capital Limited. The loan has been obtained on normal commercial terms after arm’s length negotiation with no other direct or indirect benefits given by the CCBI Lender. The financing is provided in the usual and ordinary course of business of the CCBI Lender. All or some of the Shares to be subscribed for by HKBX may be charged to the CCBI Lender as security. Under the loan agreement, HKBX may be required to repay the loan before its maturity following the occurrence of certain customary events of default. The CCBI Lender may therefore have the right to enforce its security interest in the Shares subject to such charge at any time upon the occurrence of certain customary events of default, save that the lender has undertaken to the Company not to dispose of the collateral shares until after the date falling six months after Listing Date.

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Offering having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements or such later time and date as may be agreed between the Company and the Sole Representative, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between the Company and the Sole Representative (for itself and on behalf of the Underwriters);
- (c) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the shares subscribed for by the Cornerstone Investor as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

CORNERSTONE INVESTOR

- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the cornerstone investment agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

- (e) the representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investor being accurate and true in all respects and not misleading and that there being no material breach of the cornerstone investment agreement on the part of the investor and the guarantor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR'S INVESTMENT

The Cornerstone Investor has agreed that, without the prior written consent of each of our Company, the Sole Representative and the Sole Sponsor, it will not, whether directly or indirectly, at any time during the period of six months following and inclusive of the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the Shares subscribed for by it pursuant to the cornerstone investment agreement, other than transfers to any wholly-owned subsidiary of the Cornerstone Investor provided that such wholly-owned subsidiary undertakes in writing to, and the Cornerstone Investor undertakes to procure that such wholly-owned subsidiary will, abide by the terms and restrictions on disposals imposed on the Cornerstone Investor.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets for the estimate of the net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering:

	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Assuming an Offer Price of HK\$3.74 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK\$3,740 million	Approximately HK\$4,301 million
Assuming an Offer Price of HK\$4.08 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK\$4,080 million	Approximately HK\$4,692 million
Assuming an Offer Price of HK\$3.40 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK\$3,400 million	Approximately HK\$3,910 million

We intend to use the net proceeds of the Global Offering for the following purposes (assuming an Offer Price of HK\$3.74 per Share, being the mid-point of the Offer Price range stated in the prospectus, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering, and the Over-allotment Option is not exercised):

- approximately 60%, or HK\$2,244 million, will be used as the construction costs for the development of our existing property projects or project phases, namely Nanjing Zhenro Riverside Violet Mansion, Nanchang Zhenro Mansion and Phase 1 (Land Parcel A) of Wuhan Zhenro Mansion. See “Business — Our Property Projects” for further details of our projects;
- approximately 30%, or HK\$1,122 million, will be used for repayment of the majority portion of certain existing interest-bearing bank and other borrowings, all of which are working capital loans for our project companies and comprised (i) a two-year borrowing of RMB600.0 million from a financial institution under a trust financing arrangement with a

FUTURE PLANS AND USE OF PROCEEDS

fixed interest rate of 6.20% per annum and maturity date of June 28, 2018, (ii) a two-year bank borrowing of RMB573.0 million with a fixed interest rate of 6.50% per annum and maturity date of February 2, 2018, (iii) a two-year bank borrowing of RMB343.8 million with a fixed interest rate of 6.50% per annum and maturity date of June 29, 2018, and (iv) a two-year bank borrowing of RMB229.2 million with a fixed interest rate of 6.50% per annum and maturity date of April 28, 2018; we expect to utilize the working capital generated from our operations to repay the shortfalls of approximately RMB797 million; and

- approximately 10%, or HK\$374 million, will be used for general working capital purposes.

Except for the amount of HK\$1,122 million that we expect to use to repay our interest-bearing bank and other borrowings, the above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the proposed Offer Price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into demand deposits with licensed banks or financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

UNDERWRITING

HONG KONG UNDERWRITERS

CCB International Capital Limited
Guotai Junan Securities (Hong Kong) Limited
Haitong International Securities Company Limited
Pacific Foundation Securities Limited
Head & Shoulders Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Sole Representative (for itself and on behalf of the other Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 100,000,000 Hong Kong Offer Shares and the International Offering of initially 900,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares to be offered under the Global Offering as mentioned in this prospectus, and certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Sole Representative (for itself and on behalf of the other Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by written notice from the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters), at any time prior to 8:00 a.m. on the Listing Date if:

- (1) there develops, occurs, exists or comes into effect:
 - (a) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting the Cayman Islands, Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union, or any other jurisdiction relevant to any member of our Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
 - (b) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets, and credit markets) in or affecting any of the Relevant Jurisdiction or elsewhere; or
 - (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in, (A) securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or (B) securities of our Company or any other member of our Group listed or quoted on a stock exchange or an over-the-counter market; or
 - (d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof), or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or

UNDERWRITING

- (e) any new law, regulation or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdiction; or
- (f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdiction; or
- (g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the United States dollar, Euro, Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdiction; or
- (h) any litigation, claims or proceedings of any third party being threatened or instigated against any member of our Group or the Controlling Shareholders; or
- (i) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (j) the chairman or chief executive officer of our Company vacating his office; or
- (k) an authority or a political body or organization in any of the Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, any Director or the Controlling Shareholders; or
- (l) save as disclosed in “Business — Compliance with Laws and Regulation” in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws or regulations; or
- (m) a prohibition on our Company or any of the Controlling Shareholders for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the option shares) pursuant to the terms of the Global Offering; or
- (n) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of our Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

UNDERWRITING

- (o) Except as otherwise agreed by the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of our Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (p) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (q) any change, development or event involving a prospective change, or a materialization, of any of the risks set forth in “Risk Factors”; or
- (r) an order or petition is presented for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Representative and the Sole Sponsor:

- (A) has or will have or is likely to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or
 - (B) has or will have or is likely to have an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Offer Shares in the secondary market; or
 - (C) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to be performed or implemented as envisaged or to market the Global Offering; or
 - (D) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (2) there has come to the notice of the Sole Representative and the Sole Sponsor:

UNDERWRITING

- (a) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices or announcements, advertisements, communications or other documents issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained therein and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or
- (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (c) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
- (d) any event, act or omission which gives or is likely to give rise to any material liability of any of our Company or the Controlling Shareholders pursuant to the indemnities given by our Company or the Controlling Shareholders under the Hong Kong Underwriting Agreement; or
- (e) any material adverse change, or any development involving a prospective adverse change, in the assets, liabilities business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or
- (f) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by the Warrantors (as defined in the Hong Kong Underwriting Agreement or the International Underwriting Agreement); or
- (g) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

UNDERWRITING

- (i) any of the reporting accountants, or any other experts named in this prospectus has withdrawn its respective consent to the issue of the prospectus with the inclusion of its reports, letters, and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (j) the Stock Borrowing Agreement is not duly authorized, executed and delivered or it is terminated; or
- (k) the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled or if any cornerstone investors is unlikely to fulfill its obligation under the respective agreement, which may have an adverse effect on the success of the Global Offering.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such issue (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by our Controlling Shareholders

By virtue of Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and to our Company that, they will not and will procure that the relevant registered holder(s) (if any) of our Shares in which any of them has a beneficial interest will not:

- (i) in the period commencing on the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which they are shown to be the beneficial owner in this prospectus; and
- (ii) in the period of six months commencing from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares to such extent that, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be our Controlling Shareholders.

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Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and to our Company that within the period commencing from the date by reference to which disclosure for their shareholders in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

- (i) when they pledge or charge any Shares legally and/or beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when they receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters, that except for the offer and sale of the Offer Shares pursuant to the Capitalization Issue and the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date falling six months from the Listing Date (the “**First Six-Month Period**”), our Company will not and to procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements set out in the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company, or any interest in any of the foregoing), or deposit any Shares or other equity securities of our Company, with a depository in connection with the issue of depository receipts; or

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company, or any interest in any of the foregoing); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or other share or securities will be completed within the First Six-month Period).

During the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company shall not enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction such that any Controlling Shareholder, directly or indirectly, would cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of our Company. During the Second Six-Month Period, in the event that our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Our Controlling Shareholders undertake to each of the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings above.

(B) Undertakings by our Controlling Shareholders

Save and except for the lending of Shares by Warm Shine pursuant to the Stock Borrowing Agreement, each of our Controlling Shareholders has undertaken to each of the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except as pursuant to the Capitalization Issue, the Global Offering (including pursuant to the Over-allotment Option) and the exercise of the Over-allotment Option, none of our Controlling Shareholders will, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) it will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to

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transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other equity securities of our Company with a depositary in connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

- (ii) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a “controlling shareholder” (as the term is defined in our Listing Rules) of the Company; and
- (iii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Indemnity

We and our Controlling Shareholders have agreed to indemnify, amongst others, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach or alleged breach by our Company of the Hong Kong Underwriting Agreement, as the case may be.

Hong Kong Underwriters’ Interests in Our Company

Except for their respective obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

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Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we and our Controlling Shareholders will enter into the International Underwriting Agreement with the Joint Global Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Representative at its sole and absolute discretion (for itself and on behalf of the other International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 150,000,000 Shares, representing no more than 15% of the initial Offer Shares, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Sole Representative (for itself and on behalf of the other Hong Kong Underwriters) will receive a gross underwriting commission (including incentive fee) equal to 2.2% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering).

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Sole Representative in its sole discretion consider appropriate), the underwriting commission regarding such Hong Kong Offer Shares shall be reallocated to the International Underwriters (in such proportion as the Sole Representative in its sole discretion consider appropriate).

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange

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trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK\$207.4 million (assuming an Offer Price of HK\$3.74 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), are payable and borne by our Company.

MINIMUM PUBLIC FLOAT

Our Directors and the Joint Global Coordinators will ensure that there will be a minimum of 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to our Shares, those activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in our Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering.” Such activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares and the volatility of the price of our Shares, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITING

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CCBI is the Sole Sponsor, the Sole Representative, one of the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers.

The Global Offering comprises (subject to reallocation and the Over-allotment Option):

- (a) the Hong Kong Public Offering of 100,000,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed “— The Hong Kong Public Offering” in this section below; and
- (b) the International Offering of 900,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S of the U.S. Securities Act as described under the paragraph headed “— The International Offering” in this section below.

Up to 150,000,000 additional Shares may be offered pursuant to the exercise of the Over-allotment Option as set forth in the paragraph headed “— The International Offering — Over-allotment Option” in this section below.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors outside the United States in reliance on Regulation S of the U.S. Securities Act. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed “— The Hong Kong Public Offering — Reallocation” in this section below.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Initially Offered

We are initially offering 100,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in the paragraph headed “— Conditions of the Global Offering” in this section below.

Allocation

The allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 50,000,000 and 50,000,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple applications or suspected multiple applications and any application for more than 50,000,000 Hong Kong Offer Shares (being 50% of the 100,000,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 300,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 400,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 500,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

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In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Representative in its sole discretion considers appropriate. In addition, the Sole Representative may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Sole Representative has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Sole Representative in its sole discretion considers appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$4.08 per Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed “— Pricing and Allocation” in this section below, is less than the maximum price of HK\$4.08 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, see “How to Apply for Hong Kong Offer Shares.”

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

Subject to reallocation as described in this section and the exercise of the Over-allotment Option, the International Offering will consist of an initial offering of 900,000,000 Shares outside the United States) in offshore transactions in reliance on Regulation S of the U.S. Securities Act, representing 90% of the total number of Offer Shares initially available under the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose

STRUCTURE OF THE GLOBAL OFFERING

ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “— Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Sole Representative (for itself and on behalf of the other International Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Representative so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Representative at its sole and absolute discretion (for itself and on behalf of the other International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 150,000,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the Offer Shares will represent 27.7% of our Company’s issued share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement in due course.

Stock Borrowing Agreement

CCB International Capital Limited, as the Stabilizing Manager, or any person acting for it may choose to borrow Shares from Warm Shine under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercise of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

STRUCTURE OF THE GLOBAL OFFERING

- such stock borrowing arrangement with Warm Shine will only be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;
- the maximum number of Shares borrowed from Warm Shine under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Warm Shine or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;
- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to Warm Shine by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to reduce and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager or any person acting for it.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment

STRUCTURE OF THE GLOBAL OFFERING

Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any our Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, or any person acting for it, may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571w of the laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Sole Representative, or any person acting for it may cover such over-allocation by, amongst others, using our Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of Shares which can be over-allocated will not exceed the number of Shares which may be allotted and issued pursuant to the exercise in full of the Over-allotment Option, being 150,000,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different price or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Sole Representative (for itself and on behalf of the other Underwriters) on the Price Determination Date, which is expected to be on or around Tuesday, January 9, 2018 and in any event no later than Friday, January 12, 2018.

The Offer Price will not be more than HK\$4.08 per Offer Share and is expected to be not less than HK\$3.40 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Reduction in offer price range and/or number of Offer Shares

Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

The Sole Representative (for itself and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause them to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (www.zhenrodc.com) and the website of the Stock Exchange (www.hkexnews.hk) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Sole Representative (for itself and on behalf of the other Underwriters), will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications.

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In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Sole Representative (for itself and on behalf of the other Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Sole Representative may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings solely in the discretion of the Sole Representative.

If applications for the Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Monday, January 15, 2018 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (www.zhenrodc.com) and the website of the Stock Exchange (www.hkexnews.hk).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Representative (for itself and on behalf of the other Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in “Underwriting”.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

STRUCTURE OF THE GLOBAL OFFERING

- (b) the Offer Price having been agreed between our Company and the Sole Representative (for itself and on behalf of the other Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Sole Representative (for itself and on behalf of the other Underwriters) on or before Friday, January 12, 2018, the Global Offering will not proceed and lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst others, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering in South China Morning Post (in English), Hong Kong Economic Times (in Chinese) and on the website of our Company (www.zhenrodc.com) and the website of the Stock Exchange (www.hkexnews.hk). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the paragraph headed “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies.” In the meantime, all application monies will be held in a separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in our Shares (including (i) the Offer Shares; and (ii) any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

STRUCTURE OF THE GLOBAL OFFERING

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, January 16, 2018, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, January 16, 2018. Our Shares will be traded on the Main Board of the Stock Exchange in board lots of 1,000 Shares each. The stock code of our Shares will be 6158.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Representative, the White Form eIPO Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Representative may accept it at its discretion and on any conditions it think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering;
- an close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 am on Thursday, December 28, 2017 until 12:00 noon on Monday, January 8, 2018 from:

- (i) the following office of the Hong Kong Underwriters:

CCB International Capital Limited	12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
Guotai Junan Securities (Hong Kong) Limited	26/F-28/F Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Haitong International Securities Company Limited	22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

Pacific Foundation Securities Limited	11/F New World Tower II 16-18 Queen's Road Central Hong Kong
Head & Shoulders Securities Limited	Room2511 25/F Cosco Tower 183 Queen's Road Central Hong Kong

(ii) any of the designated branches of the following receiving bank:

Bank of China (Hong Kong) Limited

Region	Branch	Address
Hong Kong Island	Connaught Road Central Branch	13-14 Connaught Road Central
	Shek Tong Tsui Branch	534 Queen's Road West, Shek Tong Tsui
	Aberdeen Branch	25 Wu Pak Street, Aberdeen
Kowloon	Shanghai Street (Mong Kok) Branch	611-617 Shanghai Street, Mong Kok
	194 Cheung Sha Wan Road Branch	194-196 Cheung Sha Wan Road, Sham Shui Po, Kowloon
	Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin
New Territories	Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun
	Yuen Long Branch	102-108 Castle Peak Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 am on Thursday, December 28, 2017 until 12:00 noon on Monday, January 8, 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — ZHENRO PROPERTIES GROUP PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, December 28, 2017	— 9:00 a.m. to 5:00 p.m.
Friday, December 29, 2017	— 9:00 a.m. to 5:00 p.m.
Saturday, December 30, 2017	— 9:00 a.m. to 1:00 p.m.
Tuesday, January 2, 2018	— 9:00 a.m. to 5:00 p.m.
Wednesday, January 3, 2018	— 9:00 a.m. to 5:00 p.m.
Thursday, January 4, 2018	— 9:00 a.m. to 5:00 p.m.
Friday, January 5, 2018	— 9:00 a.m. to 5:00 p.m.
Saturday, January 6, 2018	— 9:00 a.m. to 1:00 p.m.
Monday, January 8, 2018	— 9:00 a.m. to 12:00 noon

HOW TO APPLY FOR HONG KONG OFFER SHARES

The application lists will be open from 11:45 am to 12:00 noon on Monday, January 8, 2018, the last application day or such later time as described in “— 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Sole Representative (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "— 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection" section in this prospectus to collect Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Sole Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
- (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the “— 2. Who can apply” section, may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the White Form eIPO Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, December 28, 2017 until 11:30 a.m. Monday, January 8, 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, January 8, 2018 or such later time under the “— 10. Effect of Bad Weather on the Opening of the Application Lists” section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of White Form eIPO is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “Zhenro Properties Group Limited” **White Form eIPO** application submitted via the www.eipo.com.hk to support the funding of “Dongjiang River Source Tree Planting” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center, 1/F, One & Two Exchange Square,
8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Representative and our Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and are not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Sole Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

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- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, December 28, 2017 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, December 29, 2017 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, December 30, 2017 — 8:00 a.m. to 1:00 p.m.⁽¹⁾
Tuesday, January 2, 2018 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, January 3, 2018 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, January 4, 2018 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, January 5, 2018 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Monday, January 8, 2018 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

1. These times are subject to changes as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, December 28, 2017 until 12:00 noon on Monday, January 8, 2018 (24 hours daily, except on Saturday, January 6, 2018 and the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, January 8, 2018, the last application day or such later time as described in “— 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving banks, the Sole Representative, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, January 8, 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure of the Global Offering — Pricing and Allocation.”

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

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in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, January 8, 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, January 8, 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, January 15, 2018 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company’s website at www.zhenrodc.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.zhenrodc.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Monday, January 15, 2018;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment> ; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, January 15, 2018 to 12:00 midnight on Sunday, January 21, 2018;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, January 15, 2018 to Thursday, January 18, 2018;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, January 15, 2018 to Wednesday, January 17, 2018 at all the receiving banks’ designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering.”

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to White Form eIPO Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Representative, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Representative believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50.0% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — The Hong Kong Public Offering" or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, January 15, 2018.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR HONG KONG OFFER SHARES

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by a **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Monday, January 15, 2018. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, January 16, 2018 provided that the Global Offering has become unconditional and the right of termination described in “Underwriting” has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, January 15, 2018 or such other date as notified by us in the newspapers.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form on or before Monday, January 15, 2018, by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, January 15, 2018 by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Monday, January 15, 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, January 15, 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, January 15, 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) *If you apply through the White Form eIPO service*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, January 15, 2018 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, January 15, 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *If you apply via electronic application instructions to HKSCC*

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, January 15, 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner

HOW TO APPLY FOR HONG KONG OFFER SHARES

specified in “11. Publication of Results” above on Monday, January 15, 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, January 15, 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Monday, January 15, 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, January 15, 2018.

15. ADMISSION OF OUR SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report on Zhenro Properties Group Limited, prepared for the purpose of incorporation in this prospectus received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.



22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

The Directors
Zhenro Properties Group Limited
CCB International Capital Limited

Dear Sirs,

We report on the historical financial information of Zhenro Properties Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-15, which comprises the combined statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 (the “Relevant Periods”), and the combined statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2014, 2015 and 2016 and 30 June 2017, and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-16 to I-112 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 December 2017 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2014, 2015 and 2016 and 30 June 2017 of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the combined statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2016 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our

attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

28 December 2017

I HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
REVENUE	5	3,039,559	4,310,180	14,603,520	5,404,538	8,085,246
Cost of sales		(2,370,938)	(3,300,201)	(11,433,831)	(3,961,566)	(6,399,933)
GROSS PROFIT		668,621	1,009,979	3,169,689	1,442,972	1,685,313
Other income and gains . .	5	11,909	15,165	48,642	16,598	63,747
Selling and distribution expenses		(332,233)	(557,720)	(587,476)	(237,912)	(284,894)
Administrative expenses .		(295,882)	(342,783)	(477,292)	(211,582)	(263,840)
Other expenses		(31,889)	(18,698)	(19,528)	(11,647)	(9,529)
Fair value gains on investment properties . .	14	585,056	772,829	594,150	425,696	49,555
Finance costs	7	(181,349)	(78,868)	(356,072)	(203,516)	(251,657)
Share of losses of:						
Joint ventures		—	—	(7,205)	(811)	(17,927)
An associate		—	—	—	—	(214)

APPENDIX I
ACCOUNTANTS' REPORT

	Notes	Year ended 31 December			Six months ended 30 June	
		2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
PROFIT BEFORE TAX . . .	6	424,233	799,904	2,364,908	1,219,798	970,554
Income tax expense	10	<u>(344,132)</u>	<u>(380,965)</u>	<u>(1,121,686)</u>	<u>(660,623)</u>	<u>(593,965)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		<u>80,101</u>	<u>418,939</u>	<u>1,243,222</u>	<u>559,175</u>	<u>376,589</u>
Attributable to:						
Owners of the parent . . .		53,359	418,737	1,183,256	573,294	309,120
Non-controlling interests		<u>26,742</u>	<u>202</u>	<u>59,966</u>	<u>(14,119)</u>	<u>67,469</u>
		<u>80,101</u>	<u>418,939</u>	<u>1,243,222</u>	<u>559,175</u>	<u>376,589</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December			30 June
		2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	60,648	51,300	50,194	47,319
Investment properties	14	3,113,590	4,785,880	7,421,860	7,788,090
Prepaid land lease payments	15	1,038,852	1,008,767	387,435	387,435
Other intangible assets	16	4,170	5,356	5,238	4,652
Investments in joint ventures	17	—	—	46,894	1,268,569
Investment in an associate	18	—	—	—	11,226
Available-for-sale investments	20	—	—	—	508,578
Deferred tax assets	19	180,140	566,597	821,090	921,678
Total non-current assets		<u>4,397,400</u>	<u>6,417,900</u>	<u>8,732,711</u>	<u>10,937,547</u>
CURRENT ASSETS					
Available-for-sale investments	20	1,530	1,438,020	—	—
Properties under development	21	27,714,867	39,512,885	37,524,366	43,085,702
Completed properties held for sale	22	1,029,833	2,564,430	9,526,678	10,923,322
Trade receivables	23	13,985	4,038	10,205	21,188
Due from related companies	38	15,217	2,122,047	1,462,879	1,709,202
Due from a shareholder	38	—	—	8,210	10,973
Prepaid land lease payments	15	5,989,700	86,564	6,941,396	6,064,715
Prepayments, deposits and other receivables	24	2,423,495	2,090,669	3,091,874	8,690,159
Tax recoverable		304,580	509,298	953,569	1,052,368
Restricted cash	25	275,949	1,726,115	2,984,436	3,819,566
Pledged deposits	25	335,545	519,007	832,654	758,334
Cash and cash equivalents	25	<u>1,025,792</u>	<u>2,530,727</u>	<u>14,689,689</u>	<u>7,360,643</u>
Total current assets		<u>39,130,493</u>	<u>53,103,800</u>	<u>78,025,956</u>	<u>83,496,172</u>
CURRENT LIABILITIES					
Trade and bills payables	26	2,231,161	4,517,130	5,506,441	4,965,027
Other payables, deposits received and accruals	27	736,096	810,745	968,033	2,896,446
Advances from customers	28	6,936,543	21,334,102	32,612,783	36,549,900
Due to related companies	38	1,177,634	144,240	7,648	281,979
Due to shareholders	38	93,192	94,192	79,856	79,856
Interest-bearing bank and other borrowings	29	13,793,224	9,411,467	10,319,155	14,264,378
Tax payable	10	<u>247,457</u>	<u>479,781</u>	<u>1,011,813</u>	<u>1,101,745</u>
Total current liabilities		<u>25,215,307</u>	<u>36,791,657</u>	<u>50,505,729</u>	<u>60,139,331</u>
NET CURRENT ASSETS		<u>13,915,186</u>	<u>16,312,143</u>	<u>27,520,227</u>	<u>23,356,841</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,312,586</u>	<u>22,730,043</u>	<u>36,252,938</u>	<u>34,294,388</u>

	Notes	31 December			30 June
		2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	29	16,387,264	15,946,888	24,714,906	22,149,479
Corporate bond	30	—	—	1,988,777	2,058,885
Deferred tax liabilities	19	252,874	472,593	559,324	545,404
Total non-current liabilities		16,640,138	16,419,481	27,263,007	24,753,768
NET ASSETS		1,672,448	6,310,562	8,989,931	9,540,620
EQUITY					
Equity attributable to owners of the parent					
Share capital	31	—	—	—	—
Reserves	32	1,560,796	6,149,013	7,974,754	8,375,599
		1,560,796	6,149,013	7,974,754	8,375,599
Non-controlling interests		111,652	161,549	1,015,177	1,165,021
TOTAL EQUITY		1,672,448	6,310,562	8,989,931	9,540,620

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Merger reserve	Capital reserve	Statutory		Retained profits	Non-controlling interests	Total equity
				surplus reserves	reserves			
RMB'000 <i>Note 31</i>	RMB'000 <i>Note 32(c)</i>	RMB'000 <i>Note 32(a)</i>	RMB'000 <i>Note 32(b)</i>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2014.....	—	982,980	—	53,034	146,523	1,182,537	74,910	1,257,447
Capital contribution by the then equity holders of subsidiaries	—	333,900	—	—	—	333,900	—	333,900
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	10,000	10,000
Acquisition of a subsidiary by the Group from the then equity holder of a subsidiary.....	—	(9,000)	—	—	—	(9,000)	—	(9,000)
Profit and total comprehensive income for the year	—	—	—	—	53,359 (31,485)	53,359	26,742	80,101
Appropriations to statutory surplus reserves.....	—	—	—	31,485	—	—	—	—
As at 31 December 2014 and 1 January 2015....	—	1,307,880*	—*	84,519*	168,397*	1,560,796	111,652	1,672,448
Capital contribution by the then equity holders of subsidiaries	—	3,683,890	—	—	—	3,683,890	—	3,683,890
Capital contribution by the then equity holders through debt-to-equity swap arrangement (<i>Note 38(vi)</i>).....	—	630,000	—	—	—	630,000	—	630,000
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	57,050	57,050
Acquisition of subsidiaries by the Group from the then equity holders of the subsidiaries ...	—	(144,410)	—	—	—	(144,410)	—	(144,410)
Disposal of a subsidiary.....	—	—	—	—	—	—	(7,355)	(7,355)
Profit and total comprehensive income for the year	—	—	—	—	418,737 (19,253)	418,737	202	418,939
Appropriations to statutory surplus reserves.....	—	—	—	19,253	—	—	—	—

	Attributable to owners of the parent							
	Share capital	Merger reserve	Capital reserve	Statutory		Retained profits	Non-controlling interests	Total equity
				surplus reserves	reserves			
RMB'000 <i>Note 31</i>	RMB'000 <i>Note 32(c)</i>	RMB'000 <i>Note 32(a)</i>	RMB'000 <i>Note 32(b)</i>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2015 and 1 January 2016.	—	5,477,360*	—	103,772*	567,881*	6,149,013	161,549	6,310,562
Capital contribution from non-controlling shareholders of subsidiaries	—	—	666,028	—	—	666,028	824,372	1,490,400
Acquisition of non-controlling interests	—	—	(23,543)	—	—	(23,543)	(15,457)	(39,000)
Dividends paid to a non-controlling shareholder of the subsidiary.	—	—	—	—	—	—	(15,253)	(15,253)
Profit and total comprehensive income for the year	—	—	—	—	1,183,256	1,183,256	59,966	1,243,222
Appropriations to statutory surplus reserves.	—	—	—	100,263	(100,263)	—	—	—
As at 31 December 2016 and 1 January 2017.	—	5,477,360*	642,485*	204,035*	1,650,874*	7,974,754	1,015,177	8,989,931
Capital contribution from non-controlling shareholders of subsidiaries	—	—	140,062	—	—	140,062	384,038	524,100
Acquisition of non-controlling interests	—	—	(48,337)	—	—	(48,337)	(301,663)	(350,000)
Profit and total comprehensive income for the period	—	—	—	—	309,120	309,120	67,469	376,589
As at 30 June 2017	—	5,477,360*	734,210*	204,035*	1,959,994*	8,375,599	1,165,021	9,540,620

* These reserve accounts represent the total combined reserves of RMB1,560,796,000, RMB6,149,013,000, RMB7,974,754,000 and RMB8,375,599,000 in the combined statements of financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

Attributable to owners of the parent								
	Share capital	Merger reserve	Capital reserve	Statutory surplus reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2016	—	5,477,360	—	103,772	567,881	6,149,013	161,549	6,310,562
Capital contribution from non-controlling shareholders of subsidiaries (unaudited)	—	—	—	—	—	—	20,000	20,000
Profit and total comprehensive income for the period (unaudited)	—	—	—	—	573,294	573,294	(14,119)	559,175
As at 30 June 2016 (unaudited)	—	5,477,360	—	103,772	1,141,175	6,722,307	167,430	6,889,737

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Profit before tax		424,233	799,904	2,364,908	1,219,798	970,554
Adjustments for:						
Depreciation of items of property, plant and equipment	6&13	16,379	22,412	21,944	11,723	12,016
Amortisation of other intangible assets	6&16	183	1,288	1,808	859	1,178
(Gain)/loss on disposal of items of property, plant and equipment. . .	5&6	(98)	8	(826)	93	(305)
Gain on disposal of a subsidiary. . .	5&34	—	(434)	—	—	—
Share of losses of						
joint ventures		—	—	7,205	811	17,927
an associate.		—	—	—	—	214
Fair value gains on investment properties	14	(585,056)	(772,829)	(594,150)	(425,696)	(49,555)
Impairment losses recognised for properties under development. . .	6&21	266,605	107,205	19,747	18,373	35,625
Impairment losses write-off.	22	(18,758)	(4,800)	(269,403)	(219,581)	(6,082)
Finance costs	7	181,349	78,868	356,072	203,516	251,657
Interest income	5	(7,077)	(9,716)	(36,538)	(9,881)	(58,288)
Increase in properties under development and completed properties held for sale.		(16,230,749)	(9,894,822)	(3,065,103)	(1,499,547)	(5,776,319)
Decrease/(increase) in prepaid land lease payments.		(4,656,008)	5,933,221	(6,233,500)	(966,570)	876,681
(Increase)/decrease in restricted cash		1,598,463	(1,450,166)	(1,258,321)	(848,839)	(835,130)
Decrease/(increase) in pledged deposits		(159,252)	(184,019)	(275,827)	(527,972)	36,500
(Increase)/decrease in trade receivables		7,862	9,947	(6,167)	(6,990)	(10,983)
(Increase)/decrease in prepayments, deposits and other receivables		5,544,838	245,670	(1,001,205)	(4,122,655)	(5,598,285)

	Notes	Year ended 31 December			Six months ended 30 June	
		2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(Increase)/decrease in amounts due from related companies		(13,879)	3,224	1,165	2,038	(1,370)
(Decrease)/increase in trade and bills payables		978,309	2,067,375	1,024,379	535,083	(517,058)
Increase in other payables, deposits received and accruals		25,788	132,717	170,053	208,362	1,942,713
Increase in advances from customers		2,666,773	14,397,559	11,278,681	7,234,298	3,937,117
Increase/(decrease) in amounts due to related companies		(824)	4,204	(1,814)	1,984	11,972
Cash (used in)/generated from operations		(9,960,919)	11,486,816	2,503,108	809,207	(4,759,221)
Interest received	5	7,077	9,716	36,538	9,881	58,288
Interest paid		(3,045,852)	(3,619,691)	(2,997,876)	(1,374,816)	(1,387,053)
Tax paid		(332,508)	(520,097)	(1,201,687)	(709,112)	(717,340)
Net cash flows (used in)/from operating activities		(13,332,202)	7,356,744	(1,659,917)	(1,264,840)	(6,805,326)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(40,645)	(13,639)	(22,156)	(15,367)	(9,743)
Purchase of other intangible assets		(4,239)	(2,474)	(1,690)	(31)	(592)
Purchase in investment properties		(1,230,883)	(680,867)	(1,094,941)	(342,860)	(341,031)
Acquisition of available-for-sale investments		(1,530)	(1,438,000)	—	—	(508,578)
Disposal of a subsidiary	34	—	22,451	—	—	—
Disposal of available-for-sale investments		500	1,510	1,438,020	1,438,020	—
Investments in joint ventures		—	—	(55,000)	(30,000)	(1,239,602)
Investment in an associate		—	—	—	—	(11,440)
Disposal of items of property, plant and equipment		788	557	2,144	261	907
Net cash flows (used in)/from investing activities		(1,276,009)	(2,110,462)	266,377	1,050,023	(2,110,079)

	Notes	Year ended 31 December			Six months ended 30 June	
		2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution by the then equity holders of subsidiaries		333,900	3,683,890	—	—	—
Capital contribution from non-controlling shareholders of the subsidiaries		10,000	57,050	1,490,400	20,000	524,100
Dividends paid to a non-controlling shareholder of a subsidiary		—	—	(15,253)	—	—
Acquisition of subsidiaries by the Group from the then equity holders of the subsidiaries		(9,000)	(144,410)	—	—	—
Acquisition of non-controlling interests of subsidiaries		—	—	(19,000)	—	(370,000)
Advance from a shareholder	33	5,000	1,000	—	—	—
Repayment of advance from a shareholder	33	(1,236)	—	(14,336)	—	—
Advances from related companies	33	16,981,462	30,113,832	26,763,842	6,510,082	262,359
Repayment of advances from related companies	33	(18,062,709)	(30,521,079)	(26,898,620)	(6,474,089)	—
Advance to a shareholder		—	—	(8,210)	(6,526)	(2,763)
Repayment of advances to related companies		—	3,345,299	11,665,210	2,353,478	2,176,553
Advances to related companies		—	(5,455,353)	(11,007,207)	(919,892)	(2,421,506)
Decrease/(increase) in pledged deposits		(557)	557	(37,820)	(475,111)	37,820
Proceeds from interest-bearing bank and other borrowings	33	19,657,035	17,975,880	39,229,121	21,657,544	14,861,219
Repayment of interest-bearing bank and other borrowings	33	(4,383,021)	(22,798,013)	(29,553,415)	(12,447,392)	(13,481,423)
Proceeds from the issuance of corporate bond	33	—	—	1,957,790	—	—
Net cash flows from/(used in) financing activities		14,530,874	(3,741,347)	13,552,502	10,218,094	1,586,359

	Notes	Year ended 31 December			Six months ended 30 June	
		2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
NET (DECREASE)/INCREASE IN						
CASH AND CASH						
EQUIVALENTS						
		<u>(77,337)</u>	<u>1,504,935</u>	<u>12,158,962</u>	<u>10,003,277</u>	<u>(7,329,046)</u>
Cash and cash equivalents at						
beginning of year/period						
		<u>1,103,129</u>	<u>1,025,792</u>	<u>2,530,727</u>	<u>2,530,727</u>	<u>14,689,689</u>
CASH AND CASH EQUIVALENTS						
AT END OF YEAR/PERIOD . . .						
		<u><u>1,025,792</u></u>	<u><u>2,530,727</u></u>	<u><u>14,689,689</u></u>	<u><u>12,534,004</u></u>	<u><u>7,360,643</u></u>
ANALYSIS OF BALANCES OF						
CASH AND CASH						
EQUIVALENTS						
Cash and bank balances	25	1,637,286	4,775,849	18,506,779	16,631,048	11,938,543
Less: Restricted cash	25	275,949	1,726,115	2,984,436	2,574,954	3,819,566
Pledged deposits	25	<u>335,545</u>	<u>519,007</u>	<u>832,654</u>	<u>1,522,090</u>	<u>758,334</u>
CASH AND CASH EQUIVALENTS						
AS STATED IN THE						
COMBINED STATEMENTS OF						
FINANCIAL POSITION AND						
STATEMENTS OF CASH						
FLOWS						
		<u><u>1,025,792</u></u>	<u><u>2,530,727</u></u>	<u><u>14,689,689</u></u>	<u><u>12,534,004</u></u>	<u><u>7,360,643</u></u>

STATEMENTS OF FINANCIAL POSITION

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
CURRENT ASSETS				
Due from a related party	—	—	—	—
Total current assets	—	—	—	—
NET CURRENT ASSETS	—	—	—	—
TOTAL ASSETS LESS CURRENT LIABILITIES	—	—	—	—
NET ASSETS	—	—	—	—
EQUITY				
Share capital	—	—	—	—
Reserves	—	—	—	—
TOTAL EQUITY	—	—	—	—

Note: Except for the issuance of shares, the Company had no transactions during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development, property leasing and commercial property management. In the opinion of the directors, the immediate holding company of the Company is RoYue Limited. The controlling shareholders of the Group includes Mr. Ou Zongrong, Mr. Ou Guoqiang and Mr. Ou Guowei (collectively referred to as the “Controlling Shareholders”).

The Company and its subsidiaries now comprising the Group underwent the Reorganisation which was completed on 24 August 2017 as set out in the paragraph headed “The Corporate Restructuring” and “The Reorganisation” in “Our History and Reorganisation”.

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:					
Zhenro International Limited ("Zhenro International")	(1)	British Virgin Islands/ 23 July 2014	US\$0.01	100%	Investment holding
Blooming Force Limited ("Blooming Force")	(1)	British Virgin Islands/ 2 October 2015	US\$1	100%	Investment holding
Indirectly held:					
Zhenro Hong Kong Limited ("Zhenro HK")	(1)	Hong Kong/ 9 October 2014	HK\$1	100%	Investment holding
Sheen Billion Investment Limited ("Sheen Billion")	(1)	Hong Kong/ 18 September 2013	HK\$1	100%	Investment holding
福州匯衡貿易有限公司 Fuzhou Huiheng Trading Co., Ltd. ("Fuzhou Huiheng")*	(1)	People's Republic of China ("PRC")/ Mainland China/ 28 July 2017	RMB10,000,000	100%	Investment holding

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ACCOUNTANTS' REPORT

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
True Dragon (Singapore) Pte. Ltd. ("True Dragon")	(1)	Singapore/ 3 September 2002	SGD100	100%	Investment holding
福州豐澤威實業有限公司 Fuzhou Fengzewe Industrial Co., Ltd. ("Fuzhou Fengzewe")**	(1)	PRC/Mainland China/ 12 June 2017	RMB1,000,000,000	100%	Investment holding
福州華策企業管理有限公司 Fuzhou Huace Enterprise Management Co., Ltd. ("Fuzhou Huace")**	(1)	PRC/Mainland China/ 15 June 2017	RMB200,000,000	100%	Investment holding
福州駿泰商業管理有限公司 Fuzhou Juntai Commercial Management Co., Ltd. ("Fuzhou Juntai")**	(1)	PRC/Mainland China/ 16 June 2017	RMB800,000,000	100%	Investment holding
正榮御品(上海)置業發展有限公司 Zhenro Yupin (Shanghai) Real Estate Development Co., Ltd. ("Shanghai Yupin")**	(1)	PRC/Mainland China/ 12 November 2013	RMB100,000,000	100%	Property development and property leasing
正榮御園(上海)置業發展有限公司 Zhenro Yuyuan (Shanghai) Real Estate Development Co., Ltd. ("Shanghai Yuyuan")**	(1)	PRC/Mainland China/ 17 April 2013	RMB100,000,000	100%	Property development
正榮御天(上海)置業發展有限公司 Zhenro Yutian (Shanghai) Real Estate Development Co., Ltd. ("Shanghai Yutian")**	(1)	PRC/Mainland China/ 14 March 2014	RMB50,000,000	100%	Property development and property leasing
正榮御楓(上海)置業發展有限公司 Zhenro Yufeng (Shanghai) Real Estate Development Co., Ltd. ("Shanghai Yufeng")***	(1)	PRC/Mainland China/ 13 March 2014	RMB325,500,000	90%	Property development
正榮御尊(上海)置業發展有限公司 Zhenro Yuzun (Shanghai) Real Estate Development Co., Ltd. ("Shanghai Yuzun")***	(1)	PRC/Mainland China/ 13 November 2013	RMB50,000,000	90%	Property development

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ACCOUNTANTS' REPORT

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
正榮(福建)房地產開發有限公司 Zhenro (Fujian) Property Development Co., Ltd. ("Fujian Property")**	(1)	PRC/Mainland China/ 14 February 2014	RMB50,000,000	100%	Not yet commence operation
正榮商業管理有限公司 Zhenro Commerce Management Co., Ltd. ("Zhenro Commerce")**	(1)	PRC/Mainland China/ 26 May 2014	RMB50,000,000	100%	Commercial property management
正榮(莆田)投資發展有限公司 Zhenro (Putian) Investment Co., Ltd. ("Putian Investment")**	(1)	PRC/Mainland China/ 15 November 2013	RMB100,000,000	100%	Property development
安徽正榮置業發展有限公司 Anhui Zhenro Real Estate Development Co., Ltd. ("Anhui Real Estate")**	(1)	PRC/Mainland China/ 1 June 2016	RMB200,000,000	100%	Not yet commence operation
武漢正榮正泰置業有限公司 Wuhan Zhenro Zhengtai Real Estate Co., Ltd. ("Wuhan Zhengtai")**	(1)	PRC/Mainland China/ 31 May 2016	RMB50,000,000	100%	Property development
正榮正興(蘇州)投資有限公司 Zhenro Zhengxing (Suzhou) Investment Co., Ltd. ("Suzhou Zhengxing")**	(1)	PRC/Mainland China/ 5 May 2016	RMB50,000,000	100%	Not yet commence operation
正榮(上海)房地產開發有限公司 Zhenro (Shanghai) Property Development Co., Ltd. ("Shanghai Property")**	(1)	PRC/Mainland China/ 20 May 2016	RMB50,000,000	100%	Not yet commence operation
南昌正榮正創置業有限公司 Nanchang Zhenro Zhengchuang Real Estate Co., Ltd. ("Nanchang Zhengchuang")**	(1)	PRC/Mainland China/ 18 July 2016	RMB50,000,000	100%	Property development
南昌正榮正興置業有限公司 Nanchang Zhenro Zhengxing Real Estate Development Co., Ltd. ("Nanchang Zhenro Zhengxing")**	(1)	PRC/Mainland China/ 1 August 2016	RMB50,000,000	100%	Property development

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ACCOUNTANTS' REPORT

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
正榮正豐(上海)房地產開發有限公司 Zhenro Zhengfeng (Shanghai) Property Development Co., Ltd. (“Zhenro Zhengfeng”)**	(1)	PRC/Mainland China/ 19 September 2016	RMB50,000,000	100%	Not yet commence operation
正榮正茂(蘇州)投資有限公司 Zhenro Zhengmao (Suzhou) Investment Co., Ltd. (“Zhenro Zhengmao”)**	(1)	PRC/Mainland China/ 28 October 2016	RMB100,000,000	100%	Property development
正榮正泰(蘇州)投資有限公司 Zhenro Zhengtai (Suzhou) Investment Co., Ltd. (“Zhenro Zhengtai”)**	(1)	PRC/Mainland China/ 25 November 2016	RMB100,000,000	100%	Not yet commence operation
正榮正創(武漢)置業發展有限公司 Zhenro Zhengchuang (Wuhan) Real Estate Development Co., Ltd. (“Zhenro Zhengchuang”)**	(1)	PRC/Mainland China/ 28 July 2016	RMB5,000,000	100%	Not yet commence operation
正榮正宏(上海)置業發展有限公司 Zhenro Zhenghong (Shanghai) Real Estate Development Co., Ltd. (“Zhenro Zhenghong (Shanghai)”)**	(1)	PRC/Mainland China/ 14 November 2016	RMB50,000,000	100%	Not yet commence operation
正榮正興(福州)投資有限公司 Zhenro Zhengxing (Fuzhou) Investment Co., Ltd. (“Zhenro Zhengxing (Fuzhou)”)**	(1)	PRC/Mainland China/ 12 June 2016	RMB50,000,000	100%	Not yet commence operation
福建景恒投資管理有限公司 Fujian Jingheng Investment Co., Ltd. (“Fujian Jingheng”)**	(1)	PRC/Mainland China/ 7 November 2013	RMB10,000,000	100%	Commercial property management
長沙正榮商業管理有限公司 Changsha Zhenro Commerce Management Co., Ltd. (“Changsha Commerce”)**	(1)	PRC/Mainland China/ 19 July 2016	RMB1,000,000	100%	Commercial property management

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Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
正榮(莆田)置業發展有限公司 Zhenro (Putian) Real Estate Development Co., Ltd. ("Putian Real Estate")**	(1)	PRC/Mainland China/ 18 April 2005	RMB100,000,000	100%	Property development and property leasing
正榮(莆田)房地產開發有限公司 Zhenro (Putian) Property Development Co., Ltd. ("Putian Property")**	(1)	PRC/Mainland China/ 12 November 2010	RMB30,000,000	100%	Property development
正榮財富(福建)置業有限公司 Zhenro Fortune (Fujian) Real Estate Co.,Ltd.("Putian Fortune Center") **	(1)	PRC/ Mainland China/ 4 June 2012	RMB100,000,000	100%	Property development and property leasing
正榮(莆田)商業管理有限公司 Zhenro (Putian) Commerce Management Co., Ltd. ("Putian Commerce Management")**	(1)	PRC/Mainland China/ 12 June 2014	RMB10,000,000	100%	Property management
正榮(長沙)置業有限公司 Zhenro (Changsha) Real Estate Co., Ltd. ("Changsha Real Estate")**	(1)	PRC/Mainland China/ 6 March 2013	RMB60,000,000	100%	Property development and property leasing
南昌正榮(新加坡)置業有限公司 Nanchang Zhenro (Singapore) Real Estate Co., Ltd. ("Nanchang Real Estate")**	(1)	PRC/Mainland China/ 26 November 2002	RMB105,000,000	100%	Property development and property leasing
南昌世歐房地產開發有限公司 Nanchang Shiou Properties Development Co., Ltd. ("Nanchang Shiou")**	(1)	PRC/Mainland China/ 30 November 2007	RMB50,000,000	100%	Property development
正榮山田正泰(平潭)置業發展有限公司 Zhenro Shantian Zhengtai (Pingtan) Real Estate Development Co., Ltd. ("Zhenro Shantian Zhengtai")**	(1)	PRC/Mainland China/ 2 November 2016	RMB50,000,000	51%	Property development

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Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
西安景恒商業物業管理有限公司 Xi'an Jingheng Commercial Property Management Co., Ltd. ("Jingheng Commerce")**	(1)	PRC/Mainland China/ 24 June 2014	RMB500,000	100%	Commercial property management
西安景齊房地產開發有限公司 Xi'an Jingqi Property Development Co., Ltd. ("Xi'an Jingqi")**	(1)	PRC/Mainland China/ 19 February 2016	RMB5,000,000	100%	Property development
福州正榮商業管理有限公司 Fuzhou Zhenro Commerce Management Co., Ltd. ("Fuzhou Commerce")**	(1)	PRC/Mainland China/ 8 June 2016	RMB1,000,000	100%	Commercial property management
正榮玉湖(莆田)開發有限公司 Zhenro Yuhu (Putian) Development Co., Ltd. ("Putian Yuhu")**	(1)	PRC/Mainland China/ 13 January 2016	RMB80,000,000	100%	Property development
西安景域房地產開發有限公司 Xi'an Jingyu Property Development Co., Ltd. ("Xi'an Jingyu")**	(1)	PRC/Mainland China/ 30 June 2016	RMB5,000,000	100%	Not yet commence operation
正榮正宏(莆田)置業發展有限公司 Zhenro Zhenghong (Putian) Real Estate Development Co., Ltd. ("Zhenro Zhenghong Putian")**	(1)	PRC/Mainland China/ 8 September 2016	RMB80,000,000	100%	Property development
湖南秀山麗水置業有限公司 Hunan Xiushan Lishui Real Estate Co., Ltd. ("Hunan Xiushan Lishui")**	(1)	PRC/Mainland China/ 16 November 2005	RMB8,000,000	100%	Property development
南京永拓置業發展有限公司 Nanjing Yongtuo Real Estate Development Co., Ltd. ("Nanjing Yongtuo")**	(1)	PRC/Mainland China/ 24 January 2017	RMB500,000,000	100%	Not yet commence operation

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Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
蘇州正瑞置業發展有限公司 Suzhou Zhengrui Real Estate Development Co., Ltd. ("Suzhou Zhengrui Real Estate")**	(1)	PRC/Mainland China/ 12 December 2016	RMB100,000,000	100%	Property development
南昌正榮紅谷投資發展有限公司 Nanchang Zhenro Honggu Investment Co., Ltd. ("Nanchang Honggu")**	(1)	PRC/Mainland China/ 14 November 2013	RMB100,000,000	100%	Property development
南昌正榮新建投資發展有限公司 Nanchang Zhenro Xinjian Investment Co., Ltd. ("Nanchang Xinjian") (Note (a))**	(1)	PRC/Mainland China/ 5 November 2013	RMB50,000,000	100%	Property development
合肥永拓置業發展有限公司 Hefei Yongtuo Real Estate Development Co., Ltd. ("Hefei Yongtuo") (Note (b))***	(1)	PRC/Mainland China/ 27 February 2017	RMB400,000,000	25%	Commercial property management
合肥正茂置業發展有限公司 Hefei Zhengmao Real Estate Development Co., Ltd. ("Hefei Zhengmao")**	(1)	PRC/Mainland China/ 20 February 2017	RMB100,000,000	100%	Property development
合肥正裕置業發展有限公司 Hefei Zhengyu Real Estate Development Co., Ltd. ("Hefei Zhengyu")**	(1)	PRC/Mainland China/ 10 March 2017	RMB100,000,000	100%	Property development
正潤(莆田)置業發展有限公司 Zhengrun (Putian) Real Estate Development Co., Ltd. ("Putian Zhengrun")**	(1)	PRC/Mainland China/ 18 May 2017	RMB80,000,000	100%	Property development
蘇州正潤房地產開發有限公司 Suzhou Zhengrun Property Development Co., Ltd. ("Suzhou Zhengrun")**	(1)	PRC/Mainland China/ 3 March 2017	RMB100,000,000	100%	Property development
南昌榮科置業有限公司 Nanchang Rongke Real Estate Development Co., Ltd. ("Nanchang Rongke")**	(1)	PRC/Mainland China/ 11 April 2017	RMB10,000,000	100%	Not yet commence operation

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南昌正榮正升置業有限公司 Nanchang Zhenro Zhengsheng Real Estate Development Co., Ltd. ("Nanchang Zhenro Zhengsheng")**	(1)	PRC/Mainland China/ 20 September 2016	RMB50,000,000	100%	Not yet commence operation
正升(平潭)置業發展有限公司 Zhengsheng (Pingtan) Real Estate Development Co., Ltd. ("Pingtan Zhengsheng")**	(1)	PRC/Mainland China/ 20 June 2017	RMB50,000,000	100%	Not yet commence operation
鄭州正榮置業發展有限公司 Zhengzhou Zhenro Real Estate Development Co., Ltd. ("Zhengzhou Real Estate")**	(1)	PRC/Mainland China/ 18 April 2017	RMB50,000,000	100%	Not yet commence operation
鄭州正萬置業發展有限公司 Zhengzhou Zhengwan Real Estate Development Co., Ltd. ("Zhengzhou Zhengwan")**	(1)	PRC/Mainland China/ 6 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州榮裕置業發展有限公司 Zhengzhou Rongyu Real Estate Development Co., Ltd. ("Zhengzhou Rongyu")**	(1)	PRC/Mainland China/ 6 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州榮萬置業發展有限公司 Zhengzhou Rongwan Real Estate Development Co., Ltd. ("Zhengzhou Rongwan")**	(1)	PRC/Mainland China/ 7 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州榮鼎置業發展有限公司 Zhengzhou Rongding Real Estate Development Co., Ltd. ("Zhengzhou Rongding")*	(1)	PRC/Mainland China/ 7 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州正創置業發展有限公司 Zhengzhou Zhengchuang Real Estate Development Co., Ltd. ("Zhengzhou Zhengchuang")**	(1)	PRC/Mainland China/ 9 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州正景置業發展有限公司 Zhengzhou Zhengjing Real Estate Development Co., Ltd. ("Zhengzhou Zhengjing")**	(1)	PRC/Mainland China/ 14 June 2017	RMB10,000,000	100%	Not yet commence operation

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鄭州正慶置業發展有限公司 Zhengzhou Zhengqing Real Estate Development Co., Ltd. ("Zhengzhou Zhengqing")** . . .	(1)	PRC/Mainland China/ 14 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州正啟置業發展有限公司 Zhengzhou Zhengqi Real Estate Development Co., Ltd. ("Zhengzhou Zhengqi")** . . .	(1)	PRC/Mainland China/ 14 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州正訊置業發展有限公司 Zhengzhou Zhengxun Real Estate Development Co., Ltd. ("Zhengzhou Zhengxun")** . . .	(1)	PRC/Mainland China/ 14 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州正旺置業發展有限公司 Zhengzhou Zhengwang Real Estate Development Co., Ltd. ("Zhengzhou Zhengwang")** . . .	(1)	PRC/Mainland China/ 14 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州正馳置業發展有限公司 Zhengzhou Zhengchi Real Estate Development Co., Ltd. ("Zhengzhou Zhengchi")** . . .	(1)	PRC/Mainland China/ 14 June 2017	RMB10,000,000	100%	Not yet commence operation
鄭州正騰置業發展有限公司 Zhengzhou Zhengteng Real Estate Development Co., Ltd. ("Zhengzhou Zhengteng")** . . .	(1)	PRC/Mainland China/ 14 June 2017	RMB10,000,000	100%	Not yet commence operation
西安景恒房地產開發有限公司 Xi'an Jingheng Real Estate Development Co., Ltd. ("Xi'an Jingheng")**	(1)	PRC/Mainland China/ 27 November 2013	RMB50,000,000	100%	Property development and property leasing
正榮(南平)置業發展有限公司 Zhenro (Nanping) Real Estate Development Co., Ltd. ("Nanping Real Estate")*** . . .	(2)	PRC/Mainland China/ 28 June 2012	RMB50,000,000	55%	Property development
正榮(閩侯)置業發展有限公司 Zhenro (Minhou) Real Estate Development Co., Ltd. ("Minhou Real Estate")*** . . .	(2)	PRC/Mainland China/ 6 February 2012	RMB50,000,000	63%	Property development

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Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
正榮(馬尾)置業發展有限公司 Zhenro (Mawei) Real Estate Development Co., Ltd. ("Mawei Real Estate")*** . . .	(2)	PRC/Mainland China/ 21 February 2014	RMB80,000,000	62.5%	Property development and property leasing
正榮(福州)置業發展有限公司 Zhenro (Fuzhou) Real Estate Development Co., Ltd. ("Fuzhou Real Estate")** . . .	(2)	PRC/Mainland China / 14 December 2007	RMB50,000,000	100%	Property development
正榮(閩侯)投資發展有限公司 Zhenro (Minhou) Investment Development Co., Ltd. ("Minhou Investment")*** . . .	(2)	PRC/Mainland China/ 6 March 2013	RMB50,000,000	85%	Property development and property leasing
正榮山田(平潭)置業發展有限公司 Zhenro Shantian (Pingtan) Real Estate Development Co., Ltd. ("Pingtan Real Estate")*** . . .	(2)	PRC/Mainland China/ 22 November 2013	RMB100,000,000	51%	Property development
南京正榮江濱投資發展有限公司 Nanjing Zhenro Jiangbin Investment Co., Ltd. ("Nanjing Investment")**	(3)	PRC/Mainland China/ 15 October 2013	RMB100,000,000	100%	Property development
南京正榮房地產開發有限公司 Nanjing Zhenro Property Development Co., Ltd. ("Nanjing Property")**	(3)	PRC/Mainland China/ 27 September 2013	RMB100,000,000	100%	Property development
南京正榮置業發展有限公司 Nanjing Zhenro Real Estate Development Co., Ltd. ("Nanjing Real Estate") ** . . .	(3)	PRC/Mainland China/ 11 September 2013	RMB110,000,000	100%	Property development
正榮(天津)置業發展有限公司 Zhenro (Tianjin) Real Estate Development Co., Ltd. ("Tianjin Real Estate")**	(4)	PRC/Mainland China/ 21 April 2014	RMB100,000,000	100%	Property development
正榮山田(平潭)投資發展有限公司 Zhenro Shantian (Pingtan) Real Estate Development Co., Ltd. ("Pingtan Investment")*** . . .	(5)	PRC/Mainland China/ 19 March 2015	RMB50,000,000	51%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
正榮蘇南(蘇州)置業發展有限公司 Zhenro Sunan (Suzhou) Real Estate Development Co., Ltd. ("Suzhou Real Estate")***	(6)	PRC/Mainland China/ 12 August 2013	RMB159,462,900	62.71%	Property development
正榮集團蘇南(蘇州)投資有限公司 Zhenro Group Sunan (Suzhou) Investment Co., Ltd. ("Suzhou Investment")**	(6)	PRC/Mainland China/ 7 August 2014	RMB100,000,000	100%	Property development
江西省正榮房地產開發有限公司 Jiangxi Zhenro Real Estate Development Co., Ltd. ("Jiangxi Real Estate")**	(7)	PRC/Mainland China/ 9 July 1999	RMB1,000,000,000	100%	Property development
天津正榮榮泰置業發展有限公司 Tianjin Zhenro Rongtai Real Estate Development Co., Ltd. ("Tianjin Rongtai")**	(8)	PRC/Mainland China/ 29 March 2016	RMB50,000,000	100%	Property development
天津正榮正宏置業發展有限公司 Tianjin Zhenro Zhenghong Real Estate Development Co., Ltd. ("Tianjin Zhenghong")**	(8)	PRC/Mainland China/ 3 March 2016	RMB50,000,000	100%	Property development
正榮正興(天津)置業發展有限公司 Zhenro Zhengxing (Tianjin) Real Estate Development Co., Ltd. ("Zhenro Zhengxing")**	(8)	PRC/Mainland China/ 15 August 2016	RMB50,000,000	100%	Property development and property leasing
正榮蘇南(蘇州)房地產有限公司 Zhenro Sunan (Suzhou) Property Co., Ltd. ("Suzhou Property")***	(9)	PRC/Mainland China/ 12 February 2014	RMB98,254,300	51.91%	Property development
正榮地產控股股份有限公司 Zhenro Property Holdings Company Ltd. ("Zhenro Property Holdings")**	(10)	PRC/Mainland China/ 22 July 2015	RMB3,450,000,000	100%	Investment holding
南京正榮德信房地產開發有限公司 Nanjing Zhenro Dexin Property Development Co., Ltd. ("Nanjing Dexin") (Note (a))**	(11)	PRC/Mainland China/ 22 January 2016	RMB100,000,000	100%	Property development and property leasing

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南京正榮正升置業發展有限公司 Nanjing Zhenro Zhengsheng Real Estate Development Co., Ltd. ("Nanjing Zhengsheng")**	(11)	PRC/Mainland China/ 22 April 2016	RMB50,000,000	100%	Not yet commence operation
福州市馬尾區正榮房地產開發有限公司 Fuzhou Mawei District Zhenro Property Development Co., Ltd. ("Mawei Property")**	(12)	PRC/Mainland China/ 24 February 2016	RMB60,000,000	100%	Property development
正榮(福州)投資發展有限公司 Zhenro (Fuzhou) Investment Development Co., Ltd. ("Fuzhou Investment")**	(12)	PRC/Mainland China/ 6 January 2016	RMB50,000,000	100%	Property development
閩侯正榮正升置業發展有限公司 Minhou Zhenro Zhengsheng Real Estate Development Co., Ltd. ("Minhou Zhengsheng")***	(12)	PRC/Mainland China/ 20 April 2016	RMB50,000,000	80%	Property development
正榮蘇通(蘇州)房地產開發有限公司 Zhenro Sutong (Suzhou) Property Development Co., Ltd. ("Suzhou Sutong")***	(13)	PRC/Mainland China/ 3 December 2015	RMB50,000,000	80%	Property development
濟南正宏置業有限公司 Jinan Zhenghong Real Estate Co., Ltd. ("Jinan Zhenghong") **	(1)	PRC/Mainland China/ 18 August 2017	RMB50,000,000	100%	Not yet commence operation
滁州正宏置業發展有限公司 Chuzhou Zhenghong Real Estate Development Co., Ltd.. ("Chuzhou Zhenghong") **	(1)	PRC/Mainland China/ 10 August 2017	RMB50,000,000	100%	Not yet commence operation
合肥正華置地發展有限公司 Hefei Zhenghua Real Estate Development Co., Ltd. ("Hefei Zhenghua") **	(1)	PRC/Mainland China/ 8 August 2017	RMB100,000,000	100%	Not yet commence operation

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
石獅市正升置業發展有限公司 Shishi Zhengsheng Real Estate. Development Co., Ltd. ("Shishi Zhengsheng") **	(1)	PRC/Mainland China/ 2 August 2017	RMB50,000,000	100%	Not yet commence operation
蘇州正信置業發展有限公司 Suzhou Zhengxin Real Estate Development Co., Ltd. ("Suzhou Zhengxin") **	(1)	PRC/Mainland China/ 1 July 2017	RMB17,000,000	100%	Not yet commence operation
蘇州正隆置業發展有限公司 Suzhou Zhenglong Real Estate Development Co., Ltd. ("Suzhou Zhenglong") **	(1)	PRC/Mainland China/ 1 July 2017	RMB100,000,000	100%	Not yet commence operation
蘇州正豐置業發展有限公司 Suzhou Zhengfeng Real Estate. Development Co., Ltd. ("Suzhou Zhengfeng") **	(1)	PRC/Mainland China/ 14 July 2017	RMB10,000,000	100%	Not yet commence operation
正茂(平潭)置業發展有限公司 Zhengmao (Pingtan) Real Estate Development Co., Ltd. ("Pingtan Zhengmao") ***	(1)	PRC/Mainland China/ 18 July 2017	RMB50,000,000	75%	Not yet commence operation
西安正榮置業發展有限公司 Xi'an Zhenro Real Estate Development Co., Ltd. ("Xi'an Real Estate") **	(1)	PRC/Mainland China/ 14 September 2017	RMB5,000,000	100%	Not yet commence operation
徐州正銘置業發展有限公司 Xuzhou Zhengming Real Estate Development Co., Ltd. ("Xuzhou Zhengming") **	(1)	PRC/Mainland China/ 27 September 2017	RMB20,000,000	100%	Not yet commence operation
濟南榮鼎置業有限公司 Jinan Rongding Real Estate Co., Ltd. ("Jinan Rongding") **	(1)	PRC/Mainland China/ 11 October 2017	RMB10,000,000	100%	Not yet commence operation
蘇州正利置業有限公司 Suzhou Zhengli Real Estate Co., Ltd. ("Suzhou Zhengli") **	(1)	PRC/Mainland China/ 26 October 2017	RMB100,000,000	100%	Not yet commence operation

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濟南榮璽置業有限公司 Jinan Rongxi Real Estate Co., Ltd. ("Jinan Rongxi") **	(1)	PRC/Mainland China/ 30 October 2017	RMB10,000,000	100%	Not yet commence operation
山東正榮置業有限公司 Shandong Zhenro Real Estate Co., Ltd. ("Shandong Real Estate") **	(1)	PRC/Mainland China/ 31 October 2017	RMB50,000,000	100%	Not yet commence operation
濟南正馳置業有限公司 Jinan Zhengchi Real Estate Co., Ltd. ("Jinan Zhengchi") **	(1)	PRC/Mainland China/ 1 November 2017	RMB10,000,000	100%	Not yet commence operation
正泰(福州)置業發展有限公司 Zhengtai (Fuzhou) Real Estate Development Co., Ltd. ("Fuzhou Zhengtai") **	(1)	PRC/Mainland China/ 3 November 2017	RMB50,000,000	100%	Not yet commence operation
正升(福州)置業發展有限公司 Zhengsheng (Fuzhou) Real Estate Development Co., Ltd. ("Fuzhou Zhengsheng") **	(1)	PRC/Mainland China/ 15 November 2017	RMB50,000,000	100%	Not yet commence operation
正豐(莆田)置業發展有限公司 Zhengfeng (Putian) Real Estate Development Co., Ltd. ("Putian Zhengfeng") **	(1)	PRC/Mainland China/ 7 December 2017	RMB80,000,000	100%	Not yet commence operation
濟南正啟置業有限公司 Jinan Zhengqi Real Estate Co., Ltd. ("Jinan Zhengqi") **	(1)	PRC/Mainland China/ 7 December 2017	RMB10,000,000	100%	Not yet commence operation
榮基(天津)置業發展有限公司 Rongji (Tianjin) Real Estate Development Co., Ltd. ("Tianjin Rongji") **	(1)	PRC/Mainland China/ 8 December 2017	RMB50,000,000	100%	Not yet commence operation
滁州正景華榮置業發展有限公司 Chuzhou Zhengjing Huarong Real Estate Development Co., Ltd. ("Chuzhou Zhengjing Huarong") ***	(1)	PRC/Mainland China/ 8 December 2017	RMB50,000,000	51%	Not yet commence operation

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
榮泰(福州)置業發展有限公司 Rongtai (Fuzhou) Real Estate Development Co., Ltd. ("Fuzhou Rongtai") **	(1)	PRC/Mainland China/ 8 December 2017	RMB10,000,000	100%	Not yet commence operation
贛州市正碧置業發展有限公司 Ganzhou Zhengbi Real Estate Development Co., Ltd. ("Ganzhou Zhengbi") **	(1)	PRC/Mainland China/ 12 December 2017	RMB10,000,000	100%	Not yet commence operation

* Fuzhou Huiheng is registered as a wholly-foreign-owned enterprise under PRC law.

** These companies are wholly-owned subsidiaries of the Company.

*** These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company having control over it.

The English names of all group companies registered in PRC represent the best efforts made by management of the Company to translate the Chinese names of these companies as they do not have official English names.

(1) No audited financial statements have been prepared and issued for these entities for the years ended 31 December 2014, 2015 and 2016 as these companies are not subject to any statutory audit requirement under the relevant rules and regulations.

(2) The statutory financial statements for the years ended 31 December 2014, 2015 and 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Fujian Huada Certified Public Accountants Co., Ltd. (福建華達會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(3) The statutory financial statements for the years ended 31 December 2014, 2015 and 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Lixin Zhonglian Certified Public Accountants Co., Ltd. (立信中聯會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.

(4) The statutory financial statements for the period/years ended 31 December 2014, 2015 and 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Tianjin Jinhai Certified Public Accountants Co., Ltd. (天津津海聯合會計師事務所), Tianjin Henghui Certified Public Accountants Co., Ltd. (天津恒匯聯合會計師事務所(普通合夥)) and Tianjin Hongyuan Certified Public Accountants Co., Ltd. (天津宏源會計師事務所有限公司), respectively, certified public accounting firms registered in the PRC.

- (5) The statutory financial statements for the period ended 31 December 2015 and year ended 31 December 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Fujian Huada Certified Public Accountants Co., Ltd. (福建華達會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (6) The statutory financial statements for the year ended 31 December 2015 prepared in accordance with PRC accounting principles and regulations have been audited by Suzhou Suheng Certified Public Accountants Co., Ltd. (蘇州蘇恒會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (7) The statutory financial statements for the years ended 31 December 2015 and 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Fujian Huaxing Certified Public Accountants Co., Ltd. (福建華興會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (8) The statutory financial statements for the period from their dates of incorporation/establishment to 31 December 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Tianjin Hongyuan Certified Public Accountants Co., Ltd. (天津宏源會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (9) The statutory financial statements for the years ended 31 December 2015 and 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Suzhou Suheng Certified Public Accountants Co., Ltd. (蘇州蘇恒會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (10) The statutory financial statements for the period from their dates of incorporation/establishment to 31 December 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Fujian Huaxing Certified Public Accountants Co., Ltd. (福建華興會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (11) The statutory financial statements for the period from their dates of incorporation/establishment to 31 December 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Lixin Zhonglian Certified Public Accountants Co., Ltd. (立信中聯會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (12) The statutory financial statements for the period from their dates of incorporation/establishment to 31 December 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Fujian Huada Certified Public Accountants Co., Ltd. (福建華達會計師事務所有限公司), a certified public accounting firm registered in the PRC.
- (13) The statutory financial statements for the period from their dates of incorporation/establishment to 31 December 2016 prepared in accordance with PRC accounting principles and regulations have been audited by Suzhou Suheng Certified Public Accountants Co., Ltd. (蘇州蘇恒會計師事務所有限公司), a certified public accounting firm registered in the PRC.

Note (a): The percentage of attributable equity interests presented is the beneficiary interests held by the Group. The equity interests in these entities legally held by the Group are lower than the beneficiary interests because of the existence of trust financing arrangements.

The Group legally transferred the equity interests in the following subsidiaries as collateral (note 29) to trust financing companies as at 30 June 2017.

	Percentage of equity pledged as at 30 June 2017
Nanjing Dexin	10%
Nanchang Xinjian	39%

Under the afore-stated arrangements, the Group was obliged to purchase at a fixed amount on a future date upon repayment of the borrowings from the trust financing companies.

In addition, the Group retains the power to operate and manage the above project companies in the ordinary course of business. In this regard, considering the facts that the substance of the arrangements is to collateralise some equity interests in these companies for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of these project companies so as to obtain benefits from the operating activities of these project companies, the directors of the Company are of the view that the financial position and operating results of these companies should be combined into the Group's financial statements in full, irrespective of the equity transfers from legal perspective.

Note (b): Hefei Yongtuo is accounted for as a subsidiary of the Group because the Group owns 51% of the voting rights according to the articles of association of Hefei Yongtuo.

2.1 BASIS OF PRESENTATION

Pursuant to the Corporate Restructuring and the Reorganisation as more fully explained in the paragraph headed "The Corporate Restructuring" and "The Reorganisation" in "Our History and Reorganisation", the Company became the holding company of the companies now comprising the Group on 24 August 2017. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Corporate Restructuring and the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Corporate Restructuring and the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2014, 2015 and 2016 and 30 June 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Corporate Restructuring and the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Corporate Restructuring and the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on combination in full.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties and available-for-sale investments which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts¹</i>
IFRS 9	<i>Financial Instruments¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customer¹</i>
IFRS 16	<i>Leases²</i>
IFRS 17	<i>Insurance Contracts³</i>
Amendments to IAS 40	<i>Transfers of Investment Property¹</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatment²</i>

*Annual Improvements to
IFRSs, 2014-2016 Cycle*

Amendments to the following standards:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*¹
- IAS 28 *Investments in Associates and Joint Ventures*¹

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

² Effective for annual periods beginning on or after 1 January 2019

³ No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the complete version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarized as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9. The Group does not expect that the adoption of IFRS 9 will have a significant impact on the Group's financial performance and financial position, including the measurement of financial assets and disclosures.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard.

The directors of the Company consider that the requirements to recognise revenue under IFRS 15 is similar to the current revenue recognition policy of the Group. Based on the preliminary analysis, they do not expect the initial adoption of IFRS 15 would result in significant impact on the amounts reported on the financial statements of the Group. However, there will be additional qualitative and quantitative disclosure upon the adoption of IFRS 15.

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40 *Investment Property*. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments.

Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The directors of the Company consider that the adoption of IFRS 16 will primarily affect the Group's accounting as a lessee of leases which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in profit or loss over the period of the lease. The Group's future aggregate minimum lease payments under non-cancellable operating leases as at 30 June 2017 were RMB64,771,000, with the minimum lease payments due less than one year amounting to

RMB37,993,000 and those due more than one year and less than five years amounting to RMB26,778,000. Given that the Group had total assets of RMB94,433,719,000 and total liabilities of RMB84,893,099,000 as at 30 June 2017, the directors of the Company is of the view that the initial adoption of IFRS 16 would not have significant impact on the financial performance and position of the Company.

Amendments to IAS 40 issued in December 2016 clarify the requirements when an entity should transfer a property, including property under construction development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are applied prospectively to change in use that occur on or after the beginning of the annual reporting period in when the entity first applied the amendments. The Group will reassess the classification of property held at 1 January 2018 and, if applicable, reclassify property to reflect the condition that exist at that date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations other than those under common control combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in an associate and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investment in an associate is stated in the combined statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate and joint ventures are included in the combined statements of comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the combined statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its investment properties and available-for-sale investments at fair value at the end of each Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, properties under development, completed properties held for sale and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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 Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (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); and

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Motor vehicles	19%
Office equipment and electronic devices	19%-32%
Leasehold improvements	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year/period end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with IAS 16 *Property, Plant and Equipment* up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Transfer to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land cost.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year/period end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over their estimated useful lives of 3 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under

operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Prepaid land lease payments

Prepaid land lease payments, representing prepayments for leasehold land for development for future sale in the ordinary course of business, are stated at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of their fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance cost for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably

estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each Relevant Periods whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss — is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of comprehensive income if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to shareholders, amounts due to related companies and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at the end of each Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

- (a) the significant risks and rewards of ownership of the properties are transferred to purchasers;
- (b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;
- (c) the amount of revenue can be measured reliably;

- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria for the sale of properties are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the combined statements of financial position under current liabilities.

Rental income is recognised on a time proportion basis over the lease terms.

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered.

Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Revenue of the sale of other goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Other employee retirement benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liabilities when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in Mainland China. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision of properties under development and completed properties held for sale

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

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

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgment based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalized its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties under construction carried at fair value, were revalued at the end of each of the Relevant Period based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalization rates and expected profit margin. The carrying amounts of investment properties at 31 December 2014, 2015 and 2016, and 30 June 2017 were RMB3,113,590,000, RMB4,785,880,000, RMB7,421,860,000 and RMB7,788,090,000, respectively.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceeds 10% of the Group's combined revenue, net profit or total assets. As all the locations have similar economic characteristics and are similar in the nature of property development and leasing and management, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, thus all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in the Mainland China and no non-current assets of the Group are located outside the Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, property management service income, and rental income during the Relevant Periods.

An analysis of revenue and other income and gains is as follows:

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				(unaudited)	
Revenue					
Sale of properties	3,024,343	4,291,373	14,534,660	5,370,917	8,037,186
Rental income	10,661	15,367	49,227	25,229	33,696
Property management service income	2,174	3,440	18,772	8,392	14,364
Others	2,381	—	861	—	—
	<u>3,039,559</u>	<u>4,310,180</u>	<u>14,603,520</u>	<u>5,404,538</u>	<u>8,085,246</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
				(unaudited)	
Other income and gains, net					
Gain on disposal of a subsidiary (note 34)	—	434	—	—	—
Gain on disposal of items of property, plant and equipment . .	144	—	961	19	312
Interest income	7,077	9,716	36,538	9,881	58,288
Forfeiture of deposit	4,373	4,146	8,644	5,138	3,770
Others	315	869	2,499	1,560	1,377
	<u>11,909</u>	<u>15,165</u>	<u>48,642</u>	<u>16,598</u>	<u>63,747</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold	22	2,120,780	3,196,019	11,669,971	4,117,371	6,360,485
Impairment loss write-off for completed properties held for sale (Note)		(18,758)	(4,800)	(269,403)	(198,255)	(6,082)
Impairment losses recognised for properties under development	21	266,605	107,205	19,747	18,373	35,625
Depreciation of items of property, Plant and equipment	13	16,379	22,412	21,944	11,723	12,016
Amortisation of other intangible assets	16	183	1,288	1,808	859	1,178
Loss on disposal of items of property plant and equipment		46	8	135	112	7
Gain on disposal of a subsidiary	34	—	(434)	—	—	—
Rental expenses		19,283	25,721	26,611	11,967	16,597
Auditors' remuneration		971	1,521	2,398	1,648	2,940
Employee benefit expense (including directors' and chief executive's remuneration (note 8)): Wages and salaries		103,802	201,251	289,104	127,708	162,145
Pension scheme contributions and social welfare		27,639	35,465	37,719	17,096	20,835

Note: it is included in cost of sales in the combined statements of comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank and other borrowings	3,095,915	3,618,110	2,996,098	1,385,158	1,462,861
Less: Interest capitalised . .	(2,914,566)	(3,539,242)	(2,640,026)	(1,181,642)	(1,211,204)
	<u>181,349</u>	<u>78,868</u>	<u>356,072</u>	<u>203,516</u>	<u>251,657</u>

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	3,468	4,930	5,248	2,599	3,063
Performance-related bonuses*	378	252	378	190	196
Pension scheme contributions and social welfare	<u>244</u>	<u>276</u>	<u>374</u>	<u>156</u>	<u>208</u>
Total	<u>4,090</u>	<u>5,458</u>	<u>6,000</u>	<u>2,945</u>	<u>3,467</u>

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

(a) Independent non-executive directors

Mr. LOKE Yu, Mr. Shen Guoquan and Mr. Wang Chuanxu were appointed as independent non-executive directors of the Company on 15 December 2017. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and non-executive directors

Year ended 31 December 2014

	Fees	Salaries, allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
- Mr. Huang Xianzhi	—	1,034	108	60	1,202
- Mr. Lin Zhaoyang	—	1,034	108	60	1,202
	—	2,068	216	120	2,404
Non-executive directors:					
- Mr. Ou Guoqiang	—	800	108	52	960
- Mr. Ou Guowei	—	600	54	72	726
	—	3,468	378	244	4,090

Year ended 31 December 2015

	Fees	Salaries, allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
- Mr. Huang Xianzhi	—	2,083	18	65	2,166
- Mr. Lin Zhaoyang	—	1,325	72	70	1,467
	—	3,408	90	135	3,633
Non-executive directors:					
- Mr. Ou Guoqiang	—	800	108	63	971
- Mr. Ou Guowei	—	722	54	78	854
	—	4,930	252	276	5,458

Year ended 31 December 2016

	Fees	Salaries, allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
- Mr. Huang Xianzhi	—	2,250	108	94	2,452
- Mr. Lin Zhaoyang	—	1,475	108	94	1,677
	—	3,725	216	188	4,129
Non-executive directors:					
- Mr. Ou Guoqiang	—	800	108	93	1,001
- Mr. Ou Guowei	—	723	54	93	870
	—	5,248	378	374	6,000

Period ended 30 June 2016 (unaudited)

	Fees	Salaries, allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(unaudited)					
Executive directors:					
- Mr. Huang Xianzhi	—	1,124	54	39	1,217
- Mr. Lin Zhaoyang	—	713	54	39	806
	—	1,837	108	78	2,023
Non-executive directors:					
- Mr. Ou Guoqiang	—	400	54	39	493
- Mr. Ou Guowei	—	362	28	39	429
	—	2,599	190	156	2,945

Period ended 30 June 2017

	Fees	Salaries, allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
- Mr. Huang Xianzhi	—	1,375	56	52	1,483
- Mr. Lin Zhaoyang	—	888	56	52	996
	—	2,263	112	104	2,479
Non-executive directors:					
- Mr. Ou Guoqiang	—	400	56	52	508
- Mr. Ou Guowei	—	400	28	52	480
	—	3,063	196	208	3,467

Mr. Huang Xianzhi is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017 included four directors, four directors, three directors, four directors and two directors respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017 of the remaining one, one, two, one and three highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	417	640	1,742	500	1,423
Performance-related bonuses	54	54	108	27	83
Pension scheme contributions and social welfare	60	67	187	39	156
Total	531	761	2,037	566	1,662

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
				(unaudited)	
Nil to HK\$500,000	—	—	—	—	—
HK\$500,001 to HK\$1,000,000 . . .	1	1	1	1	3
HK\$1,000,001 to HK\$1,500,000. .	—	—	1	—	—
Total	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>3</u>

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong during the Relevant Periods.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax rate of 25% for the Relevant Periods.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
				(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current tax:					
PRC corporate income tax	184,392	341,553	741,022	358,277	369,760
PRC LAT	115,192	206,150	548,426	390,212	338,713
Deferred tax (note 19)	<u>44,548</u>	<u>(166,738)</u>	<u>(167,762)</u>	<u>(87,866)</u>	<u>(114,508)</u>
Total tax charge for the year/period	<u>344,132</u>	<u>380,965</u>	<u>1,121,686</u>	<u>660,623</u>	<u>593,965</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	<u>424,233</u>	<u>799,904</u>	<u>2,364,908</u>	<u>1,219,798</u>	<u>970,554</u>
At the statutory income tax rate	106,058	199,976	591,227	304,950	242,639
Effect of different tax levy enacted by local authorities*	—	3,452	—	—	—
Profits and losses attributable to joint ventures and an associate	—	—	1,801	203	4,535
Expenses not deductible for tax	30,798	28,493	15,174	9,259	6,885
Tax losses and deductible temporary differences utilised from previous years	(34,122)	(74,660)	(71,088)	(34,092)	(46,609)
Deductible temporary differences not recognised	60,493	38,560	77,838	26,678	57,236
Tax losses not recognised	94,511	30,532	95,415	60,966	75,244
Provision for LAT	115,192	206,150	548,426	390,212	338,713
Tax effect on LAT	<u>(28,798)</u>	<u>(51,538)</u>	<u>(137,107)</u>	<u>(97,553)</u>	<u>(84,678)</u>
Tax charge at the Group's effective rate	<u>344,132</u>	<u>380,965</u>	<u>1,121,686</u>	<u>660,623</u>	<u>593,965</u>

* The amount includes the effect of higher tax levy under assessment and collection mode of certain subsidiaries enacted by local authorities.

Tax payable in the combined statements of financial position represents:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Tax payable				
PRC corporate income tax	193,360	361,266	527,689	581,961
PRC LAT	54,097	118,515	484,124	519,784
	247,457	479,781	1,011,813	1,101,745

11. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Corporate Restructuring and the Reorganisation completed on 24 August 2017 and the basis of presentation of the Historical Financial Information for the Relevant Periods as further explained in note 2.1.

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Office equipment and electronic devices	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2014				
At 31 December 2013 and 1 January 2014:				
Cost	49,880	18,445	6,758	75,083
Accumulated depreciation	(28,033)	(8,078)	(1,900)	(38,011)
Net carrying amount	<u>21,847</u>	<u>10,367</u>	<u>4,858</u>	<u>37,072</u>
At 1 January 2014, net of accumulated depreciation				
depreciation	21,847	10,367	4,858	37,072
Additions	11,372	14,047	15,226	40,645
Disposals	(183)	(507)	—	(690)
Depreciation provided during the year	<u>(7,541)</u>	<u>(4,911)</u>	<u>(3,927)</u>	<u>(16,379)</u>
At 31 December 2014, net of accumulated depreciation				
depreciation	<u>25,495</u>	<u>18,996</u>	<u>16,157</u>	<u>60,648</u>
At 31 December 2014:				
Cost	61,069	31,985	21,984	115,038
Accumulated depreciation	(35,574)	(12,989)	(5,827)	(54,390)
Net carrying amount	<u>25,495</u>	<u>18,996</u>	<u>16,157</u>	<u>60,648</u>
31 December 2015				
At 31 December 2014 and 1 January 2015:				
Cost	61,069	31,985	21,984	115,038
Accumulated depreciation	(35,574)	(12,989)	(5,827)	(54,390)
Net carrying amount	<u>25,495</u>	<u>18,996</u>	<u>16,157</u>	<u>60,648</u>
At 1 January 2015, net of accumulated depreciation				
depreciation	25,495	18,996	16,157	60,648
Additions	2,271	6,622	4,746	13,639
Disposals	(156)	(419)	—	(575)
Depreciation provided during the year	<u>(7,252)</u>	<u>(7,693)</u>	<u>(7,467)</u>	<u>(22,412)</u>
At 31 December 2015, net of accumulated depreciation				
depreciation	<u>20,358</u>	<u>17,506</u>	<u>13,436</u>	<u>51,300</u>
At 31 December 2015:				
Cost	63,184	38,188	26,730	128,102
Accumulated depreciation	(42,826)	(20,682)	(13,294)	(76,802)
Net carrying amount	<u>20,358</u>	<u>17,506</u>	<u>13,436</u>	<u>51,300</u>

	Motor vehicles	Office equipment and electronic devices	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2016				
At 31 December 2015 and 1 January 2016:				
Cost	63,184	38,188	26,730	128,102
Accumulated depreciation	(42,826)	(20,682)	(13,294)	(76,802)
Net carrying amount	<u>20,358</u>	<u>17,506</u>	<u>13,436</u>	<u>51,300</u>
At 1 January 2016, net of accumulated				
depreciation	20,358	17,506	13,436	51,300
Additions	18,057	3,352	747	22,156
Disposals	(1,313)	(5)	—	(1,318)
Depreciation provided during the year	<u>(7,950)</u>	<u>(7,477)</u>	<u>(6,517)</u>	<u>(21,944)</u>
At 31 December 2016, net of accumulated				
depreciation	<u>29,152</u>	<u>13,376</u>	<u>7,666</u>	<u>50,194</u>
At 31 December 2016:				
Cost	79,928	41,535	27,477	148,940
Accumulated depreciation	(50,776)	(28,159)	(19,811)	(98,746)
Net carrying amount	<u>29,152</u>	<u>13,376</u>	<u>7,666</u>	<u>50,194</u>
30 June 2017				
At 31 December 2016 and 1 January 2017:				
Cost	79,928	41,535	27,477	148,940
Accumulated depreciation	(50,776)	(28,159)	(19,811)	(98,746)
Net carrying amount	<u>29,152</u>	<u>13,376</u>	<u>7,666</u>	<u>50,194</u>
At 1 January 2017, net of accumulated				
depreciation	29,152	13,376	7,666	50,194
Additions	5,286	2,040	2,417	9,743
Disposals	(575)	(27)	—	(602)
Depreciation provided during the period	<u>(4,487)</u>	<u>(3,494)</u>	<u>(4,035)</u>	<u>(12,016)</u>
At 30 June 2017, net of accumulated				
depreciation	<u>29,376</u>	<u>11,895</u>	<u>6,048</u>	<u>47,319</u>
At 30 June 2017:				
Cost	84,639	43,548	29,894	158,081
Accumulated depreciation	(55,263)	(31,653)	(23,846)	(110,762)
Net carrying amount	<u>29,376</u>	<u>11,895</u>	<u>6,048</u>	<u>47,319</u>

14. INVESTMENT PROPERTIES

	Under construction	Completed	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2014	359,178	876,302	1,235,480
Additions	1,293,054	—	1,293,054
Net gain from a fair value adjustment.	(21,980)	607,036	585,056
Carrying amount at 31 December 2014 and 1 January 2015	1,630,252	1,483,338	3,113,590
Additions	187,915	—	187,915
Transfer	(448,004)	448,004	—
Transferred from completed properties held for sale (note 22)	—	711,546	711,546
Net gain from a fair value adjustment.	194,056	578,773	772,829
Carrying amount at 31 December 2015 and 1 January 2016	1,564,219	3,221,661	4,785,880
Additions	892,495	—	892,495
Transfer	(621,974)	621,974	—
Transferred from properties under development (note 21)	963,522	—	963,522
Transferred from completed properties held for sale (note 22)	—	185,813	185,813
Net gain from a fair value adjustment.	218,362	375,788	594,150
Carrying amount at 31 December 2016 and 1 January 2017	3,016,624	4,405,236	7,421,860
Additions	316,675	—	316,675
Transfer	(12,336)	12,336	—
Net gain from a fair value adjustment.	(8,073)	57,628	49,555
Carrying amount at 30 June 2017	3,312,890	4,475,200	7,788,090

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2014, 2015 and 2016 and 30 June 2017 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB3,113,590,000, RMB4,785,880,000, RMB7,421,860,000 and RMB7,788,090,000, respectively. The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with aggregate carrying amounts of approximately RMB959,101,000, RMB1,401,275,000, RMB4,059,220,000 and RMB4,256,141,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at			Total
	31 December 2014 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Commercial properties				
Under construction	—	—	1,630,252	1,630,252
Completed	—	—	1,483,338	1,483,338
	—	—	3,113,590	3,113,590

	Fair value measurement as at			Total
	31 December 2015 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Commercial properties				
Under construction	—	—	1,564,219	1,564,219
Completed	—	—	3,221,661	3,221,661
	—	—	4,785,880	4,785,880

Fair value measurement as at 31 December 2016 using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for			
Commercial properties			
Under construction	—	—	3,016,624
Completed	—	—	4,405,236
	—	—	7,421,860

Fair value measurement as at 30 June 2017 using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for			
Commercial properties			
Under construction	—	—	3,312,890
Completed	—	—	4,475,200
	—	—	7,788,090

During the Relevant Periods, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Valuation techniques	Significant unobservable inputs	Range				
		31 December			30 June	
		2014	2015	2016	2017	
Completed commercial properties	Income capitalization method	Estimated rental value (per square meter and per month)	RMB29-235	RMB29-239	RMB29-240	RMB29-245
		Capitalization rate	3.5%-5%	3.5%-5%	3.5%-5%	3.5%-5%
Commercial properties under construction	Comparison method	Expected profit margin	15%	8%-18%	10%-20%	10%-20%

The fair value of completed commercial properties is determined by the income capitalization method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the capitalization rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of commercial properties under construction is determined by using comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction cost and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated construction cost would result in the lower the fair value of the investment properties under construction.

15. PREPAID LAND LEASE PAYMENTS

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	2,372,544	7,028,552	1,095,331	7,328,831
Addition during the year/period	5,610,403	141,521	6,549,341	5,480,001
Transferred to properties under development (note 21)	(954,395)	(6,074,742)	(315,841)	(6,356,682)
Carrying amount at the end of the year/period	7,028,552	1,095,331	7,328,831	6,452,150
Less: Current portion	5,989,700	86,564	6,941,396	6,064,715
Non-current portion	<u>1,038,852</u>	<u>1,008,767</u>	<u>387,435</u>	<u>387,435</u>

Certain of the Group's prepaid land lease payments with aggregate carrying amounts of approximately RMB6,890,077,000, RMB681,221,000, RMB4,442,747,000 and RMB1,237,475,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

16. OTHER INTANGIBLE ASSETS

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Software				
At the beginning of the year/period:				
Cost	264	4,503	6,977	8,667
Accumulated amortisation	(150)	(333)	(1,621)	(3,429)
Net carrying amount	<u>114</u>	<u>4,170</u>	<u>5,356</u>	<u>5,238</u>
Carrying amount at the beginning of the year/period				
Year/period	114	4,170	5,356	5,238
Additions	4,239	2,474	1,690	592
Amortisation provided during the year/period	(183)	(1,288)	(1,808)	(1,178)
Carrying amount at the end of the year/period	<u>4,170</u>	<u>5,356</u>	<u>5,238</u>	<u>4,652</u>
At the end of the year/period:				
Cost	4,503	6,977	8,667	9,259
Accumulated amortisation	(333)	(1,621)	(3,429)	(4,607)
Net carrying amount	<u>4,170</u>	<u>5,356</u>	<u>5,238</u>	<u>4,652</u>

17. INVESTMENT IN JOINT VENTURES

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	—	—	46,894	1,268,569

The Group's trade receivable and payable balances with joint ventures are disclosed in note 38 to the Historical Financial Information.

(a) Particulars of the Group's joint ventures

Name of Company	Place and year of registration	Paid-in capital	Percentage of ownership interest	Principal activities
			attributable to the Group	
		RMB'000		
長沙正榮正泰置業發展有限公司 Changsha Zhenro Zhengtai Real Estate Development Property Co., Ltd.	Changsha, PRC 2016	100,000	50%	Property development
武漢正榮正升置業有限公司 Wuhan Zhengsheng Real Estate Co., Ltd.	Wuhan, PRC 2016	100,000	50%	Property development
合肥和桂房地產有限公司 Hefei Hegui Property Co., Ltd.	Hefei, PRC 2017	100,000	33%	Property development
合肥碧榮房地產有限公司 Hefei Birong Property Co., Ltd.	Hefei, PRC 2017	20,000	49%	Property development
蘇州融輝置業有限公司 Suzhou Ronghui Real Estate Co., Ltd.	Suzhou, PRC 2017	100,000	49%	Property development
南昌建美房地產有限公司 Nanchang Jianmei Property Co., Ltd. (Note)	Nanchang, PRC 2017	10,000	19%	Property development

Note: During the Track Record Period, Nanchang Jianmei Property Co., Ltd. ("Nanchang Jianmei") had five shareholders holding 20%, 19%, 21%, 19% and 21% equity interests, respectively. Pursuant to the articles of association of Nanchang Jianmei, all shareholder resolutions of Nanchang Jianmei shall be resolved by the five shareholders on an unanimous basis. In light of this requirement, Nanchang Jianmei is accounted for as a joint venture of the Company notwithstanding that the Company only held a 19% equity interest during the Relevant Periods.

- (b) Wuhan Zhengsheng Real Estate Co., Ltd., which is considered a material joint venture of the Group for the six months ended 30 June 2017, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarized financial information in respect of Wuhan Zhengsheng Real Estate Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the combined financial statements:

	<u>30 June 2017</u>
	<u>RMB'000</u>
Cash and cash equivalents	1,854
Other current assets	<u>6,013,544</u>
Current assets	6,015,398
Non-current assets	<u>505</u>
Financial liabilities, excluding trade and other payables	(63,026)
Other current liabilities	<u>(66,663)</u>
Current liabilities	<u>(129,689)</u>
Non-current financial liabilities, excluding trade and other payables and provisions	<u>(4,300,000)</u>
Net assets	<u>1,586,214</u>
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	50%
Group's share of net assets of the joint ventures	793,107
Adjustment for unrealised profit and losses from related-party transaction	<u>(288)</u>
Carrying amount of the investment	<u><u>792,819</u></u>
Revenue	—
Expenses	(8,881)
Tax	—
Loss and total comprehensive income for the period	<u><u>(8,881)</u></u>

- (c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	31 December		30 June	
	2016		2017	
	RMB'000		RMB'000	
Share of the joint ventures' losses for the year/period	(7,205)		(13,486)	
Share of the joint ventures' total comprehensive income . . .	(7,205)		(13,486)	
Adjustment for unrealised profit and losses for related-party transactions	(901)		—	
Aggregate carrying amount of the Group's investments in the joint ventures	<u>46,894</u>		<u>475,750</u>	

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2016 and 30 June 2017 as the investments in joint ventures are considered fully recoverable.

18. INVESTMENT IN AN ASSOCIATE

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,226</u>

The Group's trade receivable and payable balances with an associate are disclosed in note 38 to the Historical Financial Information.

Particulars of the Group's associate

Name of company	Place and year of registration	Paid-in capital	Percentage of ownership interest attributable to the	Principal activities
			Group	
RMB'000				
Zhengzhou Shengqing Property Co., Ltd. (“鄭州盛清房地產有限公司”)	Zhengzhou, PRC 2017	47,667	24%	Property development

19. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during each of the Relevant Periods are as follows:

Deferred tax assets

	Losses		Advertising fee		Payroll and		Accrued		Unrealised		Total
	available for offsetting against future taxable profits	for offsetting against future taxable profits	for offsetting against future taxable profits	welfare accrual	construction cost	revenue received in advance	Accrued LAT	RMB'000	RMB'000	RMB'000	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	31,209	—	2,139	34,957	49,327	3,265	120,897				
Deferred tax credited/(charged) to profit or loss during the year	9,260	8,434	2,079	(20,863)	96,971	5,835	101,716				
At 31 December 2014 and 1 January 2015	40,469	8,434	4,218	14,094	146,298	9,100	222,613				
Deferred tax credited/(charged) to profit or loss during the year	(7,719)	(8,381)	911	11,021	349,433	14,680	359,945				
At 31 December 2015 and 1 January 2016	32,750	53	5,129	25,115	495,731	23,780	582,558				
Deferred tax credited/(charged) to profit or loss during the year	(10,336)	2,220	183	(5,745)	239,192	90,786	316,300				
At 31 December 2016 and 1 January 2017	22,414	2,273	5,312	19,370	734,923	114,566	898,858				
Deferred tax credited/(charged) to profit or loss during the period	8,225	(1,810)	(2,125)	1,450	101,696	19,461	126,897				
At 30 June 2017	30,639	463	3,187	20,820	836,619	134,027	1,025,755				

Deferred tax liabilities

	Fair value adjustment arising from investment properties
	<u>RMB'000</u>
At 1 January 2014	149,083
Deferred tax charged to profit or loss during the year	<u>146,264</u>
At 31 December 2014 and 1 January 2015	295,347
Deferred tax charged to profit or loss during the year	<u>193,207</u>
At 31 December 2015 and 1 January 2016	488,554
Deferred tax charged to profit or loss during the year	<u>148,538</u>
At 31 December 2016 and 1 January 2017	637,092
Deferred tax charged to profit or loss during the period	<u>12,389</u>
At 30 June 2017	<u><u>649,481</u></u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the combined statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	<u>31 December</u>			<u>30 June</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Net deferred tax assets recognised in the combined statements of financial position	180,140	566,597	821,090	921,678
Net deferred tax liabilities recognised in the combined statements of financial position	<u>(252,874)</u>	<u>(472,593)</u>	<u>(559,324)</u>	<u>(545,404)</u>
	<u><u>(72,734)</u></u>	<u><u>94,004</u></u>	<u><u>261,766</u></u>	<u><u>376,274</u></u>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2014, 2015 and 2016 and 30 June 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totaled approximately RMB168,397,000, RMB567,881,000, RMB1,650,874,000 and RMB1,959,994,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

20. AVAILABLE-FOR-SALE INVESTMENTS

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at fair value	1,530	1,438,020	—	508,578
Less: Current	<u>1,530</u>	<u>1,438,020</u>	<u>—</u>	<u>—</u>
Non-current	<u>—</u>	<u>—</u>	<u>—</u>	<u>508,578</u>

The above investments comprise trust and fund investments as at 31 December 2014, 2015 and 2016 and 30 June 2017, which were designated as available-for-sale investments and measured at fair value.

21. PROPERTIES UNDER DEVELOPMENT

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	9,291,939	27,714,867	39,512,885	37,524,366
Additions	20,311,699	11,267,843	17,227,538	6,991,326
Transferred from prepaid land lease payment (note 15)	954,395	6,074,742	315,841	6,356,682
Transferred to completed properties held for sale (note 22)	(2,586,735)	(5,437,362)	(18,844,811)	(7,783,861)
Transferred to investment properties (note 14)	—	—	(963,522)	—
Impairment losses recognised (note 6)	(266,605)	(107,205)	(19,747)	(35,625)
Impairment losses transferred to completed properties held for sale (note 22)	10,174	—	296,182	32,814
At the end of the year/period	<u>27,714,867</u>	<u>39,512,885</u>	<u>37,524,366</u>	<u>43,085,702</u>

Notes: The Group's properties under development are situated on leasehold lands in Mainland China.

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB19,314,896,000, RMB27,494,809,000, RMB14,015,451,000 and RMB18,774,915,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

The Group has guaranteed certain bank loans of 正榮(馬尾)投資發展有限公司 ("Mawei Investment"), a subsidiary of 正榮集團有限公司 ("Zhenro Group Company") of RMB400,000,000 as at 31 December 2015. The abovementioned loans were also secured by the pledges of the Group's assets with a carrying value of RMB258,015,000 as at 31 December 2015. Further details are included in note 38 to the Historical Financial Information.

Certain of the Group's properties under development with an aggregate carrying amount of approximately RMB95,343,000 as at 31 December 2014 have been pledged to secure bank loans granted to a third party (note 35(2)).

The movements in provision for impairment of properties under development are as follows:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	(10,174)	(266,605)	(373,810)	(97,375)
Impairment losses recognised (note 6) . . .	(266,605)	(107,205)	(19,747)	(35,625)
Impairment losses transferred to completed properties held for sale (note 22)	10,174	—	296,182	32,814
At the end of the year/period	<u>(266,605)</u>	<u>(373,810)</u>	<u>(97,375)</u>	<u>(100,186)</u>

The value of properties under development is assessed at the end of each Relevant Periods. An impairment exists when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

22. COMPLETED PROPERTIES HELD FOR SALE

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	555,294	1,029,833	2,564,430	9,526,678
Transferred from properties under development (note 21)	2,586,735	5,437,362	18,844,811	7,783,861
Transferred to investment properties (note 14)	—	(711,546)	(185,813)	—
Transferred to cost of sales (note 6)	(2,120,780)	(3,196,019)	(11,669,971)	(6,360,485)
Impairment losses write-off (note 6)	18,758	4,800	269,403	6,082
Impairment losses transferred from properties under development (note 21)	(10,174)	—	(296,182)	(32,814)
Carrying amount at the end of the year/period	<u>1,029,833</u>	<u>2,564,430</u>	<u>9,526,678</u>	<u>10,923,322</u>

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB381,936,000, RMB788,815,000, RMB4,247,233,000 and RMB4,442,124,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

Certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB1,695,000 as at 31 December 2015 have been pledged to secure bank loans granted to a related party, 正榮物業服務有限公司 ("Jiangxi Property Management") (note 38).

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB48,633,000 and RMB36,324,000 as at 31 December 2014 and 2015, respectively, have been pledged to secure bank loans granted to third parties (note 35).

The movements in provision for impairment of completed properties held for sale are as follows:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	56,243	47,659	42,859	69,638
Impairment losses write-off (note 6)	(18,758)	(4,800)	(269,403)	(6,082)
Impairment loss transferred from properties under development (note 21)	10,174	—	296,182	32,814
At the end of the year/period	<u>47,659</u>	<u>42,859</u>	<u>69,638</u>	<u>96,370</u>

The value of completed properties held for sale is assessed at the end of each Relevant Periods. An impairment exists when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

23. TRADE RECEIVABLES

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	13,985	4,038	10,205	21,188
Impairment	—	—	—	—
	<u>13,985</u>	<u>4,038</u>	<u>10,205</u>	<u>21,188</u>

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	2,764	4,038	10,205	16,872
Over 1 year	11,221	—	—	4,316
	13,985	4,038	10,205	21,188

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for acquisition of land use rights	1,482,214	138,500	305,786	1,587,827
Prepayments for construction cost	38,822	44,669	49,283	84,439
Prepayments for investment in a joint venture	—	—	116,141	—
Other tax recoverable	359,460	901,518	1,280,497	1,371,136
Deposits	134,562	387,831	696,731	3,594,633
Due from third parties	117,036	128,753	—	—
Prepayments related to land use right of third parties	—	—	—	1,311,392
Due from non-controlling shareholders of the subsidiaries	229,240	436,240	571,270	643,970
Other receivables	62,161	53,158	72,166	96,762
	<u>2,423,495</u>	<u>2,090,669</u>	<u>3,091,874</u>	<u>8,690,159</u>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. There was no provision made for impairment of other receivables during the Relevant Periods.

25. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,637,286	4,775,849	18,506,779	11,938,543
Less: Restricted cash	275,949	1,726,115	2,984,436	3,819,566
Pledged deposits	<u>335,545</u>	<u>519,007</u>	<u>832,654</u>	<u>758,334</u>
Cash and cash equivalents	<u>1,025,792</u>	<u>2,530,727</u>	<u>14,689,689</u>	<u>7,360,643</u>

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2014, 2015 and 2016 and 30 June 2017, such restricted cash amounted to RMB275,949,000, RMB1,726,115,000, RMB2,984,436,000 and RMB2,319,566,000 respectively. As at 30 June 2017, the restricted cash included time deposits amounted to RMB1,500,000,000, which are matured more than three months when acquired by the Group and earn interest at the time deposit rates.

Bank deposits of RMB123,500,000 was pledged as security for bank and other borrowings as at 31 December 2015. Bank deposits of RMB335,545,000, RMB395,507,000, RMB832,654,000 and RMB758,334,000 were pledged as security for purchasers' mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

At 31 December 2014, 2015 and 2016 and 30 June 2017, all the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

26. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	2,175,039	4,440,598	5,428,244	4,881,811
Over 1 year	56,122	76,532	78,197	83,216
	<u>2,231,161</u>	<u>4,517,130</u>	<u>5,506,441</u>	<u>4,965,027</u>

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Retention deposits related to				
construction	345,904	479,695	512,420	401,355
Deposits related to sales of properties . . .	19,235	24,363	37,329	48,906
Advances from non-controlling				
shareholders of subsidiaries	85,600	30,500	68,600	1,215,804
Maintenance fund.	61,214	59,043	78,520	80,937
Interest payable	105,426	103,845	102,067	107,767
Payroll and welfare payable	38,871	56,368	74,463	59,258
Advances from employees	1,586	2,120	697	810
Business tax and surcharges	8,276	21,748	43,390	38,780
Advances from third parties	25,680	—	—	—
Deposits related to land use rights	—	—	—	885,532
Others	44,304	33,063	50,547	57,297
	<u>736,096</u>	<u>810,745</u>	<u>968,033</u>	<u>2,896,446</u>

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

28. ADVANCES FROM CUSTOMERS

Advances from customers represented the sales proceeds received from buyers in connection with the Group's pre-sale of properties at the end of each of the Relevant Periods.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2014		31 December 2015		31 December 2016		30 June 2017	
	Effective interest rate(%)	Maturity	Effective interest rate(%)	Maturity	Effective interest rate(%)	Maturity	Effective interest rate(%)	Maturity
		RMB'000		RMB'000		RMB'000		RMB'000
Current								
Bank loans — unsecured	—	—	8.50	2017	120,000	—	—	—
Other loans — secured	6.00-18.90	2015	6.30-15.62	2016	1,175,295	6.30-15.62	2017	3,474,624
Other loans — unsecured	7.20	2015	6.00-9.50	2016	450,000	6.00-9.50	2017	850,000
Current portion of long term bank loans — secured	6.46-8.92	2015	5.43-10.46	2016	3,922,014	5.77-7.35	2017	1,346,701
Current portion of long term bank loans — unsecured	—	—	7.13	2017	148,437	—	—	—
Current portion of long term other loans — secured	8.80-15.50	2015	8.61-15.37	2016	3,684,158	5.64-10.23	2017	4,044,393
Current portion of long term other loans — unsecured	14.50	2015	10.88-14.50	2016	180,000	7.49-13.80	2017	335,000
		13,793,224		9,411,467		10,319,155		14,264,378
Non-current								
Bank loans — secured	6.46-8.61	2016-19	5.43-10.46	2017-19	4,995,355	6.00-7.15	2018-19	6,310,945
Other loans — secured	8.61-15.87	2016-21	9.50-14.50	2017-21	10,951,533	5.55-15.05	2018-21	17,862,161
Other loans — unsecured	10.88-11.38	2016	—	—	—	4.75-7.49	2018	541,800
		16,387,264		15,946,888		24,714,906		22,149,479
		30,180,488		25,358,355		35,034,061		36,413,857

Bank and other borrowings

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Analyzed into:				
Repayable within one year	13,793,224	9,411,467	10,319,155	14,264,378
Repayable in the second year	13,126,563	10,774,848	17,427,532	16,981,467
Repayable within two to five years	2,970,701	4,897,040	7,287,374	5,168,012
Repayable in more than five years	290,000	275,000	—	—
Subtotal	16,387,264	15,946,888	24,714,906	22,149,479
	<u>30,180,488</u>	<u>25,358,355</u>	<u>35,034,061</u>	<u>36,413,857</u>

The Group's borrowings are all denominated in RMB.

The Group's borrowings up to RMB5,862,949,000, RMB3,623,012,000, RMB3,477,075,000 and RMB3,367,364,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively, were borrowings with floating interest rate.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of each of the Relevant Periods as follows:

	Notes	31 December			30 June
		2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
Investment properties	14	<u>959,101</u>	<u>1,401,275</u>	<u>4,059,220</u>	<u>4,256,141</u>
Prepaid land lease payments	15	<u>6,890,077</u>	<u>681,221</u>	<u>4,442,747</u>	<u>1,237,475</u>
Properties under development	21	<u>19,314,896</u>	<u>27,494,809</u>	<u>14,015,451</u>	<u>18,774,915</u>
Completed properties held for sale	22	<u>381,936</u>	<u>788,815</u>	<u>4,247,233</u>	<u>4,442,124</u>
Restricted cash	25	<u>—</u>	<u>123,500</u>	<u>—</u>	<u>—</u>

The Controlling Shareholders have pledged with 108,100,800, 180,168,000, 162,151,200 and 270,252,000 shares of Zhenro Group Company for certain of the Group's other borrowings up to RMB57,699,000, RMB453,770,000, RMB346,153,000 and RMB1,044,155,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

Zhenro Group Company has guaranteed certain of the Group's bank and other borrowings up to RMB5,968,570,000, RMB5,040,043,000, RMB15,600,789,000 and RMB15,414,773,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

The Controlling Shareholders have guaranteed certain of the bank and other borrowings up to RMB4,674,232,000, RMB4,052,299,000, RMB3,380,328,000 and RMB3,096,905,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

In addition, Zhenro Group Company and the Controlling Shareholders have jointly guaranteed certain of the Group's bank loans up to RMB17,612,205,000, RMB10,120,651,000, RMB7,411,408,000 and RMB10,554,192,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

The Group have pledged future proceeds in respect of properties sold amounting to RMB926,190,000 and RMB873,720,000 as collateral to secure bank and other borrowings amounting to RMB484,350,000 and RMB600,000,000 as at 31 December 2016 and 30 June 2017, respectively.

Management of the Company has assessed that the fair values of interest-bearing bank borrowings and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

30. CORPORATE BOND

Name of bond	1 January 2016		Interest expense	31 December 2016	
	Opening balance	Issued in 2016		Payment	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Zhenro Bond I	—	1,957,790	30,987	—	1,988,777

Name of bond	1 January 2017		Interest		30 June 2017
	Opening balance	Issued in 2017	expense	Payment	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Zhenro Bond I	<u>1,988,777</u>	<u>—</u>	<u>70,108</u>	<u>—</u>	<u>2,058,885</u>

As at the end of each of the Relevant Periods, the Group's corporate bond was repayable as follows:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Repayable within two to five years	<u>—</u>	<u>—</u>	<u>1,988,777</u>	<u>2,058,885</u>

On 10 October 2016, Jiangxi Real Estate, a wholly-owned subsidiary of the Group issued three-year corporate bond with a principal amount of RMB2,000,000,000 ("Zhenro Bond I"), which were listed on the Shanghai Stock Exchange. Zhenro Bond I are denominated in RMB and bear interest rate at 6.4% per annum, payable annually in arrears on or on the business day nearest to 10 October of each year, beginning 10 October 2017. After deducting the issuance costs, the Group received net proceeds of RMB1,957,790,000 from the issuance. The effective interest rate is 7.22% on an annual basis for the year ended 31 December 2016 and the six months ended 30 June 2017.

According to the terms of Zhenro Bond I, Jiangxi Real Estate may at its option adjust the interest rate at the end of the second year which will be fixed in the remaining period, and the bondholders may at their option sell the bond back to Jiangxi Real Estate, in whole or in part, at a price equal to 100% of the principal amount of the bond plus accrued and unpaid interest to the option exercise date.

After initial recognition, the corporate bond is subsequently measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

The fair values of the corporate bond were RMB1,996,770,000 and RMB2,068,062,000 as at 31 December 2016 and 30 June 2017, respectively. The fair values are calculated using the market price of the bond on those dates. The fair value measurement of Zhenro Bond I issued by Jiangxi Real Estate is categorized within the level 1 of fair value hierarchy as they are listed on the Shanghai Stock Exchange.

31. SHARE CAPITAL**Share**

	31 December			30 June
	2014	2015	2016	2017
	US\$	US\$	US\$	US\$
Authorised:				
5,000,000 ordinary shares of				
US\$0.01 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
	31 December			30 June
	2014	2015	2016	2017
	RMB	RMB	RMB	RMB
Issued and fully paid:				
1 ordinary share at US\$0.01 each	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The Company was incorporated in the Cayman Islands on 21 July 2014 with an authorised share capital of US\$50,000 divided in 5,000,000 shares of US\$0.01 par value each. On its date of incorporation, 1 ordinary share of US\$0.01 was allotted by the Company to a subscriber, and was transferred to Warm Shine Limited, a company controlled by Mr. Ou Guowei, on the same date.

As at the date of this report, 3,618, 37,876, 3,630, 2,375, and 2,500 ordinary shares of US\$0.01 were allotted by the Company to Warm Shine Limited, RoYue Limited, RoSheng Limited RoJing Limited, and Sky Bridge Limited, respectively, then the issued share capital of the Company was US\$500.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 are presented in the combined statements of changes in equity.

(a) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interest in subsidiaries. Details of the movements in capital reserve are set out in the combined statements of changes in equity.

(b) Statutory surplus reserves

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(c) Merger reserves

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganisation.

33. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest- bearing bank and other borrowings	Corporate bond	Due to shareholders	Due to related companies	Total liabilities from financing activities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014.	14,906,474	—	89,428	2,259,705	17,255,607
Cash flows from financing activities	15,274,014	—	3,764	(1,081,247)	14,196,531
Cash flows from non-financing activities	—	—	—	(824)	(824)
Non-cash changes	—	—	—	—	—
At 31 December 2014	<u>30,180,488</u>	<u>—</u>	<u>93,192</u>	<u>1,177,634</u>	<u>31,451,314</u>
Cash flows from financing activities	(4,822,133)	—	1,000	(407,247)	(5,228,380)
Cash flows from non-financing activities	—	—	—	4,204	4,204
Non-cash changes:					
Disposal of a subsidiary (note 34).	—	—	—	(351)	(351)
Debt-to-equity swap (note 38(vi))	—	—	—	(630,000)	(630,000)
At 31 December 2015	<u>25,358,355</u>	<u>—</u>	<u>94,192</u>	<u>144,240</u>	<u>25,596,787</u>
Cash flows from financing activities	9,675,706	1,957,790	(14,336)	(134,778)	11,484,382
Cash flows from non-financing activities	—	—	—	(1,814)	(1,814)
Non-cash changes :					
Accrual of interest (note 30)	—	30,987	—	—	30,987
At 31 December 2016	<u>35,034,061</u>	<u>1,988,777</u>	<u>79,856</u>	<u>7,648</u>	<u>37,110,342</u>
Cash flows from financing activities	1,379,796	—	—	262,359	1,642,155
Cash flows from non-financing activities	—	—	—	11,972	11,972
Non-cash changes:					
Accrual of interest (note 30)	—	70,108	—	—	70,108
At 30 June 2017	<u><u>36,413,857</u></u>	<u><u>2,058,885</u></u>	<u><u>79,856</u></u>	<u><u>281,979</u></u>	<u><u>38,834,577</u></u>

34. DISPOSAL OF A SUBSIDIARY

福建昭誠貿易有限公司 (“Zhaocheng Trading”)

Pursuant to the share transfer agreement dated 28 November 2015, the Group disposed of its 75% equity interest in Zhaocheng Trading to Zhenro Group Company for a cash consideration of RMB22,500,000. The consideration was determined by reference to the corresponding value of the equity interest of Zhaocheng Trading disposed of as at 28 November 2015.

	<u>2015</u>
	<u>RMB'000</u>
Net assets disposed of:	
Cash and cash equivalents	49
Prepayments, deposits and other receivables	87,155
Property, plant and equipment	10
Other payables, deposits received and accruals	(57,442)
Due to shareholders	<u>(351)</u>
	29,421
Non-controlling interests	(7,355)
Gain on disposal of a subsidiary	<u>434</u>
Satisfied by cash	<u><u>22,500</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	<u>RMB'000</u>
Cash consideration	22,500
Cash and cash equivalents disposed of	<u>(49)</u>
Net inflow of cash and cash equivalents in respect of the disposal of Zhaocheng Trading	<u><u>22,451</u></u>

35. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the combined financial statements were as follows:

		31 December			30 June
		2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	4,851,674	11,775,835	18,129,489	21,486,407
Guarantees given to banks and other institutions in connection with facilities granted to related companies and third parties	(2)	758,900	1,075,800	—	—
		<u>5,610,574</u>	<u>12,851,635</u>	<u>18,129,489</u>	<u>21,486,407</u>

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement the related properties were pledged to the banks as collaterals for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledge properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

- (2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies and third parties. The directors of the Company consider that no provision is needed in respect of the guarantees. Further details are included in note 21, note 22 and note 38 to the Historical Financial Information.

36. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out its investment properties (note 14) under operating lease arrangements with leases negotiated from terms ranging from 1 to 21 years. The terms of leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	10,309	44,960	54,353	103,229
In the second to fifth years, inclusive . . .	31,482	186,430	189,651	317,377
After five years	<u>27,783</u>	<u>189,320</u>	<u>210,949</u>	<u>306,447</u>
	<u>69,574</u>	<u>420,710</u>	<u>454,953</u>	<u>727,053</u>

As lessee

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of 1 to 5 years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	36,776	43,062	39,005	37,993
In the second to fifth years, inclusive . . .	<u>49,474</u>	<u>53,178</u>	<u>19,264</u>	<u>26,778</u>
	<u>86,250</u>	<u>96,240</u>	<u>58,269</u>	<u>64,771</u>

37. COMMITMENTS

In addition to the operating lease commitments detailed in note 36 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property development activities	10,108,847	10,437,436	6,982,580	7,207,405
Acquisition of land use rights	171,330	146,634	163,621	1,180,606
	<u>10,280,177</u>	<u>10,584,070</u>	<u>7,146,201</u>	<u>8,388,011</u>

38. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related party	Relationship with the Group
Mr. Ou Zongrong	Controlling Shareholders
Mr. Ou Guoqiang	Controlling Shareholders
Zhenro Group Company	Company controlled by the Controlling Shareholders
Mawei Investment	Company controlled by the Controlling Shareholders
福州正榮物業管理有限公司 ("Fuzhou Property Management")	Company controlled by the Controlling Shareholders
Jiangxi Property Management"	Company controlled by the Controlling Shareholders
正榮集團(上海)置業有限公司 ("Zhenro Group (Shanghai) Real Estate Co., Ltd.")	Company controlled by the Controlling Shareholders
上海正榮實業投資合夥企業(有限合夥) ("Zhenro LP")	Entity controlled by the Controlling Shareholders
長沙正榮正泰置業有限公司 ("Changsha Zhenro Zhengtai")	Joint Venture
武漢正榮正升置業有限公司 ("Wuhan Zhengsheng")	Joint Venture
蘇州融輝置業有限公司 ("Suzhou Ronghui")	Joint Venture
南昌建美房地產有限公司 ("Nanchang Jianmei")	Joint Venture

Name of related party	Relationship with the Group
合肥碧榮房地產有限公司 ("Hefei Birong")	Joint Venture
合肥和桂房地產有限公司 ("Hefei Hegui")	Joint Venture
鄭州盛清房地產開發有限公司 ("Zhengzhou Shengqing")	Associate
正榮公益基金會 ("Zhenro Foundation")	A close family member of the Controlling Shareholders is the director of the charity

(2) Significant related party transactions

The following transactions were carried out with related parties during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'00
Advance from a shareholder:					
Mr. Ou Guoqiang	5,000	1,000	—	—	—
Advances from related companies:					
Zhenro Group Company	16,905,699	28,823,148	25,523,232	6,479,962	—
Mawei Investment	75,763	1,245,684	600,000	—	—
Zhenro Group (Shanghai) Real Estate Co., Ltd.	—	45,000	—	—	—
Changsha Zhenro Zhengtai	—	—	640,610	30,120	60,000
Suzhou Ronghui	—	—	—	—	202,359
Repayment of advance from a shareholder:					
Mr. Ou Guoqiang	1,236	—	14,336	—	—
Repayment of advances from related companies:					
Zhenro Group Company	18,056,408	29,295,711	25,523,232	6,339,311	—
Mawei Investment	6,301	1,225,368	689,778	89,778	—
Zhenro Group (Shanghai) Real Estate Co., Ltd.	—	—	45,000	45,000	—
Changsha Zhenro Zhengtai	—	—	640,610	—	—
Suzhou Ronghui	—	—	—	—	—
Advance to a shareholder:					
Mr. Ou Guoqiang	—	—	8,210	6,526	2,763

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'00
Advances to related companies:					
Zhenro Group Company	—	5,455,353	954,286	388,948	—
Changsha Zhenro Zhengtai	—	—	1,842,994	530,944	650,980
Wuhan Zhengsheng	—	—	8,209,927	—	148,000
Zhengzhou Shengqing	—	—	—	—	318,149
Hefei Birong	—	—	—	—	555,378
Nanchang Jianmei	—	—	—	—	147,079
Hefei Hegui	—	—	—	—	601,920
Repayment of advances to related companies:					
Zhenro Group Company	—	3,345,299	3,009,465	2,353,478	53,900
Changsha Zhenro Zhengtai	—	—	1,452,994	—	622,080
Wuhan Zhengsheng	—	—	7,202,751	—	1,095,176
Zhengzhou Shengqing	—	—	—	—	70,683
Hefei Birong	—	—	—	—	334,714
Property management services from related companies: <i>(Note)</i>					
Fuzhou Property Management	5,967	14,009	8,073	3,988	2,538
Jiangxi Property Management	30,993	75,480	114,678	46,518	42,746
Design consultation services to joint ventures: <i>(Note)</i>					
Changsha Zhenro Zhengtai	—	—	586	—	—
Wuhan Zhengsheng	—	—	275	—	—

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(3) Other transactions with related parties

- (i) The Controlling Shareholders have pledged 108,100,800, 180,168,000, 162,151,200 and 270,252,000 shares of Zhenro Group Company for certain of the Group's other borrowings up to RMB57,699,000, RMB453,770,000, RMB346,153,000 and RMB1,044,155,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.
- (ii) Zhenro Group Company has guaranteed certain of the Group's bank and other borrowings up to RMB5,968,570,000, RMB5,040,043,000, RMB15,600,789,000 and RMB15,414,773,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

- (iii) The Controlling Shareholders have guaranteed certain of the bank and other borrowings up to RMB4,674,232,000, RMB4,052,299,000, RMB3,380,328,000 and RMB3,096,905,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.
- (iv) Zhenro Group Company and the Controlling Shareholders have jointly guaranteed certain of the Group's bank loans up to RMB17,612,205,000, RMB10,120,651,000, RMB7,411,408,000 and RMB10,554,192,000 as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.
- (v) Pursuant to the share transfer agreement dated 28 November 2015, the Group disposed of its 75% equity interest in Zhaocheng Trading to Zhenro Group Company for a consideration of RMB22,500,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.
- (vi) Pursuant to the debt-to-equity swap agreement dated 28 December 2015, 350,000,000 ordinary shares of Zhenro Property Holdings, a subsidiary of the Group, were issued at RMB1 each to Zhenro Group Company to swap debt due to Zhenro Group Company of RMB630,000,000, which resulted in merger reserves of RMB630,000,000.
- (vii) Pursuant to the investment agreement dated 30 July 2015, Zhenro Fund established Zhenro LP as a financing vehicle to provide loans to the Group for real estate development. The effective annual interest rate ranged from 11.80% to 15.62% per annum with the maturity period ranging from 3 months to one year. The Group granted the income right from future sales of certain properties to Zhenro LP as collateral. As at 31 December 2015 and 2016, and 30 June 2017, the balances of borrowings from Zhenro LP amounted to RMB507,446,000, RMB643,455,000 and RMB121,687,000 respectively. These loans were included in interest-bearing bank and other borrowings on the face of the combined statements of financial position of the Group.
- (viii) The Group has guaranteed certain bank and other borrowings of Mawei Investment to the extent of RMB400,000,000 as at 31 December 2015. The abovementioned loans were also secured by the pledges of the Group's properties under development with a carrying value of RMB258,015,000 as at 31 December 2015. Further details are included in note 21 to the Historical Financial Information.
- (ix) The Group has guaranteed certain bank loans of Jiangxi Property Management to the extent of RMB20,000,000 as at 31 December 2015. The abovementioned loans were also secured by the pledges of the Group's assets with a carrying value of RMB1,695,000 as at 31 December 2015. Further details are included in note 22 to the Financial Information.
- (x) The Group has donated up to RMB2,555,000 and RMB2,912,000 to Zhenro Foundation for the year ended 31 December 2016 and the six months ended 30 June 2017, respectively.

(4) Outstanding balances with related parties

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Due from a shareholder:				
Non trade-related:				
Mr. Ou Guoqiang	—	—	8,210	10,973
Due from related companies:				
Non trade-related:				
Hefei Hegui	—	—	—	601,920
Changsha Zhenro Zhengtai	—	—	390,000	418,900
Zhengzhou Shengqing	—	—	—	247,466
Hefei Birong	—	—	—	220,664
Nanchang Jianmei	—	—	—	147,079
Wuhan Zhengsheng	—	—	1,007,176	60,000
Zhenro Group Company	—	2,110,054	54,875	975
	—	2,110,054	1,452,051	1,697,004
Due from related companies:				
Trade-related:				
Jiangxi Property Management	15,217	11,993	10,828	12,198
Due to shareholders:				
Non trade-related:				
Mr. Ou Guoqiang	72,474	73,474	59,138	59,138
Mr. Ou Zongrong	20,718	20,718	20,718	20,718
	93,192	94,192	79,856	79,856

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related companies:				
Non trade-related:				
Suzhou Ronghui	—	—	—	202,359
Changsha Zhenro Zhengtai	—	—	—	60,000
Zhenro Group Company	1,102,913	—	—	—
Mawei Investment	69,462	89,778	—	—
Zhenro Group (Shanghai) Real Estate Co., Ltd.	—	45,000	—	—
	<u>1,172,375</u>	<u>134,778</u>	<u>—</u>	<u>262,359</u>
Due to related companies:				
Trade-related:				
Jiangxi Property Management	4,924	8,654	7,235	19,157
Fuzhou Property Management	335	808	413	463
	<u>5,259</u>	<u>9,462</u>	<u>7,648</u>	<u>19,620</u>

Balances with the above related parties were unsecured, non-interest bearing and had no fixed repayment terms.

(5) **Compensation of key management personnel of the Group:**

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term employee benefits	6,533	9,326	11,385	6,656
Pension scheme contributions	611	748	1,160	656
Total compensation paid to key management personnel	<u>7,144</u>	<u>10,074</u>	<u>12,545</u>	<u>7,312</u>

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

30 June 2017

Financial assets

	Loans and receivables	Available-for- sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 24)	740,732	—	740,732
Available-for-sale investments	—	508,578	508,578
Trade receivables	21,188	—	21,188
Due from related companies	1,709,202	—	1,709,202
Due from a shareholder	10,973	—	10,973
Restricted cash	3,819,566	—	3,819,566
Pledged deposits	758,334	—	758,334
Cash and cash equivalents	7,360,643	—	7,360,643
	<u>14,420,638</u>	<u>508,578</u>	<u>14,929,216</u>

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Trade and bills payables	4,965,027	4,965,027
Financial liabilities included in other payables, deposits received and accruals (note 27)	1,405,318	1,405,318
Interest-bearing bank and other borrowings (note 29)	36,413,857	36,413,857
Corporate bond	2,058,885	2,058,885
Due to shareholders	79,856	79,856
Due to related companies	281,979	281,979
	<u>45,204,922</u>	<u>45,204,922</u>

31 December 2016

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 24)	643,436
Trade receivables	10,205
Due from related companies	1,462,879
Due from a shareholder	8,210
Restricted cash	2,984,436
Pledged deposits	832,654
Cash and cash equivalents	<u>14,689,689</u>
	<u>20,631,509</u>

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Trade and bills payables	5,506,441	5,506,441
Financial liabilities included in other payables, deposits received and accruals (note 27)	249,884	249,884
Interest-bearing bank and other borrowings (note 29)	35,034,061	35,034,061
Corporate bond	1,988,777	1,988,777
Due to shareholders	79,856	79,856
Due to related companies	<u>7,648</u>	<u>7,648</u>
	<u>42,866,667</u>	<u>42,866,667</u>

31 December 2015

Financial assets

	Loans and receivables	Available-for- sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 24)	618,151	—	618,151
Available-for-sale investments	—	1,438,020	1,438,020
Trade receivables	4,038	—	4,038
Due from related companies	2,122,047	—	2,122,047
Restricted cash	1,726,115	—	1,726,115
Pledged deposits	519,007	—	519,007
Cash and cash equivalents	<u>2,530,727</u>	<u>—</u>	<u>2,530,727</u>
	<u>7,520,085</u>	<u>1,438,020</u>	<u>8,958,105</u>

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Trade and bills payables	4,517,130	4,517,130
Financial liabilities included in other payables, deposits received and accruals (note 27)	195,508	195,508
Interest-bearing bank and other borrowings (note 29)	25,358,355	25,358,355
Due to shareholders	94,192	94,192
Due to related companies	<u>144,240</u>	<u>144,240</u>
	<u>30,309,425</u>	<u>30,309,425</u>

31 December 2014

Financial assets

	Loans and receivables	Available-for- sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 24)	408,437	—	408,437
Available-for-sale investments	—	1,530	1,530
Trade receivables	13,985	—	13,985
Due from related companies	15,217	—	15,217
Restricted cash	275,949	—	275,949
Pledged deposits	335,545	—	335,545
Cash and cash equivalents	1,025,792	—	1,025,792
	<u>2,074,925</u>	<u>1,530</u>	<u>2,076,455</u>

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Trade and bills payables	2,231,161	2,231,161
Financial liabilities included in other payables, deposits received and accruals (note 27)	279,506	279,506
Interest-bearing bank and other borrowings (note 29)	30,180,488	30,180,488
Due to shareholders	93,192	93,192
Due to related companies	1,177,634	1,177,634
	<u>33,961,981</u>	<u>33,961,981</u>

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each of the Relevant Periods, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts				Fair values			
	31 December		30 June		31 December		30 June	
	2014	2015	2016	2017	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Available-for-sale investments								
(note 20)	1,530	1,438,020	—	508,578	1,530	1,438,020	—	508,578
Financial liabilities								
Interest-bearing bank and other								
borrowings (note 29)	30,180,488	25,358,355	35,034,061	36,413,857	30,160,156	25,494,584	35,088,130	36,425,468

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, amounts due from shareholders, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, amounts due to shareholders and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the fair value of the available-for-sale investments, management has estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the available-for-sale investments is categorised within Level 3 of the fair value hierarchy.

The Group's corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At the end of each of the Relevant Periods, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice year for annual financial reporting.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at each of the end of Relevant Periods:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Available-for-sale trust and fund investments	Discounted cash flow method	Discount rate	2.08% to 6.4%	1% increase (decrease) increase (decrease) in discount rate would result in the decrease (increase) in fair value of by RMB300, RMB2,991,000, nil and RMB325,000 as at 31 December 2014, 2015, and 2016 and 30 June 2017.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade and other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as available-for-sale investments, interest-bearing bank and other borrowings, amounts due to shareholders, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 29. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank borrowings and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB58,629,000, RMB36,230,000, RMB34,771,000 and RMB33,673,000 for the years ended 31 December 2014, 2015 and 2016 and six months ended 30 June 2017, respectively.

(b) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the Relevant Periods.

The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2017					
Interest-bearing bank and other borrowings	—	2,764,274	13,776,786	23,403,675	39,944,735
Corporate bond	—	—	128,000	2,256,000	2,384,000
Trade and bills payables	4,965,027	—	—	—	4,965,027
Other payables	2,896,446	—	—	—	2,896,446
Due to shareholders	79,856	—	—	—	79,856
Due to related companies	281,979	—	—	—	281,979
	<u>8,223,308</u>	<u>2,764,274</u>	<u>13,904,786</u>	<u>25,659,675</u>	<u>50,552,043</u>
31 December 2016					
Interest-bearing bank and other borrowings	—	2,114,986	10,653,312	26,635,452	39,403,750
Corporate bond	—	—	128,000	2,256,000	2,384,000
Trade and bills payables	5,506,441	—	—	—	5,506,441
Other payables	968,033	—	—	—	968,033
Due to shareholders	79,856	—	—	—	79,856
Due to related companies	7,648	—	—	—	7,648
	<u>6,561,978</u>	<u>2,114,986</u>	<u>10,781,312</u>	<u>28,891,452</u>	<u>48,349,728</u>
31 December 2015					
Interest-bearing bank and other borrowings	—	1,944,200	8,788,314	19,508,831	30,241,345
Trade and bills payables	4,517,130	—	—	—	4,517,130
Other payables	810,745	—	—	—	810,745
Due to shareholders	94,192	—	—	—	94,192
Due to related companies	144,240	—	—	—	144,240
	<u>5,566,307</u>	<u>1,944,200</u>	<u>8,788,314</u>	<u>19,508,831</u>	<u>35,807,652</u>
31 December 2014					
Interest-bearing bank and other borrowings	—	1,654,482	14,663,876	18,393,872	34,712,230
Trade and bills payables	2,231,161	—	—	—	2,231,161
Other payables	736,096	—	—	—	736,096
Due to shareholders	93,192	—	—	—	93,192
Due to related companies	1,177,634	—	—	—	1,177,634
	<u>4,238,083</u>	<u>1,654,482</u>	<u>14,663,876</u>	<u>18,393,872</u>	<u>38,950,313</u>

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, other payables, deposits received and accruals, amounts due to shareholders and amounts due to related companies less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December			30 June
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	2,231,161	4,517,130	5,506,441	4,965,027
Other payables, deposits received and accruals	736,096	810,745	968,033	2,896,446
Interest-bearing bank and other borrowings	30,180,488	25,358,355	35,034,061	36,413,857
Corporate bond	—	—	1,988,777	2,058,885
Due to shareholders	93,192	94,192	79,856	79,856
Due to related companies	1,177,634	144,240	7,648	281,979
Less: Cash and cash equivalents	<u>(1,025,792)</u>	<u>(2,530,727)</u>	<u>(14,689,689)</u>	<u>(7,360,643)</u>
Net debt	<u>33,392,779</u>	<u>28,393,935</u>	<u>28,895,127</u>	<u>39,335,407</u>
Equity attributable to owners of the parent	<u>1,560,796</u>	<u>6,149,013</u>	<u>7,974,754</u>	<u>8,375,599</u>
Capital and net debt	<u>34,953,575</u>	<u>34,542,948</u>	<u>36,869,881</u>	<u>47,711,006</u>
Gearing ratio	<u>96%</u>	<u>82%</u>	<u>78%</u>	<u>82%</u>

42. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

31 December 2016

	Percentage of equity interest held by non-controlling interests	Profit for the year allocated to non-controlling interests	Accumulated balances of non- controlling interests
	%	RMB'000	RMB'000
Mawei Real Estate	37.5	—	70,095
Suzhou Real Estate	37.29	—	199,391
Suzhou Property	48.09	—	227,998
Nanjing Investment	<u>49</u>	<u>—</u>	<u>297,602</u>

The following tables illustrate the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Mawei Real Estate	Suzhou Real Estate	Suzhou Property	Nanjing Investment
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	—	1,293,355	414,323	—
Total expenses	(41,411)	(1,102,415)	(404,413)	(58,461)
Income tax expense	—	(47,786)	(2,516)	14,089
Profit/(loss) and total comprehensive income for the year	<u>(41,411)</u>	<u>143,154</u>	<u>7,394</u>	<u>(44,372)</u>
Current assets	2,272,990	1,594,803	3,500,194	7,022,007
Non-current assets	116,759	4,380	20,476	105,245
Current liabilities	(2,115,191)	(715,935)	(2,575,484)	(5,518,721)
Non-current liabilities	<u>(87,638)</u>	<u>(348,545)</u>	<u>(471,080)</u>	<u>(1,001,179)</u>
Net cash flows from operating activities .	121,289	250,920	1,246,685	1,266,456
Net cash flows used in investing activities	(19,118)	(124)	(45)	—
Net cash flows from/(used in) financing activities	<u>184,787</u>	<u>(268,086)</u>	<u>(1,177,951)</u>	<u>(870,035)</u>
Net increase/(decrease) in cash and cash equivalent	<u>286,958</u>	<u>(17,290)</u>	<u>68,689</u>	<u>396,421</u>

30 June 2017

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the period allocated to non-controlling interests	Accumulated balances of non- controlling interests
	%	RMB'000	RMB'000
Pingtang Real Estate	49	64,373	119,498
Mawei Real Estate	37.5	19,838	173,971
Suzhou Real Estate	37.29	(9,374)	190,017
Suzhou Property	48.09	(1,734)	226,264
Hefei Yongtuo	<u>75</u>	<u>(1,122)</u>	<u>298,878</u>

The following tables illustrate the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Pingtang Real Estate	Mawei Real Estate	Suzhou Real Estate	Suzhou Property	Hefei Yongtuo
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	871,222	—	418,805	101,377	—
Total expenses	(641,334)	(4,519)	(390,473)	(103,893)	(1,496)
Income tax expense	(98,515)	57,421	(53,471)	(1,090)	—
Profit/(loss) and total comprehensive income for the period	<u>131,373</u>	<u>52,902</u>	<u>(25,139)</u>	<u>(3,606)</u>	<u>(1,496)</u>
Current assets	1,193,740	2,784,474	1,580,429	3,681,191	2,072,878
Non-current assets	27,652	205,432	17,276	26,221	53
Current liabilities	(977,519)	(2,434,979)	(790,371)	(2,868,308)	(1,674,429)
Non-current liabilities	<u>—</u>	<u>(91,004)</u>	<u>(297,769)</u>	<u>(368,603)</u>	<u>—</u>
Net cash flows from/(used in) operating activities	363,971	(115,609)	(184,722)	(125,602)	(298,827)
Net cash flows from/(used in) investing activities	—	—	445	15	(54)
Net cash flows from/(used in) financing activities	<u>(295,420)</u>	<u>(155,500)</u>	<u>200,979</u>	<u>6,774</u>	<u>300,000</u>
Net increase/(decrease) in cash and cash equivalent	<u>68,551</u>	<u>(271,109)</u>	<u>16,702</u>	<u>(118,813)</u>	<u>1,119</u>

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2017.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our combined net tangible assets as of 30 June 2017 as if it had taken place on 30 June 2017.

The unaudited pro forma adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 June 2017 or any future date. It is prepared based on our combined net tangible assets as of 30 June 2017 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Combined Net Tangible Assets of Our Group as of 30 June 2017	Estimated Net Proceeds from the Global Offering	Unaudited Pro Forma Adjusted Net Tangible Assets of our Group	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 4)
Based on an Offer Price					
Of HK\$4.08 per Share . . .	8,370,947	3,264,833	11,635,780	2.91	3.44
Based on an Offer Price Of					
HK\$3.40 per Share	8,370,947	2,709,419	11,080,366	2.77	3.28

Notes:

- (1) The combined net tangible assets attributable to owners of the Company as of 30 June 2017 is extracted from the Accountants' Report, which is based on the combined equity attributable to owners of the Company as of 30 June 2017 of approximately RMB8,376 million.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$4.08 per Share or HK\$3.40 per Share, after deduction of the underwriting fees and other related expenses payable by the Company and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.0 to RMB0.8456, the Renminbi central parity rate in effect on December 19, 2017 published by the PBOC.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 1,000,000,000 Shares in issue immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.8456, the Renminbi central parity rate in effect on December 19, 2017 published by the PBOC.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

To the Directors of Zhenro Properties Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Zhenro Properties Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 30 June 2017, and related notes as set out on pages II-1 to II-2 of the prospectus dated 28 December 2017 issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 30 June 2017 as if the transaction had taken place at 30 June 2017. 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 six months ended 30 June 2017, on which an accountants’ report has been published.

Directors’ responsibility for the Pro Forma Financial Information

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

Our independence and quality control

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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For 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 Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

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

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

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
28 December 2017

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2017 of the selected property interests held by Zhenro Properties Group Limited.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

28 December 2017

The Board of Directors
Zhenro Properties Group Limited
28/F Gubei International Fortune Center II
1438 Hongqiao Road
Changning District
Shanghai, PRC

Dear Sirs,

In accordance with your instructions to value the selected property interests held by Zhenro Properties Group Limited (the “**Company**”) and its subsidiaries, joint venture and associated company (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 October 2017 (the “**valuation date**”).

The selected property interests form part of property activities that each property has a carrying amount of 1% or more of the Group’s total assets and therefore the valuation report of these property interests are required to be included in this prospectus.

For the purpose of this report, we classified these properties as the property interests relating to “property activities” which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments.

Furthermore, we have adopted the below guidance on what constitutes a property interest: -

- (a) one or more units in the same building or complex;
- (b) one or more properties located at the same address or lot number;
- (c) one or more properties comprising an integrated facility;
- (d) one or more properties, structures or facilities comprising a property development project (even if there are different phases);

- (e) one or more properties held for investment within one complex;
- (f) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or
- (g) a project or phases of development presented to the public as one whole project or forming a single operating entity.

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

We have valued the property interests in Group I which are held for sale by the Group, portions of the property interests in Group II which are held for investment by the Group and property interests in Group IV which are held for future development by the Group by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificates/Tables/Reports or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates have been obtained, this also includes those property interests which the State-owned Land Use Rights Grant Contract’s have been signed, but the State-owned Land Use Rights Certificates have not been issued.

We have valued portions of the property interests in Group II which are held for investment by the Group by the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In valuing portions of the property interests in Group II which are construction in progress and held for investment by the Group and property interests in Group III which are currently under development by the Group, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

For the property interests in Group V which are contracted to be acquired by the Group, the Group has entered into agreements with the relevant government authorities. Since the Group has not yet obtained the State-owned Land Use Rights Certificates and/or the payment of the land premium has not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interests.

The respective valuation approach adopted for each group of the property interests is summarized as below (for details please refer to Page III-2):

<u>Group</u>	<u>Valuation Approach</u>
Group I - Properties held for sale by the Group in the PRC.	Comparison method
Group II - Properties held for investment by the Group in the PRC	
Completed properties	Income approach
Construction in progress and bare land	Comparison method
Group III - Properties held under development by the Group in the PRC. . . .	Comparison method
Group IV - Properties held for future development by the Group in the PRC.	Comparison method

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original

documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Commerce & Finance Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in the period between December 2016 and November 2017 by about 20 technical staff including Mr. Michael Yu, Mr. Arnold Gao, Ms. Jennifer Xu, Mr. Legend Zhan, Ms. Bella He and etc. They are Chartered Surveyors/China Certified Real Estate Appraisers/China Qualified Land Valuers/China Certified Public Valuers and have more than 4 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 23 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Properties held for sale by the Group in the PRC

Group II: Properties held for investment by the Group in the PRC

Group III: Properties held under development by the Group in the PRC

Group IV: Properties held for future development by the Group in the PRC

Group V: Properties contracted to be acquired by the Group in the PRC

“-” or N/A: Not Applicable or not available

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	value in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:		
1.	Portions of Fuzhou Zhenro Rivage Garden No. 77 Bin Jiang Xi Avenue Ganzhe Street Minhou County Fuzhou City Fujian Province The PRC	22,360,000	—	—	—	—	—	22,360,000
2.	Portions of Fuzhou Zhenro Fortune Center No. 18 Xinbao Road Shangjie Town Minhou County Fuzhou City Fujian Province The PRC	49,800,000	718,000,000	—	—	—	—	767,800,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group VI:	
3.	Fuzhou Mawei Zhenro Fortune Center located at the northern side of Shangqi Road Mawei District Fuzhou City Fujian Province The PRC	—	148,520,000	2,043,000,000	—	—	—	2,191,520,000
4.	Portions of Pingtan Zhenro Smooth Sea located at the northern side of Ruyi Road and the eastern side of Tiandashan Road Pingtan County Fuzhou City Fujian Province The PRC	297,000,000	—	438,000,000	—	—	—	735,000,000
5.	Pingtan Zhenro Royal Lake Bay located at the junction of Wan Bei Road and Ping Lan Er Road Pingtan Comprehensive Experimental Zone Fuzhou City Fujian Province The PRC	—	—	589,140,000	—	—	—	589,140,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
6.	Fuzhou Zhenro Mansion located at the western side of Guishan Road and the eastern side of Zhandong Road Jin'an District Fuzhou City Fujian Province The PRC	—	—	2,386,000,000	—	—	—	2,386,000,000
7.	Mawei Zhenro Top Mountain located at the eastern side of Yanshan West Road Mawei District Fuzhou City Fujian Province The PRC	—	—	353,000,000	—	—	—	353,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
8.	Fuzhou Zhenro Yue Lan Bay located at the western side of Jiangfu Road and the northern side of Bincheng Road Changjiang Village Minhou County Fuzhou City Fujian Province The PRC	—	—	479,000,000	—	—	No commercial value	479,000,000
9.	Pingtang Zhenro Yue Lake Bay located at the eastern side of Pinglaner Road and the northern side of Lancheng Road Pingtan County Fuzhou City Fujian Province The PRC	—	—	490,000,000	—	—	—	490,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	value in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	
10.	Pingtian Zhenro Mansion Phase 1 located at the western side of Xinggong Zhong Road and the southern side of Chengyi Road Pingtan City Fujian Province The PRC	—	—	—	—	No commercial value	No commercial value
11.	Pingtian Zhenro Mansion Phase 2 located at the south-western side of the intersection of Shunyi Road and Xinggong Zhong Road Pingtan City Fujian Province The PRC	—	—	—	—	No commercial value	No commercial value
12.	Mawei No. Mazhongdi 2017-07 located at the northern side of Yan Shan Xi Road Mawei District Fuzhou City Fujian Province The PRC	—	—	—	—	No commercial value	No commercial value

No.	Property	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	value in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	
13.	Fuzhou Zhenro Yuejingtai located at Qiyang Area Luoyuan County Fuzhou City Fujian Province The PRC	—	—	—	—	No commercial value	No commercial value
14.	Portions of Nanping Zhenro Fortune Center located at the eastern side of Binjiang East Road Yanping District Nanping City Fujian Province The PRC	275,000,000	—	300,000,000	330,000,000	—	905,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group VI:	
15.	Portions of Putian Zhenro Royal Family located at the junction of Dongyuan Road and Beida Road Licheng District Putian City Fujian Province The PRC	72,610,000	—	—	—	—	—	72,610,000
16.	Portions of Putian Zhenro Times Plaza located at the junction of Dongyuan Road and Beida Road Licheng District Putian City Fujian Province The PRC	37,500,000	576,770,000	—	—	—	—	614,270,000
17.	Portions of Putian Zhenro Litchi Garden No. 1122 Yi Shen Road Licheng District Putian City Fujian Province The PRC	2,390,000	—	—	—	—	—	2,390,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market value in existing state as at the valuation date
		in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	
		RMB	RMB	RMB	RMB	RMB	RMB	RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
18.	Portions of Putian Zhenro Royal Orchid Bay No. 367 Binlan Street Chengxiang District Putian City Fujian Province The PRC	740,000	—	—	—	—	—	740,000
19.	Portions of Putian Zhenro Fortune Center located at the south-eastern side of Liyuan Road and the south-western side of Tianfei Road Licheng District Putian City Fujian Province The PRC	839,430,000	3,100,670,000	—	217,780,000	—	—	4,157,880,000
20.	Portions of Putian Zhenro Smooth Jade located at the junction of Shengli North Road and Dongzhen Road Licheng District Putian City Fujian Province The PRC	1,978,120,000	—	—	—	—	—	1,978,120,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
21.	Putian Zhenro Mansion located at the southern side of Yuhu Road and the western side of Yingbin Avenue Licheng District Putian City Fujian Province The PRC	—	—	1,092,460,000	—	—	—	1,092,460,000
22.	Putian Zhenro Royal Mansion located at the northern side of Xiaocuo Road and the eastern side of Chenggang Avenue Chengxiang District Putian City Fujian Province The PRC	—	—	715,100,000	—	—	—	715,100,000
23.	Putian No. PS Pai-2017-10 located at West Lake Area Baitang Town Hanjiang District Putian City Fujian Province The PRC	—	—	—	1,018,300,000	—	—	1,018,300,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group VI:	
24.	Putian Binxi Zhenro Mansion located at the northern side of Binxi Road and the southern side of Ruxin Road Licheng District Putian City Fujian Province The PRC	—	—	—	—	No commercial value	No commercial value	No commercial value
25.	Putian Shishi Zhenro Mansion located at Chao Keng Village Lingxiu Town Quanzhou City Fujian Province The PRC	—	—	—	414,900,000	—	—	414,900,000
26.	Portions of Nanchang Zhenro The Capital of Great Loch No. 333 Zhenxing Avenue Liantang Town Nanchang County Nanchang City Jiangxi Province The PRC	243,500,000	103,260,000	—	—	—	—	346,760,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
27.	Portions of Nanchang Zhenro Royal Garden located at the northern side of Yunfei Road and the western side of Pengze Road Chaoyangzhou Nanchang City Jiangxi Province The PRC	7,600,000	—	—	—	—	—	7,600,000
28.	Portions of Nanchang Zhenro Royal Statue located at the western side of Fusheng Road, the southern side of Dingjiazhou Road and the eastern side of Yongle Road Chaoyang New Town Nanchang City Jiangxi Province The PRC	25,800,000	—	—	—	—	—	25,800,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
29.	Portions of Nanchang Zhenro Royal Quality located at the eastern side of Yongfu Road, the southern side of Dingjiazhou Road, the western side of Yongle Road and the northern side of Guidian Road Chaoyang New Town Nanchang City Jiangxi Province The PRC	122,500,000	—	—	—	—	—	122,500,000
30.	Portions of Nanchang Zhenro Royal Summit located at the southern side of Yunju Road, the eastern side of Jiangyun Road and the western side of Baoshi Road Chaoyang New Town Nanchang City Jiangxi Province The PRC	94,500,000	—	—	—	—	—	94,500,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
31.	Portions of Nanchang Zhenro The Country located at the northern side of Yunhai Road, the western side of Langong Road, the southern side of Laozhou Street and the eastern side of Binjiang Road Chaoyang New Town Nanchang City Jiangxi Province The PRC	133,800,000	—	—	—	—	—	133,800,000
32.	Portions of Nanchang Zhenro First Mansion No. 88 Dazhi Road Honggutan New District Nanchang City Jiangxi Province The PRC	41,250,000	—	—	—	—	—	41,250,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
33.	Portions of Nanchang Zhenro Embellish City located at the western side of Changzheng West Road, the eastern side of Changling Avenue and the northern side of Changwan Avenue Xincheng District Xinjian County Nanchang City Jiangxi Province The PRC	87,790,000	—	—	—	—	—	87,790,000
34.	Nanchang Zhenro Mansion located at the eastern side of Fuying Road, the southern side of Xiangzhang Road, the northern side of Chifu Road and the western side of Zijing Road, Economic Technology Development District Nanchang City Jiangxi Province The PRC	—	—	967,000,000	646,000,000	—	—	1,613,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	value in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	
35.	Nanchang West Lake Violet Mansion located at the southern side of Tuanjie Road and the eastern side of Xihetan Road Xihu District Nanchang City Jiangxi Province The PRC	—	—	192,000,000	—	—	192,000,000
36.	Portions of Yichun Zhenro Landscape Riverside No. 58 Luzhou North Road Yuanzhou District Yichun City Jiangxi Province The PRC	65,000	—	—	—	—	65,000
37.	Portions of Yichun Zhenro Royal Riverside located at the western side of Xiujiang East Road and the southern side of Yiyang Road Yuanzhou District Yichun City Jiangxi Province The PRC	195,080,000	—	389,600,000	4,750,000	—	589,430,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
38.	Portions of Changsha Zhenro Fortune Center located at the northern side of Wangwang East Road and the eastern side of Wangcheng Road Wangcheng County Changsha City Hunan Province The PRC	32,850,000	543,760,000	263,100,000	173,790,000	—	—	1,013,500,000
39.	Changsha Binjiang Zhenro Mansion located at the East Side of Yinshan Road Guanshaling Yuelu District Changsha City Hunan Province The PRC	—	—	—	979,000,000	—	—	979,000,000
40.	Portions of Nanjing Zhenro Splendid Land located at the junction of Wang Jiang Road and Lin Chu Road Pu Kou New District Nanjing City Jiangsu Province The PRC	4,267,000,000	—	3,089,000,000	—	—	—	7,356,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group VI:	
41.	Portions of Nanjing Zhenro Riverside Wonderland located at the junction of Zhen Nan He Road and He Xi Road Pu Kou New District Nanjing City Jiangsu Province The PRC	252,000,000	—	2,092,000,000	—	—	—	2,344,000,000
42.	Portions of Nanjing Zhenro Royal Fame located at the western side of Tian He Road Jianye District Nanjing City Jiangsu Province The PRC	4,129,000,000	—	3,349,000,000	—	—	—	7,478,000,000
43.	Nanjing Zhenro Riverside Violet Mansion located at the eastern side of Wuhou Street and the northern side of Ye Cheng Road Jianye District Nanjing City Jiangsu Province The PRC	—	622,950,000	2,315,000,000	1,398,000,000	—	—	4,335,950,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group VI:	
44.	Chuzhou Zhenro Mansion located at the junction of Zuiweng Road and Rulin Road Nanqiao District Chuzhou City Anhui Province The PRC	—	—	—	447,000,000	—	—	447,000,000
45.	Portions of Suzhou Zhenro Royal Kingdom located at the eastern side of Dongfang Avenue and the northern side of Dushu Lake Ecological Park Wuzhong Economic Development Zone Suzhou City Jiangsu Province The PRC	1,046,000,000	—	11,800,000	—	—	—	1,057,800,000
46.	Portions of Suzhou Zhenro Happiness Town located at the junction of Jin Feng Road and Feng Jiang Road Wuzhong District Suzhou City Jiangsu Province The PRC	1,889,000,000	—	—	—	—	—	1,889,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	value in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:		
47.	Suzhou Zhenro Top Mountain located at the south-western side of Zhenshan Road and the north-eastern side of Shanqiaobang Greenland Tong'an Town Gaoxin District Suzhou City Jiangsu Province The PRC	—	—	1,010,000,000	—	—	—	1,010,000,000
48.	Suzhou Zhenro Majestic Garden located at the northern side of Taiyang Road and the western side of Yuting Grand Hotel Wangting Town Xiangcheng District Suzhou City Jiangsu Province The PRC	—	—	422,000,000	—	—	—	422,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market value in existing state as at the valuation date
		in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	in existing state as at the valuation date	
		RMB	RMB	RMB	RMB	RMB	RMB	RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
49.	Suzhou No. Sudi 2016-WG-77 located at the eastern side of Xixia Street, the western side of Leishan Road, the southern side of East Taihu Road and the northern side of Jizhi Street Taihu New Town Wuzhong District Suzhou City Jiangsu Province The PRC	—	—	2,092,330,000	656,550,000	—	—	2,748,880,000
50.	Suzhou WJ-J-2017-019 located at the northern side of Qianlong Qu, Shengze Town Wujiang District Suzhou City Jiangsu Province The PRC	—	—	985,170,000	—	—	—	985,170,000

No.	Property	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	value in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	
51.	Suzhou Yue Tang Bay Garden House No. 1111 Zhong Xin Avenue Shengze Town Wujiang District Suzhou City Jiangsu Province The PRC	—	—	1,641,900,000	293,700,000	—	1,935,600,000
52.	Suzhou No. 320582004060GB00020 and 320582004060GB00022 located at the western side of Binhe Road and southern side of Xinglian Road Jinfeng Town Suzhou City Jiangsu Province The PRC	—	—	—	—	No commercial value	No commercial value

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
53.	Suzhou No. 320517503401 located at the junction of Yuanlin Road and Xincheng Road Huangjing Town Taicang City Suzhou City Jiangsu Province The PRC	—	—	134,000,000	—	—	—	134,000,000
54.	Portions of Shanghai Hongqiao Zhenro Center located at the western side of Shengui Road and the eastern side of Shenhong Road Minhang District Shanghai The PRC	1,134,000,000	191,970,000	1,848,000,000	—	—	—	3,173,970,000
55.	Portions of Shanghai Zhenro Royal Kingdom located at the eastern side of Fuyuan Road and the northern side of Malu River Luodian Town Baoshan District Shanghai The PRC	531,000,000	—	1,923,000,000	—	—	—	2,454,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group VI:	
56.	Portions of Shanghai Hongqiao Zhenro Mansion located at the eastern side of Lianmin Road and the western side of Dongxulian Road Lianmin Village Xujing Town Qingpu District Shanghai The PRC	2,259,000,000	907,620,000	1,441,000,000	—	—	—	4,607,620,000
57.	Portions of Shanghai Zhenro The Capital of Jinshan located at the eastern side of Xuefu Road, the southern side of Longhiao Road, the western side of Haifan Road and the northern side of Longxuan Road Jinshanwei Town Jinshan District Shanghai The PRC	40,000,000	—	1,577,000,000	254,000,000	—	—	1,871,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	value in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
58.	Portions of Shanghai Zhenro Fontainebleau located at the eastern side of Jingbo Road, the southern side of Jinghe Road, the western side of Jingrong Road and the northern side of Fengwan Road Fengjing Town Jinshan District Shanghai The PRC	8,000,000	—	1,229,000,000	—	—	—	1,237,000,000
59.	Portions of Tianjin Zhenro Jade Bay located at the southern side of Yuhe Road Zhongbei Town Xiqing District Tianjin The PRC	176,000,000	—	2,060,000,000	—	—	—	2,236,000,000
60.	Tianjin Zhenro Zhenro Mansion located at the junction of Huidong Road and Lujiang East Road Beichen District Tianjin The PRC	—	—	2,671,000,000	—	—	—	2,671,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group VI:	
61.	Tianjin No. Jinnanhonggua 2016-099 located at the southern side of Huanghe Road and the eastern side of Hongqi Road Nankai District Tianjin The PRC	—	372,740,000	—	1,580,000,000	—	—	1,952,740,000
62.	Xi'an Jingheng Rainbow Valley located at the western side of Yanxiang Road and the southern side of Chumlin Road Qujiang New District Xi'an City Shanxi Province The PRC	—	763,780,000	196,960,000	—	—	—	960,740,000
63.	Xi'an No. QJ10-8-484 and QJ10-8-485 located at the southern side of the Xianfeng Garden and the northern side of North Second Ring Road Xi'an City Shanxi Province The PRC	—	—	—	376,700,000	—	—	376,700,000

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	Group V:	
64.	Wuhan Zhenro Mansion located at the western side of Liantonggang Road and the southern side of Sixin North Road Hanyang District Wuhan City Hubei Province The PRC	—	—	1,018,000,000	201,700,000	—	—	1,219,700,000
65.	Wuhan Zhenro Royal Summit located at the eastern side of Minzu Avenue and the southern side of Nanhua Avenue Donghu New Technology Development Zone Wuhan City Hubei Province The PRC	—	—	—	4,826,800,000	—	—	4,826,800,000
66.	Hefei Capital Yue located at the eastern side of Dazhong Road and the northern side of Huaihai Avenue Xinzhan District Hefei City Anhui Province The PRC	—	—	1,424,000,000	2,432,000,000	—	—	3,856,000,000

No.	Property	Market value	Market value	Market value	Market value	Market value	The total market
		in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	in existing state as at the valuation date RMB	value in existing state as at the valuation date RMB
		Group I:	Group II:	Group III:	Group IV:	Group V:	
67.	Hefei City 1907 located at the southern side of Jialingjiang Road and the eastern side of Guizhou Road Binhu New District Hefei City Anhui Province The PRC	—	—	652,000,000	1,407,000,000	—	2,059,000,000
68.	Hefei Zhenro Mansion located at the eastern side of Changdu Road and the northern side of Zhujiang Road Binhu New District Hefei City Anhui Province The PRC	—	—	954,000,000	—	—	954,000,000
Total:		20,290,685,000	8,050,040,000	44,833,560,000	17,657,970,000	No commercial value	90,832,255,000

Note:

For portions of Property no. 8 and Property nos. 10 to 13, 24 and 52, as at the valuation date, these properties had not been assigned to the Group and thus the title of the properties had not been vested in the Group, the relevant land use rights certificates had not been obtained. Therefore, we have attributed no commercial value to the property.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>								
1.	Portions of Fuzhou Zhenro Rivage Garden No. 77 Bin Jiang Xi Avenue Ganzhe Street Minhou County Fuzhou City Fujian Province The PRC	<p>Fuzhou Zhenro Rivage Garden is located at No. 77 Bin Jiang Xi Avenue. It is well-served with public transportation. The locality is a residential area with several mega residential developments with street front shops, schools and parks.</p> <p>Fuzhou Zhenro Rivage Garden occupies 2 parcels of land with a total site area of approximately 51,447.20 sq.m., which had been developed into a residential development. The project was completed in 2015, and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Fuzhou Zhenro Rivage Garden with a total gross floor area of approximately 1,364.84 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">1,175.84</td> </tr> <tr> <td>Car parking spaces (7 Car parking lots)</td> <td style="text-align: right;"><u>189.00</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>1,364.84</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 1 May 2082 for residential use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	1,175.84	Car parking spaces (7 Car parking lots)	<u>189.00</u>	Total:	<u>1,364.84</u>	As at the valuation date, the property was vacant.	22,360,000
Usage	Gross Floor Area (sq.m.)											
Residential	1,175.84											
Car parking spaces (7 Car parking lots)	<u>189.00</u>											
Total:	<u>1,364.84</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 3501212011102005G dated 2 November 2011 and a Supplementary Contract dated 1 March 2012, the land use rights of 2 parcels of land with a site area of approximately 51,447.20 sq.m. were contracted to be granted to Zhenro (Minhou) Real Estate Development Co., Ltd. (正榮(閩侯)置業發展有限公司, “Minhou Real Estate”, a 63.00%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB239,000,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350121201200040, permission towards the planning of the aforesaid land parcels with a total site area of approximately 51,447.20 sq.m. has been granted to Minhou Real Estate.

3. Pursuant to 2 State-owned Land Use Rights Certificates — Hou Guo Yong (2012) Di Nos. 217828 and 217829, the land use rights of aforesaid land parcels with a total site area of approximately 51,447.20 sq.m. have been granted to Minhou Real Estate for a term of 70 years expiring on 1 May 2082 for residential use.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 350121201200162 and 350121201200151 in favour of Minhou Real Estate, Fuzhou Zhenro Rivage Garden with a total gross floor area of approximately 195,291.60 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Min Shi Zi (2012) No. 139 in favour of Minhou Real Estate, permission by the relevant local authority was given to commence the construction of Fuzhou Zhenro Rivage Garden with a gross floor area of approximately 158,791.50 sq.m.
6. Pursuant to 9 Pre-sale Permits — (2012) Hou Fang Xu Zi Di Nos. 073 and 093, (2013) Hou Fang Xu Zi Di Nos. 017, 031, 053, 130, 074 and 075 and (2015) Hou Fang Xu Zi Di No. 044 in favour of Minhou Real Estate, the Group is entitled to sell portions of Fuzhou Zhenro Rivage Garden (representing a total gross floor area of approximately 171,013 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Certificate — No. FJYSBA-0591-MH-0591-037 in favour of Minhou Real Estate, the construction of Fuzhou Zhenro Rivage Garden with a gross floor area of approximately 158,791.50 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development/building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties (within low and mid-rise buildings) ranges from RMB16,000 to RMB26,000 per sq.m. for residential units and RMB100,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Minhou Real Estate is legally and validly in possession of the land use rights of the property. Minhou Real Estate has the rights to occupy, use, lease and dispose of the land of the property;
 - b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Minhou Real Estate has the rights to legally occupy, use and lease these portions of the property; and
 - c. Minhou Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
2.	Portions of Fuzhou Zhenro Fortune Center No. 18 Xinbao Road Shangjie Town Minhou County Fuzhou City Fujian Province The PRC	<p>Fuzhou Zhenro Fortune Center is located at No. 18 Xinbao Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Fuzhou Zhenro Fortune Center occupies 2 parcels of land with a total site area of approximately 113,333.30 sq.m., which had been developed into a residential and commercial development. The project was completed in 2016, and its unsold portion (the “unsold units”) was vacant for sale or held for investment as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Fuzhou Zhenro Fortune Center with a total gross floor area of approximately 84,694.47 sq.m. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>The land use rights of the property have been granted for the terms expiring on 24 September 2083 for residential use and 24 September 2053 for commercial use.</p>	As at the valuation date, a portion of the property was vacant and the remaining portion of the property was rented to various third parties for commercial purpose.	767,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 35012120130104035G dated 4 January 2013, the land use rights of 2 parcels of land with a total site area of approximately 113,333.30 sq.m. were contracted to be granted to Zhenro (Minhou) Investment Development Co., Ltd. (正榮(閩侯)投資發展有限公司, “Minhou Investment”, an 85.00%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB1,277,000,000. Pursuant to above Grant Contract, upon completion, portions of the property with a total gross floor area of approximately 8,200.00 sq.m. for commercial use which would be complementarily transferred to the government.
2. Pursuant to 2 Construction Land Planning Permits — Di Zi Di Nos. 350121201300117 and 350121201300109, permissions towards the planning of the aforesaid land parcels with a total site area of approximately 113,333.30 sq.m. have been granted to Minhou Investment.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Hou Guo Yong (2013) Di Nos. 209348 and 209347, the land use rights of 2 parcels of land with a total site area of approximately 113,333.30 sq.m. have been granted to Minhou Investment for the terms expiring on 24 September 2083 for residential use and 24 September 2053 for commercial use.

4. Pursuant to 4 Construction Work Planning Permits — Jian Zi Di Nos. 350121201400223, 350121201500040, 350121201400054 and 350121201400078 in favour of Minhou Investment, Fuzhou Zhenro Fortune Center with a total gross floor area of approximately 394,482.77 sq.m. has been approved for construction.
5. Pursuant to 4 Construction Work Commencement Permits — Rong Gao Shi Zi (2014) Nos. 009, 019 and 030 and Rong Gao Shi Zi (2015) No. 011 in favour of Minhou Investment, permissions by the relevant local authority were given to commence the construction of Fuzhou Zhenro Fortune Center with a total gross floor area of approximately 394,482.77 sq.m.
6. Pursuant to 11 Pre-sale Permits — (2014) Hou Fang Xu Zi Di Nos. 036, 069, 064, 086, 113, 112 and 118, (2015) Hou Fang Xu Zi Di Nos. 040, 069, and 047 and (2016) Hou Fang Xu Zi Di No. 078 in favour of Minhou Investment, the Group is entitled to sell portions of Fuzhou Zhenro Fortune Center (representing a total gross floor area of approximately 278,619.00 sq.m.) to purchasers.
7. Pursuant to 4 Construction Work Completion and Inspection Reports in favour of Minhou Investment, the construction of Fuzhou Zhenro Fortune Center with a total gross floor area of approximately 394,482.77 sq.m. has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	119.25	
	Retail	841.32	
	SOHO	544.17	
	Car parking spaces	5,991.21	229
	Sub-total:	7,495.95	229
Group II — held for investment by the Group	Retail	47,362.42	
	Basement (inclusive of car parking spaces)	29,836.10	445
	Sub-total:	77,198.52	445
	Total:	84,694.47	674

9. Pursuant to 96 Tenancy Agreements entered into between Minhou Investment and various independent third parties, portions of the property with a total gross floor area of approximately 56,366.44 sq.m. are leased to 96 tenants for commercial purpose with the expiry dates between 15 December 2019 and 31 March 2032, and the total monthly rent receivable as at the valuation date is approximately RMB1,990,000, exclusive of management fees, water and electricity charges. As advised by the Group, Minhou Investment or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by the tenants.
10. Our valuation has been made on the following basis and analysis:
 - a. For the portion of the property in Group I, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential, retail and office units and car parking spaces within the same development/building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges

from RMB11,000 to RMB13,500 per sq.m. for residential units, RMB20,000 to RMB42,000 per sq.m. for commercial units, RMB12,000 to RMB17,000 per sq.m. for office units and RMB146,000 to RMB160,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;

- b. For the remaining portion of the property in Group II, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the shopping mall of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;
 - c. The unit rent of these comparable commercial units on the first floor basis range from RMB3.5 to RMB4.5 per sq.m. per day; and
 - d. Based on our research on commercial market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 4% to 6%, and for car parking spaces, the stabilized market yield ranged from 2.5% to 3.5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.0% for the shopping mall and 3.5% for car parking spaces as the capitalization rate in the valuation.
11. Pursuant to a mortgage contract and relevant agreements, the land use rights of a parcel of land of the property are subject to the mortgages in favor of a third party.
 12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Minhou Investment is legally and validly in possession of the land use rights of the property. Minhou Investment has the rights to occupy, use, lease and dispose of the land of the property except the land parcel mentioned in note 11. For the land parcel mentioned in note 11 which is subject to the aforesaid mortgage, Minhou Investment has the rights to occupy and use this land parcel, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Minhou Investment has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Minhou Investment has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
 13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. State-owned Land Use Rights Certificate	Yes
c. Building Ownership Certificate	No
d. Construction Land Planning Permit	Yes
e. Construction Work Planning Permit	Yes
f. Construction Work Commencement Permit	Yes
g. Pre-sale Permit	Portion
h. Construction Work Completion and Inspection Certificate/Table/Report	Yes

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	49,800,000
Group II — held for investment by the Group	<u>718,000,000</u>
Total:	<u><u>767,800,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
3.	Fuzhou Mawei Zhenro Fortune Center located at the northern side of Shangqi Road Mawei District Fuzhou City Fujian Province The PRC	<p>Fuzhou Mawei Zhenro Fortune Center is located at the northern side of Shangqi Road, the eastern side of Junzhu Road, the southern side of Xingda Road and the western side of Jianxing Road. It is well-served with adequate facilities and public transportation. The locality is a mature residential area.</p> <p>Fuzhou Mawei Zhenro Fortune Center occupies a parcel of land with a site area of approximately 67,031.50 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in January 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 251,888.87 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Fuzhou Mawei Zhenro Fortune Center. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,998,000,000, of which approximately RMB1,571,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 11 February 2085 for residential use and 11 February 2055 for commercial use.</p>	As at the valuation date, the property was under construction.	2,191,520,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Rong Ma Di Gua He No. (2014) - 03 dated 18 February 2014 and a Supplementary Contract dated 10 March 2014, the land use rights of a parcel of land with a site area of approximately 67,031.50 sq.m. were contracted to be granted to Zhenro (Mawei) Real Estate Development Co., Ltd. (正榮(馬尾)置業發展有限公司, “Mawei Real Estate”, a 62.50%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB856,650,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350105201400016, permission towards the planning of the aforesaid land parcel with a site area of approximately 67,031.50 sq.m. has been granted to Mawei Real Estate.
3. Pursuant to a State-owned Land Use Rights Certificate — Rong Guo Yong (2015) Di No. MD0001246, the land use rights of the aforesaid land parcel with a site area of approximately 67,031.50 sq.m. have been granted to Mawei Real Estate for the terms expiring on 11 February 2085 for residential use and 11 February 2055 for commercial use.
4. Pursuant to 3 Construction Work Planning Permits — Jian Zi Di Nos. 350105201510019, 350105201510020 and 350105201660013 in favour of Mawei Real Estate, Fuzhou Mawei Zhenro Fortune Center with a total gross floor area of approximately 253,197.56 sq.m. have been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 350105201505260101 and 350105201504240301 in favour of Mawei Real Estate, permissions by the relevant local authority were given to commence the construction of Fuzhou Mawei Zhenro Fortune Center with a total gross floor area of approximately 253,197.56 sq.m.
6. Pursuant to 12 Pre-sale Permits — (2015) Rong Fang Xu Zi Di Nos. 0319, 0333, 0358, 0415, 0416, (2016) Rong Fang Xu Zi Di Nos. 0044, 0094, 0098, 0121 and (2016) Rong Fang Xu Zi Di Nos. 0035, 0049 and 0085 in favour of Mawei Real Estate, the Group is entitled to sell portions of Fuzhou Mawei Zhenro Fortune Center (representing a total gross floor area of approximately 149,358.27 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group II — held for investment by the Group	Retail	16,823.41	
	Sub-total:	16,823.41	
Group III — held under development by the Group	Residential	117,289.50	
	Retail	15,914.07	
	SOHO	46,595.76	
	Basement (inclusive of car parking spaces)	49,613.93	1,301
	Ancillary	5,652.20	
	Sub-total:	235,065.46	1,301
	Total:	251,888.87	1,301

8. As advised by the Group, various residential units, SOHO units and retail units with a total gross floor area of approximately 135,917.84 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,847,836,291. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,008,000,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are located in the area close to the subject property, which were transacted in 2017. The comparables are residential, retail and SOHO units and car parking spaces of high-rise residential and commercial buildings completed between 2016 and 2017 or to be completed and with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB16,000 to RMB22,000 per sq.m. for residential units, RMB21,000 to RMB33,000 per sq.m. for retail units on the first floor, RMB12,000 to RMB16,000 per sq.m. for SOHO units and RMB170,000 to RMB190,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Mawei Real Estate is legally and validly in possession of the land use rights of the property. Mawei Real Estate has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
- b. Mawei Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
- c. Mawei Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group II — held for investment by the Group	148,520,000
Group III — held under development by the Group	<u>2,043,000,000</u>
Total:	<u><u>2,191,520,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
4.	Portions of Pingtan Zhenro Smooth Sea located at the northern side of Ruyi Road and the eastern side of Tiandashan Road Pingtan County Fuzhou City Fujian Province The PRC	<p>Pingtan Zhenro Smooth Sea is located at the northern side of Ruyi Road and the eastern side of Tiandashan Road. It is well-served with public transportation. The locality is a mature residential and commercial area.</p> <p>Pingtan Zhenro Smooth Sea occupies a parcel of land with a site area of approximately 86,217.00 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed between 2016 and 2017, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in September 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 57,748.78 sq.m.</p> <p>As at the valuation date, the property comprised the unsold units and CIP of Pingtan Zhenro Smooth Sea. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB289,000,000, of which approximately RMB276,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 27 April 2084 for residential use and 27 April 2054 for commercial use.</p>	As at the valuation date, the unsold portion of the property was vacant and the remaining portion of the property was under construction.	735,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract— Lan Zong Shi Tu Rang (2013) No. 7 dated 16 October 2013 and a Supplementary Contract dated 28 November 2013, the land use rights of a parcel of land with a site area of approximately 86,217.00 sq.m. were contracted to be granted to Zhenro Shantian (Pingtan) Real Estate Development Co., Ltd. (正榮山田(平潭)置業發展有限公司, “Pingtan Real Estate”, a 51.00%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB463,550,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350128201400003, permission towards the planning of the aforesaid land parcel with a site area of approximately 86,217.00 sq.m. has been granted to Pingtan Real Estate.
3. Pursuant to a State-owned Land Use Rights Certificate — Ping Tan Guo Yong (2014) Di No. 01091, the land use rights of the aforesaid land parcel with a site area of approximately 86,217.00 sq.m. have been granted to Pingtan Real Estate for the terms of 70 years expiring on 27 April 2084 for residential use and 40 years expiring on 27 April 2054 for commercial use.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 350128201400014 and 350128201400063 in favour of Pingtan Real Estate, Pingtan Zhenro Smooth Sea with a total gross floor area of approximately 352,994.70 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 350400201409110101 and 350128201412310201 in favour of Pingtan Real Estate, permissions by the relevant local authority were given to commence the construction of Pingtan Zhenro Smooth Sea with a total gross floor area of approximately 352,994.70 sq.m.
6. Pursuant to 14 Pre-sale Permits — (2014) Lan Zong Shi Fang Xu Zi Di No. 12 and (2015) Lan Zong Shi Fang Xu Zi Di Nos. 1, 3, 10, 15, 16, 19, 22, 24, 25, 30, 33, 35 and 36 in favour of Pingtan Real Estate, the Group is entitled to sell portions of Pingtan Zhenro Smooth Sea (representing a total gross floor area of approximately 272,052.08 sq.m.) to purchasers.
7. Pursuant to 2 Construction Work Completion and Inspection Reports in favour of Pingtan Real Estate, the construction of portions of Pingtan Zhenro Smooth Sea with a gross floor area of approximately 295,245.92 sq.m. has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	17,460.45	
	Retail	11,572.66	
	Sub-total:	29,033.11	
Group III — held under development by the Group	Residential	39,861.84	
	Retail	4,986.69	
	Basement (inclusive of car parking spaces)	12,900.25	560
	Sub-total:	57,748.78	560
	Total:	86,781.89	560

9. As advised by the Group, various residential units and retail units with a total gross floor area of approximately 42,388.69 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB383,470,441. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB450,000,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB7,500 to RMB9,000 per sq.m. for residential units and RMB8,000 to RMB20,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Pingtan Real Estate is legally and validly in possession of the land use rights of the property. Pingtan Real Estate has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
- b. Pingtan Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
- c. Pingtan Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Report/Certificate/Table/Report	Portion

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	297,000,000
Group III — held under development by the Group	<u>438,000,000</u>
Total:	<u><u>735,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
5.	Pingtan Zhenro Royal Lake Bay located at the junction of Wan Bei Road and Ping Lan Er Road Pingtan Comprehensive Experimental Zone Fuzhou City Fujian Province The PRC	<p>Pingtan Zhenro Royal Lake Bay is located at the northern side of Zhuyu Lake enjoying graceful nature view. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Pingtan Zhenro Royal Lake Bay occupies a parcel of land with a site area of approximately 23,228.00 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in December 2018. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 109,428.14 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Pingtan Zhenro Royal Lake Bay. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB547,000,000, of which approximately RMB362,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 30 July 2085 for residential use and 30 July 2055 for commercial use.</p>	As at the valuation date, the property was under construction.	589,140,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Lan Huan Tu Rang (2015) No. 3 dated 20 March 2015 and a Supplementary Contract dated 20 April 2015, the land use rights of a parcel of land with a site area of approximately 23,228.00 sq.m. were contracted to be granted to Zhenro Shantian (Pingtan) Investment Co., Ltd. (正榮山田(平潭)投資發展有限公司, "Pingtan Investment", a 51.00%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB120,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350128201500011, permission towards the planning of the aforesaid land parcel with a site area of approximately 23,227.64 sq.m. has been granted to Pingtan Investment.
3. Pursuant to a State-owned Land Use Rights Certificate — Ping Tan Guo Yong (2015) Di No. 000728, the land use rights of the aforesaid land parcel with a site area of approximately 23,228.00 sq.m. have been granted to Pingtan Investment for the terms expiring on 30 July 2085 for residential use and 30 July 2055 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350128201500014 in favour of Pingtan Investment, Pingtan Zhenro Royal Lake Bay with a total gross floor area of approximately 109,428.14 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 350128201509150201 in favour of Pingtan Investment, permission by the relevant local authority was given to commence the construction of Pingtan Zhenro Royal Lake Bay with a gross floor area of approximately 109,428.14 sq.m.
6. Pursuant to 2 Pre-sale Permits — (2015) Lan Zong Shi Fang Xu Zi Di No. 31 and (2016) Lan Zong Shi Fang Xu Zi Di No. 6 in favour of Pingtan Investment, the Group is entitled to sell portions of Pingtan Zhenro Royal Lake Bay (representing a total gross floor area of approximately 86,834.41 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

<u>Group</u>	<u>Usage</u>	<u>Gross Floor Area (sq.m.)</u>	<u>Nos. of car parking space</u>
Group III — held under development by the Group	Residential	82,879.19	
	Retail	4,444.78	
	Basement (inclusive of car parking spaces)	19,228.51	595
	Ancillary	2,875.66	
	Total:	109,428.14	595

8. As advised by the Group, various residential and retail units with a total gross floor area of approximately 86,834.41 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB770,260.33. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB822,000,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property, which were transacted in 2016 and 2017. The unit price of these comparable properties ranges from RMB8,000 to RMB9,500 per sq.m. for residential units, RMB15,000 to RMB23,000 per sq.m. for retail units and RMB82,000 to RMB105,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Pingtan Investment is legally and validly in possession of the land use rights of the property. Pingtan Investment has the rights to occupy, use, lease and dispose of the land of the property;
- b. Pingtan Investment has obtained all requisite construction work approvals in respect of the actual development progress; and
- c. Pingtan Investment has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
6.	Fuzhou Zhenro Mansion located at the western side of Guishan Road and the eastern side of Zhandong Road Jin'an District Fuzhou City Fujian Province The PRC	<p>Fuzhou Zhenro Mansion is located at the western side of Guishan Road and the eastern side of Zhandong Road. The locality is a mature residential area with public transportation with 10 minutes' driving distance to Fuzhou Railway Station.</p> <p>Fuzhou Zhenro Mansion occupies a parcel of land with a site area of approximately 66,872.00 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in December 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 214,784.09 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Fuzhou Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB2,998,000,000, of which approximately RMB2,126,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 4 July 2086 for residential use, 3 July 2056 for commercial use and 3 July 2066 public service and transportation use.</p>	As at the valuation date, the property was under construction.	2,386,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 35010020151223P080 dated 4 January 2016, the land use rights of a parcel of land with a site area of approximately 66,872.00 sq.m. were contracted to be granted to Zhenro (Fuzhou) Investment Development Co., Ltd. (正榮(福州)投資發展有限公司, "Fuzhou Investment", a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial service use, 50 years for public service and transportation uses and 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,910,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350101201600047, permission towards the planning of the aforesaid land parcel with a site area of approximately 66,871.00 sq.m. has been granted to Fuzhou Investment.
3. Pursuant to a State-owned Land Use Rights Certificate — Rong Guo Yong (2016) Di No. 33431900147, the land use rights of the aforesaid land parcel with a site area of approximately 66,872.00 sq.m. have been granted to Fuzhou Investment for the terms expiring on 4 July 2086 for residential use, 3 July 2056 for commercial use and 3 July 2066 public service and transportation use.
4. Pursuant to 4 Construction Work Planning Permits — Jian Zi Di Nos. 350101201610108, 350101201610154, 350101201610157 and 350101201710024 in favour of Fuzhou Investment, Fuzhou Zhenro Mansion with a total gross floor area of approximately 215,384.13 sq.m. has been approved for construction.
5. Pursuant to 4 Construction Work Commencement Permits — Nos. 350100201609130101, 350100201612210101, 350100201702270101 and 350100201704210101 in favour of Fuzhou Investment, permissions by the relevant local authority were given to commence the construction of Fuzhou Zhenro Mansion with a gross floor area of approximately 215,341.65 sq.m.
6. Pursuant to 2 Pre-sale Permits — (2016) Rong Fang Xu Zi Di Nos. 0151 and (2016) Rong Fang Xu Zi Di No. 0170 in favour of Fuzhou Investment, the Group is entitled to sell portions of Fuzhou Zhenro Mansion (representing a total gross floor area of approximately 31,344.07 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	118,377.51	
	Resettlement housing	15,000.00	
	Retail	10,000.00	
	Resettlement retail	20,000.00	
	Basement (inclusive of car parking spaces)	43,467.43	1,173
	Ancillary	7,939.15	
	Total:	<u>214,784.09</u>	<u>1,173</u>

8. As advised by the Group, various residential units and retail units with a total gross floor area of approximately 21,771.40 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB598,928,751. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB4,372,000,000.

10. Our valuation has been made on the following basis and analysis:
- a. As advised by the Group, the buyback price of the resettlement housing units and resettlement retail units is RMB6,500 per sq.m.; and
 - b. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB28,000 to RMB33,000 per sq.m. for residential units, RMB30,000 to RMB50,000 per sq.m. for retail units and RMB250,000 to RMB300,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.
11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Fuzhou Investment is legally and validly in possession of the land use rights of the property. Fuzhou Investment has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Fuzhou Investment has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Fuzhou Investment has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |
14. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
7.	Mawei Zhenro Top Mountain located at the eastern side of Yanshan West Road Mawei District Fuzhou City Fujian Province The PRC	<p>Mawei Zhenro Top Mountain is located at the eastern side of Yanshan West Road in Mawei District of Fuzhou. The locality is a mature residential area with public transportation with 5 minutes' driving distance to Mawei District Government.</p> <p>Mawei Zhenro Top Mountain occupies a parcel of land with a site area of approximately 25,027.40 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in April 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 43,399.95 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Mawei Zhenro Top Mountain. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB372,000,000, of which approximately RMB165,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 26 May 2086 for residential use and 26 May 2056 for commercial use.</p>	As at the valuation date, the property was under construction.	353,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Ma Zong Di No. 2016-02 dated 23 February 2016 and a supplementary Contract, the land use rights of a parcel of land with a total site area of approximately 25,027.40 sq.m. were contracted to be granted to Fuzhou Mawei District Zhenro Property Development Co., Ltd. (福州市馬尾區正榮房地產開發有限公司, "Mawei Property", a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial service use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB139,800,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350105201600022, permission towards the planning of the aforesaid land parcel with a total site area of approximately 25,027.40 sq.m. has been granted to Mawei Property.

3. Pursuant to a State-owned Land Use Rights Certificate — Rong Guo Yong (2016) Di No. MD0001292, the land use rights of the aforesaid land parcel with a site area of approximately 25,027.40 sq.m. have been granted to Mawei Property for the terms expiring on 26 May 2086 for residential use and 26 May 2056 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350105201610024 in favour of Mawei Property, Mawei Zhenro Top Mountain with a total gross floor area of approximately 43,399.95 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 350105201611090101 in favour of Mawei Property, permission by the relevant local authority was given to commence the construction of portions of Mawei Zhenro Top Mountain with a gross floor area of approximately 43,399.95 sq.m.
6. Pursuant to 4 Pre-sale Permits — (2017) Rong Fang Xu Zi Di No. 0018, 0056, 0067 and 0084 in favour of Mawei Property, the Group is entitled to sell portions of Mawei Zhenro Top Mountain (representing a total gross floor area of approximately 23,413.93 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	27,562.36	
	SOHO	9,106.22	
	Retail	512.75	
	Resettlement retail	525.30	
	Basement (inclusive of car parking spaces)	5,090.35	91
	Ancillary	602.97	
	Total:	43,399.95	91

8. As advised by the Group, various residential units and retail units with a total gross floor area of approximately 15,212.55 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB262,178,736. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date is according to the development proposal as described above and which can be freely transferred in the market, would be RMB639,000,000.
10. Our valuation has been made on the following basis and analysis:
 - a. As advised by the Group, the buyback price of the resettlement retail units is RMB8,000 per sq.m.; and
 - b. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential, SOHO and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB16,000 to RMB22,000 per sq.m. for residential units, RMB13,500 to

RMB20,000 per sq.m. for SOHO units, RMB30,000 to RMB40,000 per sq.m. for retail units and RMB120,000 to RMB180,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Mawei Property is legally and validly in possession of the land use rights of the property. Mawei Property has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Mawei Property has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Mawei Property has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. State-owned Land Use Rights Certificate	Yes
c. Building Ownership Certificate	No
d. Construction Land Planning Permit	Yes
e. Construction Work Planning Permit	Yes
f. Construction Work Commencement Permit	Yes
g. Pre-sale Permit	Portion
h. Construction Work Completion and Inspection Certificate/Table/Report	No
14. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
8.	Fuzhou Zhenro Yue Lan Bay located at the western side of Jiangfu Road and the northern side of Bincheng Road Changjiang Village Minhou County Fuzhou City Fujian Province The PRC	<p>Fuzhou Zhenro Yue Lan Bay is located at the western side of Jiangfu Road and the northern side of Bincheng Road. The locality is a mature residential area with public transportation with 5 minutes' driving distance to Minhou County government.</p> <p>Fuzhou Zhenro Yue Lan Bay occupies a parcel of land with a site area of approximately 29,160.28 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the "CIP") as at the valuation date and are scheduled to be completed in April 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 88,987.59 sq.m. The construction of the remaining portion of the project (the "bare land") had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Fuzhou Zhenro Yue Lan Bay. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB529,000,000, of which approximately RMB279,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 29 September 2056 for commercial service use and 29 September 2086 for residential use.</p>	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	479,000,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — No. 35012120160422001P dated 22 April 2016 and a Supplementary Contract dated 26 April 2016, the land use rights of a parcel of land with a site area of approximately 29,160.28 sq.m. were contracted to be granted to Minhou Zhenro Zhengsheng Real Estate Development Co., Ltd. (閩侯正榮正升置業發展有限公司, "Minhou Zhengsheng", an 80.00%-owned subsidiary of the Company) for the terms of 40 years for commercial service use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB280,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350121201600059, permission towards the planning of the aforesaid land parcel with a site area of approximately 29,160.28 sq.m. has been granted to Minhou Zhengsheng.
3. Pursuant to a State-owned Land Use Rights Certificate — Min (2016) Min Hou Xian Bu Dong Chan Quan Di No. 0007702, the land use rights of portions of the aforesaid land parcel with a site area of approximately 27,389.28 sq.m. have been granted to Minhou Zhengsheng for the terms expiring on 29 September 2086 for residential use and 29 September 2056 for commercial service use.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 350121201600266 and 350121201700033 in favour of Minhou Zhengsheng, Fuzhou Zhenro Yue Lan Bay with a total gross floor area of approximately 105,252.75 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Hou Shi Zi (2016) No. 066 and No. 350121201704190101 in favour of Minhou Zhengsheng, permissions by the relevant local authority were given to commence the construction of portions of Fuzhou Zhenro Yue Lan Bay with a gross floor area of approximately 105,252.75 sq.m.
6. Pursuant to 2 Pre-sale permits — (2016) Hou Fang Xu Zi Di No. 104 and (2017) Hou Fang Xu Zi Di No. 027 in favour of Minhou Zhengsheng, the Group is entitled to sell portions of Fuzhou Zhenro Yue Lan Bay (representing a total gross floor area of approximately 34,897.00 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	48,154.41	
	Retail	16,965.96	
	Ancillary	3,191.42	
	Basement (inclusive of car parking spaces)	20,675.80	586
	Sub-total:	88,987.59	586
Group V — contracted to be acquired by the Group	Residential	12,418.01	
	Retail	3,847.15	
	Sub-total:	16,265.16	
	Total:	105,252.75	586

8. As advised by the Group, various residential units with a total gross floor area of approximately 19,919.88 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB298,503,465. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB866,000,000.
10. As at the valuation date, the bare land with a site area of approximately 1,771 sq.m. of the property had not been assigned to Minhou Zhengsheng and thus the title of the property had not been vested in Minhou Zhengsheng, the relevant land use rights certificate had not been obtained. Therefore, we have attributed no commercial value to the property.

11. Our valuation has been made on the following basis and analysis:

For the CIP of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2016 and 2017. The unit price of these comparable properties ranges from RMB15,000 to RMB20,000 per sq.m. for residential units, RMB10,000 to RMB30,000 per sq.m. for retail units and RMB100,000 to RMB160,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Minhou Zhengsheng is legally and validly in possession of the land use rights of portions of the property. Minhou Zhengsheng has the rights to occupy, use, lease and dispose of the land of portions of the property;
- b. Minhou Zhengsheng has obtained all requisite construction work approvals in respect of the actual development progress; and
- c. Minhou Zhengsheng has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale permits.

13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. State-owned Land Use Rights Certificate	Portion
c. Building Ownership Certificate	No
d. Construction Land Planning Permit	Portion
e. Construction Work Planning Permit	Portion
f. Construction Work Commencement Permit	Portion
g. Pre-sale Permit	Portion
h. Construction Work Completion and Inspection Certificate/Table/Report	No

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group III — held under development by the Group	479,000,000
Group V — contracted to be acquired by the Group	No commercial value
Total:	479,000,000

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
9.	Pingtang Zhenro Yue Lake Bay located at the eastern side of Pinglaner Road and the northern side of Lancheng Road Pingtan County Fuzhou City Fujian Province The PRC	<p>Pingtang Zhenro Yue Lake Bay is located at the eastern side of Pinglaner Road and the northern side of Lancheng Road. The locality is a mature residential area with public transportation with 5 minutes' driving distance to Pingtan County government.</p> <p>Pingtang Zhenro Yue Lake Bay comprises 2 parcels of land with a total site area of approximately 38,550.00 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and are scheduled to be completed in October 2020. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 137,350.97 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Pingtan Zhenro Yue Lake Bay. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB869,000,000, of which approximately RMB394,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 15 March 2087 for residential use and 15 March 2057 for commercial service use.</p>	As at the valuation date, the property was under construction.	490,000,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Lan Huan Tu Rang (2016) No. 15 dated 2 November 2016 and a Supplementary Contract dated 28 November 2016, the land use rights of 2 parcels of land with a site area of approximately 38,550.00 sq.m. were contracted to be granted to Zhenro Shantian Zhengtai (Pingtan) Real Estate Development Co., Ltd. (正榮山田正泰(平潭)置業發展有限公司, "Zhenro Shantian Zhengtai", a 51.00%-owned subsidiary of the Company) for the terms of 40 years for commercial service use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB348,500,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350128201700012, permission towards the planning of the aforesaid land parcels with a total site area of approximately 38,550.00 sq.m. has been granted to Zhenro Shantian Zhengtai.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Min (2017) Ping Tan Bu Dong Chan Quan Di Nos.001485 and 001486, the land use rights of the aforesaid land parcels with a total site area of approximately 38,550.00 sq.m. have been granted to Zhenro Shantian Zhengtai for the terms expiring on 15 March 2087 for residential use and 15 March 2057 for commercial service use.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 350128201700020 and 350128201700044 in favour of Zhenro Shantian Zhengtai, portions of Pingtan Zhenro Yue Lake Bay with a total gross floor area of approximately 137,350.97 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 351000201706070101 and 351000201708180101 in favour of Zhenro Shantian Zhengtai, permissions by the relevant local authority were given to commence the construction of Pingtan Zhenro Yue Lake Bay with a total gross floor area of approximately 137,350.97 sq.m.
6. Pursuant to 3 Pre-sale permits — (2017) Lan Zong Shi Fang Xu Zi Di Nos. 10, 17 and 24 in favour Zhenro Shantian Zhengtai, the Group is entitled to sell portions of Pingtan Zhenro Yue Lake Bay (representing a total gross floor area of approximately 71,086.26 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	98,446.74	
	Retail	4,057.90	
	Ancillary	7,333.06	
	Basement (inclusive of car parking spaces)	27,513.27	826
	Total:	<u>137,350.97</u>	<u>826</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 64,102.43 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,110,059,246. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,733,000,000
10. Our valuation has been made on the following basis and analysis:
 - a. In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout, floor and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and

facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB14,000 to RMB20,000 per sq.m. for residential units, RMB13,000 to RMB25,000 per sq.m. for retail units and RMB50,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Zhenro Shantian Zhengtai is legally and validly in possession of the land use rights of portions of the property. Zhenro Shantian Zhengtai has the rights to occupy, use, lease and dispose of the land of the property;
 - b. Zhenro Shantian Zhengtai has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Zhenro Shantian Zhengtai has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permit.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. State-owned Land Use Rights Certificate	Yes
c. Building Ownership Certificate	No
d. Construction Land Planning Permit	Yes
e. Construction Work Planning Permit	Yes
f. Construction Work Commencement Permit	Yes
g. Pre-sale Permit	Portion
h. Construction Work Completion and Inspection Certificate/Table/Report	No

13. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
10.	Pingtang Zhenro Mansion Phase 1 located at the western side of Xinggang Zhong Road and the southern side of Chengyi Road Pingtan City Fujian Province The PRC	<p>Pingtang Zhenro Mansion Phase 1 is located at the western side of Xinggang Zhong Road and the southern side of Chengyi Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Pingtang Zhenro Mansion Phase 1 occupies a parcel of land with a site area of approximately 66,560.00 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 239,620.04 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Pingtang Zhenro Mansion Phase 1. The classification, usage and gross floor area details of the property were set out in note 4.</p> <p>The land use rights of the property were contracted to be granted for the terms of 40 years for commercial service use and 70 years for residential use.</p>	As at the valuation date, the property was bare land.	No commercial value

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Lan Huan Tu Rang 2017 No. 5 dated 15 June 2017 and a Supplementary Contract dated 7 July 2017, the land use rights of a parcel of land with a site area of approximately 66,560.00 sq.m. were contracted to be granted to Zhengsheng (Pingtan) Real Estate Development Co., Ltd. (正升(平潭)置業發展有限公司, “Pingtan Zhengsheng”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,100,000,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 250128201700053, permission towards the planning of the aforesaid land parcel with a site area of approximately 66,560.00 sq.m. has been granted to Pingtan Zhengsheng.
- As at the valuation date, the property had not been assigned to Pingtan Zhengsheng and thus the title of the property had not been vested in Pingtan Zhengsheng, the relevant land use rights certificate had not been obtained. Therefore, we have attributed no commercial value to the property.

4. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group V — contracted to be acquired	Residential	171,453.57	
	Retail	7,265.06	
	Ancillary	9,143.31	
	Basement (inclusive of car parking spaces)	51,758.10	N/A
	Total:	<u>239,620.04</u>	<u>N/A</u>

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

The aforesaid State-owned Land Use Rights Grant Contract is legal and valid.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

7. For the purpose of this report, the property is classified into the group as "Group V — contracted to be acquired by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
11.	Pingtang Zhenro Mansion Phase 2 located at the south-western side of the interaction of Shunyi Road and Xinggang Zhong Road Pingtang City Fujian Province The PRC	<p>Pingtang Zhenro Mansion Phase 2 is located at the south-western side of the interaction of Shunyi Road and Xinggang Zhong Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Pingtang Zhenro Mansion Phase 2 occupies a parcel of land with a site area of approximately 52,321.00 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 202,010.90 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Pingtang Zhenro Mansion Phase 2. The classification, usage and gross floor area details of the property were set out in note 3.</p> <p>The land use rights of the property were contracted to be granted for the terms of 40 years for commercial service use and 70 years for residential use.</p>	As at the valuation date, the property was bare land.	No commercial value

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Lan Huan Tu Rang (2017) No. 11 dated 19 July 2017, the land use rights of a parcel of land with a site area of approximately 52,321.00 sq.m. were contracted to be granted to Zhengmao (Pingtang) Real Estate Development Co., Ltd. (正茂(平潭)置業發展有限公司, “Zhengmao Pingtang”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,066,000,000.
- As at the valuation date, the property had not been assigned to Zhengmao Pingtang and thus the title of the property had not been vested in Zhengmao Pingtang, the relevant land use rights certificate had not been obtained. Therefore, we have attributed no commercial value to the property.

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group V — contracted to be acquired	Residential	141,998.00	
	Retail	10,202.90	
	Ancillary	4,420.00	
	Basement (inclusive of car parking spaces)	45,390.00	N/A
	Total:	<u>202,010.90</u>	<u>N/A</u>

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

The aforesaid State-owned Land Use Rights Grant Contract is legal and valid.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	No
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

6. For the purpose of this report, the property is classified into the group as "Group V — contracted to be acquired by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
12.	Mawei No. Mazhongdi 2017-07 located at the northern side of Yan Shan Xi Road Mawei District Fuzhou City Fujian Province The PRC	<p>Mawei No. Mazhongdi 2017-07 is located at the northern side of Yan Shan Xi Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Mawei No. Mazhongdi 2017-07 occupies a parcel of land with a site area of approximately 36,014.20 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 44,297.78 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Mawei No. Mazhongdi 2017-07. The classification, usage and gross floor area details of the property were set out in note 3.</p> <p>The land use rights of the property were contracted to be granted for the terms of 70 years for residential use.</p>	As at the valuation date, the property was bare land.	No commercial value

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Rong Ma Di Pai He (2017) No. 07 dated 31 October 2017, the land use rights of a parcel of land with a site area of approximately 36,014.20 sq.m. were contracted to be granted to Zhenro (Fuzhou) Real Estate Development Co., Ltd. (正榮(福州)置業發展有限公司, “Fuzhou Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB477,600,000.
- As at the valuation date, the property had not been assigned to Fuzhou Real Estate and thus the title of the property had not been vested in Fuzhou Real Estate, the relevant land use rights certificate had not been obtained. Therefore, we have attributed no commercial value to the property.

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group V — contracted to be acquired	Residential	36,817.78	
	Ancillary	7,072.00	
	Basement (inclusive of car parking spaces)	408.00	N/A
	Total:	<u>44,297.78</u>	<u>N/A</u>

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

The aforesaid State-owned Land Use Rights Grant Contract is legal and valid.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	No
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

6. For the purpose of this report, the property is classified into the group as "Group V — contracted to be acquired by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
13.	Fuzhou Zhenro Yuejingtai located at Qiyang Area Luoyuan County Fuzhou City Fujian Province The PRC	<p>Fuzhou Zhenro Yuejingtai is located at the northern side of Qiyang Area. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Fuzhou Zhenro Yuejingtai occupies a parcel of land with a site area of approximately 35,164.00 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 154,553.71 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Fuzhou Zhenro Yuejingtai. The classification, usage and gross floor area details of the property were set out in note 3.</p> <p>The land use rights of the property were contracted to be granted for the terms of 70 years for residential use.</p>	As at the valuation date, the property was bare land.	No commercial value

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Luo Di He (2017) No. 15 dated 17 October 2017, the land use rights of a parcel of land with a site area of approximately 35,164.00 sq.m. were contracted to be granted to Zhenro (Fuzhou) Real Estate Development Co., Ltd. (正榮(福州)置業發展有限公司, “Fuzhou Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB384,500,000.
- As at the valuation date, the property had not been assigned to Fuzhou Real Estate and thus the title of the property had not been vested in Fuzhou Real Estate, the relevant land use rights certificate had not been obtained. Therefore, we have attributed no commercial value to the property.

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group V — contracted to be acquired	Residential	115,111.71	
	Ancillary	1,280.00	
	Basement (inclusive of car parking spaces)	38,162.00	N/A
	Total:	<u>154,553.71</u>	<u>N/A</u>

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

The aforesaid State-owned Land Use Rights Grant Contract is legal and valid.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	No
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

6. For the purpose of this report, the property is classified into the group as "Group V — contracted to be acquired by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
14.	Portions of Nanping Zhenro Fortune Center located at the eastern side of Binjiang East Road Yanping District Nanping City Fujian Province The PRC	<p>Nanping Zhenro Fortune Center is located at the eastern side of Binjiang East Road in Yanping District which has good natural environment. It is well-served with public transportation with 10 minutes' driving distance to the city center. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Nanping Zhenro Fortune Center occupies 8 parcels of land with a total site area of approximately 205,827.43 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in January 2016 and the unsold portion of that (the "unsold units") was vacant for sale as at the valuation date. Portions of the project were under construction (the "CIP") as at the valuation date and are scheduled to be completed in November 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 188,296.77 sq.m. The construction of the remaining portion of the project (the "bare land") had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units, CIP and bare land of Nanping Zhenro Fortune Center. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB756,000,000, of which approximately RMB356,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring between 31 July 2082 and 8 May 2084 for residential use and 31 July 2052 and 8 May 2054 for commercial use.</p>	As at the valuation date, the unsold units of the property were vacant, portions of the property were under construction, and the remaining portion of the property was bare land.	905,000,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract — No. 2012-J-07 dated 25 May 2012 and an Alteration Agreement dated 16 April 2013, the land use rights of 8 parcels of land with a total site area of approximately 205,827.40 sq.m. were contracted to be granted to Zhenro (Nanping) Real Estate Development Co., Ltd. (正榮(南平)置業發展有限公司, “Nanping Real Estate”, a 55.00%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial and office uses commencing from the land delivery date. The total land premium was RMB584,500,000.
2. Pursuant to 2 Construction Land Planning Permits — Di Zi Di Nos. 350700201300016 and 350700201400004, permission towards the planning of the aforesaid land parcels with a total site area of approximately 205,827.40 sq.m. has been granted to Nanping Real Estate.
3. Pursuant to 8 State-owned Land Use Rights Certificates — Nan Guo Yong (2012) Di Nos. 006899, 006900 and 009634, Nan Guo Yong (2013) Di Nos. 004089, 004090 and 009635 and Nan Guo Yong (2014) Di Nos. 003448 and 003449, the land use rights of the aforesaid land parcels with a total site area of approximately 205,827.43 sq.m. have been granted to Nanping Real Estate for the terms expiring between 31 July 2082 and 8 May 2084 for residential use and 31 July 2052 and 8 May 2054 for commercial use.
4. Pursuant to 3 Construction Work Planning Permits — Jian Zi Di Nos. 350700201300030, 350700201300048 and 350700201700041 in favour of Nanping Real Estate, portions of Nanping Zhenro Fortune Center with a total gross floor area of approximately 387,412.75 sq.m. has been approved for construction.
5. Pursuant to 4 Construction Work Commencement Permits — Nos. FJSGXK0599NP20130021, FJSGXK0599NP20130034, 350700201709300201 and 350700201709300101 in favour of Nanping Real Estate, permissions by the relevant local authority were given to commence the construction of portions of Nanping Zhenro Fortune Center with a total gross floor area of approximately 387,412.75 sq.m.
6. Pursuant to 19 Pre-sale Permits — 2013 (Nan) Fang Yu Shou Zheng Di Nos. 017, 018, 026, 031, 036, 039 and 040 and Nan Fang Yu Shou Zheng Di Nos. 2014003, 2014004, 2014010, 2014026, 2015011, 2015014, 2016005, 2016035, 2016036, 20170009, 20170014 and 2017021 in favour of Nanping Real Estate, the Group is entitled to portions of Nanping Zhenro Fortune Center (representing a total gross floor area of approximately 261,414.69 sq.m.) to purchasers.
7. Pursuant to 4 Construction Work Completion and Inspection Tables — Nos. FJYSBA-0599-ND-2016-00006, FJYSBA-0599-ND-2016-00013, FJYSBA-0599-ND-2016-00016 and FJYSBA-0599-ND-2016-00021 in favour of Nanping Real Estate dated 22 January 2016, 5 July 2016, 22 July 2016 and 28 September 2016 respectively, the construction of portions of Nanping Zhenro Fortune Center with a total gross floor area of approximately 133,119.33 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	21,132.46	
	Retail	15,551.20	
	Car parking spaces	10,719.88	306
	Sub-total:	47,403.54	306
Group III — held under development by the Group	Residential	134,334.14	
	Retail	4,030.00	
	Basement (inclusive of car parking spaces)	42,314.28	1,135
	Ancillary	7,618.35	
	Sub-total:	188,296.77	1,135
Group IV — held for future development by the Group	Residential	100,220.33	
	Retail	50,000.00	
	SOHO	90,500.00	
	Basement (inclusive of car parking spaces)	18,886.00	540
	Ancillary	470.00	
	Sub-total:	260,076.33	540
Total:		495,776.64	1,981

9. As advised by the Group, various residential units with a total gross floor area of approximately 37,940.48 sq.m. in Group III of the property have been presold to various third parties at a total consideration of RMB194,260,354. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB824,000,000.
11. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group I and Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout, floor and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2016 and 2017. The unit price of these comparable properties ranges from RMB4,300 to RMB7,000 per sq.m. for residential units, RMB10,000 to RMB20,000 per sq.m. for retail units and RMB80,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

- b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Yanping District which were transacted in 2017. The accommodation value of these comparable land sites ranges from RMB1,200 to RMB1,800 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
12. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of the property are subject to the mortgages in favor of various third parties.
13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Nanping Real Estate is legally and validly in possession of the land use rights of the property. Nanping Real Estate has the rights to occupy and use the land of the property, but the transfer of these mortgaged properties is subject to the mortgages until the mortgages have been released;
- b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanping Real Estate has the rights to legally occupy, use and lease these portions of the property;
- c. Nanping Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
- d. Nanping Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Portion |
| f. | Construction Work Commencement Permit | Portion |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Portion |

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	275,000,000
Group III — held under development by the Group	300,000,000
Group IV — held for future development by the Group	<u>330,000,000</u>
Total:	<u><u>905,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>										
15.	Portions of Putian Zhenro Royal Family located at the junction of Dongyuan Road and Beida Road Licheng District Putian City Fujian Province The PRC	<p>Putian Zhenro Royal Family is located at the junction of Dongyuan Road and Beida Road. It is well-served with public transportation and adequate facilities. The locality is a mega residential area with a shopping center, street front shops, schools and a kindergarten.</p> <p>Putian Zhenro Royal Family occupies a parcel of land with a site area of approximately 42,430.58 sq.m., which had been developed into a residential and commercial development. The project was completed in 2016, and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Putian Zhenro Royal Family with a total gross floor area of approximately 5,595.36 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">4,542.16</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">684.32</td> </tr> <tr> <td>Car parking spaces (31 Car parking lots)</td> <td style="text-align: right;"><u>368.88</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>5,595.36</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 25 April 2045 for commercial use, 25 April 2075 for residential use and 25 April 2055 for comprehensive use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	4,542.16	Retail	684.32	Car parking spaces (31 Car parking lots)	<u>368.88</u>	Total:	<u>5,595.36</u>	As at the valuation date, the property was vacant.	72,610,000
Usage	Gross Floor Area (sq.m.)													
Residential	4,542.16													
Retail	684.32													
Car parking spaces (31 Car parking lots)	<u>368.88</u>													
Total:	<u>5,595.36</u>													

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Pu Guo Tu 2005 Nian Chu Zi No. 29 dated 26 April 2005 and Supplementary Contract dated 20 May 2005, the land use rights of several parcels of land (including the land use rights of the project) with a total site area of approximately 207,421.20 sq.m. were contracted to be granted to Zhenro (Putian) Real Estate Development Co., Ltd. (正榮(莆田)置業發展有限公司, “Putian Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use, 40 years for commercial use and 50 years for comprehensive use commencing from the land delivery date. The land premium was RMB151,720,000.

2. Pursuant to a Construction Land Planning Permit — Pu Gui Li Yong No. 2005-036, permission towards the planning of a parcel of land (including the land parcel of the project) with a total site area of approximately 177,600.00 sq.m. has been granted to Putian Real Estate.
3. Pursuant to a State-owned Land Use Rights Certificate — Pu Guo Yong (2006) Di No. C2006172, the land use rights of Putian Zhenro Royal Family with a site area of approximately 42,430.58 sq.m. have been granted to Putian Real Estate for the terms expiring on 25 April 2075 for residential use, 25 April 2045 for commercial use and 25 April 2055 for comprehensive use.
4. Pursuant to a Construction Work Planning Permit — Li Jian Li Di No. 350300201208009 in favour of Putian Real Estate, Putian Zhenro Royal Family with a gross floor area of approximately 95,542.03 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Li Jian Guan Certificate (2012) No. 025 in favour of Putian Real Estate, permission by the relevant local authority was given to commence the construction of Putian Zhenro Royal Family with a gross floor area of approximately 95,542.03 sq.m.
6. Pursuant to 7 Pre-sale Permits — (2012) Pu Fang Xu Zi Di Nos. 81 to 84, (2013) Pu Fang Xu Zi Di Nos. 55 and 56 and (2014) Pu Fang Xu Zi Di No. 51 in favour of Putian Real Estate, the Group is entitled to sell portions of Putian Zhenro Royal Family (representing a total gross floor area of approximately 95,435.41 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Table — No. FJYSBA-0594-LC-2017-00013 in favour of Putian Real Estate, the construction of Putian Zhenro Royal Family with a gross floor area of approximately 95,542.03 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property, which were transacted in 2016 and 2017. The unit price of these comparable properties ranges from RMB7,500 to RMB10,500 per sq.m. for residential units, RMB25,000 to RMB50,000 per sq.m. for retail units and RMB130,000 to RMB250,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Putian Real Estate is legally and validly in possession of the land use rights of the property. Putian Real Estate has the rights to occupy, use, lease and dispose of the land of the property;
 - b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Putian Real Estate has the rights to legally occupy, use and lease these portions of the property; and
 - c. Putian Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Yes |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
16.	Portions of Putian Zhenro Times Plaza located at the junction of Dongyuan Road and Beida Road Licheng District Putian City Fujian Province The PRC	<p>Putian Zhenro Times Plaza is located at the junction of Dongyuan Road and Beida Road. It is well-served with public transportation and adequate facilities. The locality is a mega residential area with street front shops, schools and a kindergarten.</p> <p>Putian Zhenro Times Plaza occupies various parcels of land with a total site area of approximately 118,492.85 sq.m., which had been developed into a residential and commercial development. The project was completed in 2014, and its unsold (the “unsold units”) was vacant for sale or held for investment as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Putian Zhenro Times Plaza. The classification, usage and gross floor area details of the property were set out in note 9.</p> <p>The land use rights of the property have been granted for the terms expiring on 25 April 2045 for commercial use, 25 April 2075 for residential use and 25 April 2055 for comprehensive use.</p>	As at the valuation date, a portion of the property was vacant and the remaining portion of the property was rented to various third parties for commercial purposes.	614,270,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Pu Guo Tu 2005 Nian Chu Zi No. 29 dated 26 April 2005 and Supplementary Contract dated 20 May 2005, the land use rights of several parcels of land (including the land use rights of the project) with a total site area of approximately 207,421.20 sq.m. were contracted to be granted to Zhenro (Putian) Real Estate Development Co., Ltd. (正榮(莆田)置業發展有限公司, “Putian Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use, 40 years for commercial use and 50 years for comprehensive use commencing from the land delivery date. The land premium was RMB101,000,000.
- Pursuant to a Construction Land Planning Permit — Pu Gui Li Yong No. 2005-036, permission towards the planning of several parcels of land (including the land parcel of the project) with a total site area of approximately 177,600.00 sq.m. has been granted to Putian Real Estate.
- Pursuant to 56 State-owned Land Use Rights Certificates — Pu Guo Yong (2006) Di Nos. C2006169 and C2006170, Pu Guo Yong (2007) Di No. C2007072, Pu Guo Yong (2009) Di No. C2009014, Pu Guo Yong (2013) No. J02984 and Pu Guo Yong (2013) Nos. J202933 to J202983, the land use rights of portions of Putian Zhenro Times Plaza (including the land use rights of the property) with a total site area of approximately 93,613.47 sq.m. have been granted to Putian Real Estate for the terms expiring on 25 April 2075 for residential use, 25 April 2045 for commercial use, and 25 April 2055 for comprehensive use.

4. Pursuant to 169 Building Ownership Certificates — Pu Fang Quan Zheng Licheng Zi Di Nos. L201202348 to L201202465, L201201827, L201201828, L201201836, L201201843, L201201851, L201201852, L201201853, L201201854, L201201855, L201201857, L201201858, L201201859, L201201861, L201201862, L201201863, L201201865, L201201866, L201201867, L201201875, L201201876, L201201877, L201201878, L201201879, L201201880, L201201881, L201201997, L201202006, L201202047, L201202048, L201202090, L201202091, L201202104, L201202165, L201202166, L201202202, L201202203, L201202248, L201202249, L201202250, L201202251, L201202252, L201202278, L201202293, L201202301, L201202302, L201202311, L201202319, L201202333, L201202338, L201202340 and L201202557, various retail units and car parking spaces of the property with a total gross floor area of approximately 33,780.12 sq.m. are owned by Putian Real Estate.
5. Pursuant to 12 Construction Work Planning Permits — Pu Gui Li Jian Nos. 2005-036, 2007-140, 2007-141, 2007-103 to 2007-107, 2007-187 to 2007-189 and Jian Zi Di No. 350300200908003 in favour of Putian Real Estate, Putian Zhenro Times Plaza with a total gross floor area of approximately 225,459.66 sq.m. has been approved for construction.
6. Pursuant to 8 Construction Work Commencement Permits — Li Jian Guan Zheng (2007) Nos. 079, 038, 108, 109, 039, (2009) No. 017, (2010) No. 008 and (2011) No. 044 in favour of Putian Real Estate, permissions by the relevant local authority was given to commence the construction of Putian Zhenro Times Plaza with a total gross floor area of approximately 225,459.66 sq.m.
7. Pursuant to 4 Pre-sale Permits — (2009) Pu Fang Xu Zi Di No. 48, (2010) Pu Fang Xu Zi Di Nos. 3 and 45 and (2011) Pu Fang Xu Zi Di No. 47 in favour of Putian Real Estate, the Group is entitled to sell portions of Putian Zhenro Times Plaza (representing a total gross floor area of approximately 69,388.65 sq.m.) to purchasers.
8. Pursuant to 23 Construction Work Completion and Inspection Tables in favour of Putian Real Estate, the construction of Putian Zhenro Times Plaza with a total gross floor area of approximately 223,400.53 sq.m. has been completed and passed the inspection acceptance.
9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Resettlement housing	7,779.75	
	Resettlement retail	1,029.39	
	Car parking spaces	55.86	5
	Sub-total:	8,865.00	5
Group II — held for investment by the Group	Retail	32,370.00	
	Car parking spaces	3,534.30	306
	Sub-total:	35,904.30	306
	Total:	44,769.30	311

10. Pursuant to 5 Tenancy Agreements entered into between Putian Real Estate and various independent third parties, portions of the property with a total gross floor area of approximately 32,370.00 sq.m. were leased to 5 tenants for commercial purpose with the expiry dates between 31 December 2018 and 12 February 2026, and the total monthly rent receivable as at the valuation date was RMB799,000, exclusive of management fees, water and electricity charges. As advised by the Group, Putian Real Estate or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by the tenants.
11. Our valuation has been made on the following basis and analysis:
 - a. For the unsold resettlement housing and resettlement retail units of the property in Group I, as advised by the Group, the buyback price of the unsold resettlement housing units is RMB2,500 per sq.m., the buyback price of the unsold resettlement retail units is RMB16,000 per sq.m.;
 - b. For the unsold car parking spaces of the property in Group I, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size and accessibility of the property. The selected comparables are car parking spaces within the same development/building of the subject property, which were transacted between 2015 and 2017. The unit price of these comparable properties ranges from RMB130,000 to RMB250,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;
 - c. For the remaining portion of the property in Group II, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the shopping mall of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;
 - d. The unit rent of these comparable retail units on the first floor basis ranges from RMB6 to RMB9 per sq.m. per day; and
 - e. Based on our research on market in the surrounding area of the property, for retail portion in Group II, the stabilized market yield ranged from 4% to 6%, and for car parking spaces in Group II, the stabilized market yield ranged from 2.5% to 3.5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.5% for the commercial pedestrian street of the property and 3.5% for car parking spaces as the capitalization rate in the valuation.
12. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of parcels of land and building ownership rights of portions of the property are subject to the mortgages in favor of various third parties.
13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Putian Real Estate is legally and validly in possession of the land use rights of the property. Putian Real Estate has the rights to occupy, use, lease and dispose of the land of the property except the land parcels mentioned in note 12. For the land parcels mentioned in note 12 which are subject to the aforesaid mortgages, Putian Real Estate has the rights to occupy and use these land parcels, but the transfer of these mortgaged properties is subject to the mortgages until the mortgages have been released;
 - b. Putian Real Estate has obtained all requisite construction work approvals in respect of the actual development progress;

- c. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Putian Real Estate has the rights to legally occupy, use and lease these portions of the property; and
 - d. Putian Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. State-owned Land Use Rights Certificate | Yes |
| c. Building Ownership Certificate | Portion |
| d. Construction Land Planning Permit | Yes |
| e. Construction Work Planning Permit | Yes |
| f. Construction Work Commencement Permit | Yes |
| g. Pre-sale Permit | Portion |
| h. Construction Work Completion and Inspection Certificate/Table/Report | Yes |
15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	37,500,000
Group II — held for investment by the Group	<u>576,770,000</u>
Total:	<u><u>614,270,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>								
17.	Portions of Putian Zhenro Litchi Garden No. 1122 Yi Shen Road Licheng District Putian City Fujian Province The PRC	<p>Putian Zhenro Litchi Garden is located at No. 1122 Yi Shen Road. It is well-served with public transportation and adequate facilities. The locality is a mega residential area with street front shops and schools.</p> <p>Putian Zhenro Litchi Garden occupies a parcel of land with a site area of approximately 35,267.60 sq.m., which had been developed into a residential and commercial development. The project was completed in 2010, and its unsold (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Putian Zhenro Litchi Garden, with a total gross floor area of approximately 818.88 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Resettlement housing</td> <td style="text-align: right;">779.28</td> </tr> <tr> <td>Car parking spaces (3 Car parking lots)</td> <td style="text-align: right;"><u>39.60</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>818.88</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 25 April 2045 for commercial use, 25 April 2075 for residential use and 25 April 2055 for comprehensive use.</p>	Usage	Gross Floor Area (sq.m.)	Resettlement housing	779.28	Car parking spaces (3 Car parking lots)	<u>39.60</u>	Total:	<u>818.88</u>	As at the valuation date, the property was vacant.	2,390,000
Usage	Gross Floor Area (sq.m.)											
Resettlement housing	779.28											
Car parking spaces (3 Car parking lots)	<u>39.60</u>											
Total:	<u>818.88</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Pu Guo Tu 2005 Nian Chu Zi No. 29 dated 26 April 2005 and a Supplementary Contract dated 20 May 2005, the land use rights of several parcels of land (including the land use rights of the project) with a total site area of approximately 207,421.20 sq.m. were contracted to be granted to Zhenro (Putian) Real Estate Development Co., Ltd. (正榮(莆田)置業發展有限公司, “Putian Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use, 40 years for commercial use and 50 years for comprehensive use commencing from the land delivery date. The land premium was RMB151,720,000.
- Pursuant to a Construction Land Planning Permit — Pu Gui Li Yong No. 2005-037, permission towards the planning of a parcel of land (including the land parcel of the project) with a site area of approximately 35,333.33 sq.m. has been granted to Putian Real Estate.

3. Pursuant to a State-owned Land Use Rights Certificate — Pu Guo Yong (2006) Di No. C2006173, the land use rights of Putian Zhenro Litchi Garden with a site area of approximately 35,267.60 sq.m. have been granted to Putian Real Estate for the terms expiring on 25 April 2075 for residential use, 25 April 2045 for commercial use and 25 April 2055 for comprehensive use.
4. Pursuant to 10 Construction Work Planning Permits — Pu Gui Li Jian 2007 Nos. 005 to 014 in favour of Putian Real Estate, Putian Zhenro Litchi Garden with a total gross floor area of approximately 70,871.00 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Li Jian Guan Certificate (2007) No. 005 in favour of Putian Real Estate, permission by the relevant local authority was given to commence the construction of Putian Zhenro Litchi Garden with a gross floor area of approximately 70,871.00 sq.m.
6. Pursuant to 4 Pre-sale Permits — (2007) Pu Fang Xu Zi Di No. 47, (2008) Pu Fang Xu Zi Di Nos. 26 and 27 and (2012) Pu Fang Xu Zi Di No. 101 in favour of Putian Real Estate, the Group is entitled to sell portions of Putian Zhenro Litchi Garden (representing a total gross floor area of approximately 46,703.14 sq.m.) to purchasers.
7. Pursuant to 10 Construction Work Completion and Inspection Certificates in favour of Putian Real Estate, the construction of Putian Zhenro Litchi Garden with a total gross floor area of approximately 72,355.00 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:
 - a. As advised by the Group, the buyback price of the unsold resettlement housing units is RMB2,500 per sq.m.; and
 - b. For the unsold car parking spaces of the property, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size and accessibility of the property. The selected comparables are car parking spaces within the same development/building of the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB120,000 to RMB180,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

For the buildings and underground car parking spaces of the property, the PRC legal advisors hold the opinion that Putian Real Estate has been legally provided with relevant construction work planning permit, construction work commencement permit, and have completed and passed final acceptance of construction. Therefore, Putian Real Estate has the rights to legally occupy, use and lease the aforesaid buildings and underground car parking spaces in accordance with relevant laws.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>						
18.	Portions of Putian Zhenro Royal Orchid Bay No. 367 Binlan Street Chengxiang District Putian City Fujian Province The PRC	<p>Putian Zhenro Royal Orchid Bay is located at No. 367 Binlan Street. It is well-served with public transportation and adequate facilities. The locality is a mega residential area with abundant schools.</p> <p>Putian Zhenro Royal Orchid Bay occupies a parcel of land with a site area of approximately 30,843.92 sq.m., which had been developed into a residential and commercial development. The project was completed in 2014, and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Putian Zhenro Royal Orchid Bay with a total gross floor area of approximately 63.60 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Car parking spaces (82 Car parking lots)</td> <td style="text-align: right;"><u>63.60</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>63.60</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 21 December 2050 for commercial use and 21 December 2080 for residential use.</p>	Usage	Gross Floor Area (sq.m.)	Car parking spaces (82 Car parking lots)	<u>63.60</u>	Total:	<u>63.60</u>	As at the valuation date, the property was vacant.	740,000
Usage	Gross Floor Area (sq.m.)									
Car parking spaces (82 Car parking lots)	<u>63.60</u>									
Total:	<u>63.60</u>									

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Pu Guo Tu 2010 Nian Chu Zi No. 60 dated 21 December 2010, the land use rights of a parcel of land with a site area of approximately 30,843.92 sq.m. were contracted to be granted to Zhenro (Putian) Property Development Co., Ltd. (正榮(莆田)房地產開發有限公司, “Putian Property”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB183,000,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350300201008022, permission towards the planning of the aforesaid land parcel with a site area of approximately 30,843.92 sq.m. has been granted to Putian Property.

3. Pursuant to a State-owned Land Use Rights Certificate — Pu Guo Yong (2011) Di No. N2011003, the land use rights of the aforesaid land parcels with a site area of approximately 30,843.92 sq.m. have been granted to Putian Property for the terms expiring on 21 December 2080 for residential use and 21 December 2050 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350300201108016 in favour of Putian Property, Putian Zhenro Royal Orchid Bay with a gross floor area of approximately 110,463.00 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 350302201106153401 in favour of Putian Property, permission by the relevant local authority was given to commence the construction of Putian Zhenro Royal Orchid Bay with a gross floor area of approximately 110,463.00 sq.m.
6. Pursuant to 5 Pre-sale Permits — (2011) Pu Fang Xu Zi Di Nos. 52, 89 and 90 and (2012) Pu Fang Xu Zi Di Nos. 17 and 18 in favour of Putian Property, the Group is entitled to sell portions of Putian Zhenro Royal Orchid Bay (representing a total gross floor area of approximately 107,983.42 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Table in favour of Putian Property, the construction of Putian Zhenro Royal Orchid Bay with a gross floor area of approximately 107,983.42 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are car parking spaces within the same development/building of the subject property, which were transacted between 2015 and 2017. The unit price of these comparable properties ranges RMB120,000 to RMB170,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

For the underground car parking spaces of the property, the PRC legal advisors hold the opinion that Putian Property has been legally provided with relevant construction work planning permit, construction work commencement permit, and have completed and passed final acceptance of construction. Therefore, Putian Property has the rights to legally occupy, use and lease the aforesaid underground car parking spaces in accordance with relevant laws.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Yes |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
19.	Portions of Putian Zhenro Fortune Center located at the south-eastern side of Liyuan Road and the south-western side of Tianfei Road Licheng District Putian City Fujian Province The PRC	<p>Putian Zhenro Fortune Center is located at the southeastern side of Liyuan Road and the southwestern side of Tianfei Road. It is well-served by public transportation with 5 minutes' driving distance to the city center. The property is within 20 minutes' walk to Nanmen Lizhi Park and Putian Bus Station. The locality comprises several mega residential developments, street front shops, schools and parks.</p> <p>Putian Zhenro Fortune Center occupies 6 parcels of land with a total site area of approximately 199,941.13 sq.m., which is being developed into a residential and commercial development. Portions of Putian Zhenro Fortune Center were completed during 2016 to 2017, and the unsold portion of that (the "unsold units") was vacant for sale or held for investment. As advised by the Group, the construction of the remaining portion of the project (the "bare land") had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units and bare land of Putian Zhenro Fortune Center. The classification, usage and gross floor area details of the property were set out in note 9.</p> <p>The land use rights of 2 parcels of land have been granted for the terms expiring on 14 August 2052 for commercial use and 14 August 2082 for residential use. The land use rights of 4 parcels of land have been granted for a term expiring on 14 August 2052 for commercial, logistics, hotel and office uses.</p>	As at the valuation date, a portion of the unsold units of the property was vacant , while a portion of the unsold units of the property was rented to various third parties for commercial purposes and the remaining portion of the property was bare land.	4,157,880,000

Notes:

- Pursuant to 3 State-owned Construction Land Use Rights Grant Contracts — Pu Guo Tu 2011 Nian Chu Zi Nos. 45 and 46 and Pu Guo Tu 2012 Nian Chu Zi No. 38 all dated 1 August 2012, the land use rights of 6 parcels of land with a total site area of approximately 199,941.14 sq.m. were contracted to be granted to Zhenro (Putian) Finance Fortune Center Development Co., Ltd. (正榮(莆田)金融財富中心開發有限公司, "Putian Fortune Center", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial, logistics, hotel and office uses. The total land premium was RMB916,000,000.

2. Pursuant to 2 Construction Land Planning Permits — Di Zi Di Nos. 350300201208024 (Li) and 350300201208025 (Li), permissions towards the planning of the aforesaid land parcels with a total site area of approximately 199,941.14 sq.m. have been granted to Putian Fortune Center.
3. Pursuant to 6 State-owned Land Use Rights Certificates — Pu Guo Yong (2012) Di Nos. N2012229 to N2012234, the land use rights of the aforesaid land parcels with a total site area of approximately 199,941.13 sq.m. have been granted to Putian Fortune Center. The land use rights of 2 parcels of land have been granted for the terms expiring on 14 August 2052 for commercial use and 14 August 2082 for residential use. The land use rights of 4 parcels of land have been granted for a term expiring on 14 August 2052 for commercial, logistics, hotel and office uses.
4. Pursuant to 8 Real Estate Title Certificates — Min (2017) Pu Tian Shi Bu Dong Chan Quan Di Nos. LC03284, LC03290, LC03303, LC03311, LC03323, LC03327, LC03355 and LC03336, portions of the property with a total gross floor area of approximately 101,208.77 sq.m. are owned by Putian Fortune Center.
5. Pursuant to 6 Construction Work Planning Permits — Jian Zi Di Nos. 350300201308001, 350300201308008, 350300201308024, 350300201308025, 350300201408012 and 350300201408013 Li in favour of Putian Fortune Center, portions of Putian Zhenro Fortune Center with a total gross floor area of approximately 896,135.27 sq.m. have been approved for construction.
6. Pursuant to 6 Construction Work Commencement Permits — Nos. FJSGXK-0594-LC-2013-00011, FJSGXK-0594-LC-2013-00012, FJSGXK-0594-LC-2013-00050, FJSGXK-0594-LC-2013-00051, FJSGXK-0594-LC-2014-00030 and FJSGXK-0594-LC-2014-00031 in favour of Putian Fortune Center, permissions by the relevant local authority were given to commence the construction of portions of Putian Zhenro Fortune Center with a total gross floor area of approximately 896,135.27 sq.m.
7. Pursuant to 27 Pre-sale Permits — (2013) Pu Fang Xu Zi Di Nos. 29 to 33, 43, 44, 46, 47, 54 and 85 to 88, (2014) Pu Fang Xu Zi Di Nos. 3, 4, 28 to 31, 45, 46, 62, 66, 78 and 109 and (2015) Pu Fang Xu Zi Di No. 91 in favour of Putian Fortune Center, the Group is entitled to sell portions of Putian Zhenro Fortune Center (representing a total gross floor area of approximately 897,120.69 sq.m.) to purchasers.
8. Pursuant to 6 Construction Work Completion and Inspection Certificates in favour of Putian Fortune Center, the construction of portions of Putian Zhenro Fortune Center with a total gross floor area of approximately 896,135.27 sq.m. has been completed and passed the inspection acceptance.

9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	1,459.27	
	SOHO	16,155.11	
	Retail	21,812.90	
	Car parking spaces	16,991.92	1,338
	Sub-total:	56,419.20	1,338
Group II — held for investment by the Group	Retail	33,364.24	
	Shopping mall	119,447.63	
	Car parking spaces	23,434.82	1,696
	Sub-total:	176,246.69	1,696
Group IV — held for future development by the Group	SOHO	39,999.07	
	Hotel	39,999.84	
	Basement (inclusive of car parking spaces)	26,884.73	N/A
	Ancillary	3,035.16	
	Sub-total:	109,918.80	N/A
	Total:	342,584.69	3,034

10. Pursuant to 235 Tenancy Agreements entered into between Putian Fortune Center and 235 independent third party, portions of the property with a total gross floor area of approximately 102,642.19 sq.m. were leased to a tenant for commercial purpose with the expiry dates between 17 December 2018 and 17 December 2035, and the total monthly rent receivable as at the valuation date was RMB5,943,800, exclusive of management fees, water and electricity charges. As advised by the Group, Putian Fortune Center or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by the tenants.

11. Our valuation has been made on the following basis and analysis:

- a. For portions of the unsold units of the property in Group I, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout, floor and accessibility of the property. The selected comparables are SOHO and retail units and car parking spaces within the same development/building of the subject property, which were transacted in 2016 and 2017. The unit price of these comparable properties ranges from RMB11,000 to RMB14,000 per sq.m. for residential units, RMB8,000 to RMB9,500 per sq.m. for SOHO units, RMB16,000 to RMB51,000 per sq.m. for retail units and RMB150,000 to RMB210,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;
- b. For the remaining portions of the unsold units of the property in Group II, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the shopping mall of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;
- c. The unit rent of these comparable retail units on first floor ranges from RMB1 to RMB9 per sq.m. per day;

- d. Based on our research on retail and car parking markets in the surrounding area of the property, the stabilized market yield ranged from 5% to 6% for retail unit and ranged from 3% to 4% for car parking unit as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.5% for the retail units and 3.5% for the car parking spaces of the property as the capitalization rate in the valuation; and
- e. For the bare land of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are commercial service land (can be developed into office, SOHO and hotel properties) in Licheng District and Gaiwei Town (蓋尾鎮) of Putian which were transacted between 2013 and 2015. The accommodation value of these comparable land sites ranges from RMB3,300 to RMB4,000 per sq.m. basis for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
12. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of a parcel of land and building ownership rights of portions of the property are subject to the mortgages in favor of various third parties.
13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Putian Fortune Center is legally and validly in possession of the land use rights of the property. Putian Fortune Center has the rights to occupy, use, lease and dispose of the land of the property except the land parcel mentioned in note 12. For the land parcel mentioned in note 12 which is subject to the aforesaid mortgage, Putian Fortune Center has the rights to occupy and use this land parcel, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
- b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Putian Fortune Center has the rights to legally occupy, use and lease these portions of the property;
- c. Putian Fortune Center has obtained all requisite construction work approvals in respect of the actual development progress; and
- d. Putian Fortune Center has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | Portion |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Portion |
| f. | Construction Work Commencement Permit | Portion |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Portion |

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	839,430,000
Group II — held for investment by the Group	3,100,670,000
Group IV — held for future development by the Group	<u>217,780,000</u>
Total:	<u><u>4,157,880,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>										
20.	Portions of Putian Zhenro Smooth Jade located at the junction of Shengli North Road and Dongzhen Road Licheng District Putian City Fujian Province The PRC	<p>Putian Zhenro Smooth Jade Residence is located at the junction of Shengli North Road and Dongzhen Road. It is well-served with public transportation and many famous education and hospital facilities. The locality comprises a mega shopping mall, several street front shops and schools.</p> <p>Putian Zhenro Smooth Jade occupies a parcel of land with a site area of approximately 70,654.69 sq.m., which had been developed into a residential development. The project was completed in April 2017, and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Putian Zhenro Smooth Jade with a total gross floor area of approximately 181,680.20 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">169,848.88</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">5,789.32</td> </tr> <tr> <td>Car parking spaces (1,158 Car parking lots)</td> <td style="text-align: right;"><u>6,042.00</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>181,680.20</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 13 January 2054 for commercial use, 13 January 2084 for residential use and 13 January 2064 for other uses.</p>	Usage	Gross Floor Area (sq.m.)	Residential	169,848.88	Retail	5,789.32	Car parking spaces (1,158 Car parking lots)	<u>6,042.00</u>	Total:	<u>181,680.20</u>	As at the valuation date, the property was vacant.	1,978,120,000
Usage	Gross Floor Area (sq.m.)													
Residential	169,848.88													
Retail	5,789.32													
Car parking spaces (1,158 Car parking lots)	<u>6,042.00</u>													
Total:	<u>181,680.20</u>													

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Pu Guo Tu 2013 Nian Chu Zi No. 45 dated 14 January 2014, the land use rights of a parcel of land with a site area of approximately 70,654.69 sq.m. were contracted to be granted to Zhenro (Putian) Investment Co., Ltd. (正榮(莆田)投資發展有限公司, “Putian Investment”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use, 40 years for commercial use and 50 years for other use commencing from the land delivery date. The land premium was RMB1,234,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350300201408001 (Li), permission towards the planning of the aforesaid land parcel with a site area of approximately 70,654.69 sq.m. has been granted to Putian Investment.
3. Pursuant to a State-owned Land Use Rights Certificate — Pu Guo Yong (2014) Di No. 2014008, the land use rights of the aforesaid land parcel with a site area of approximately 70,654.69 sq.m. have been granted to Putian Investment for the terms expiring on 13 January 2054 for commercial use, 13 January 2084 for residential use and 13 January 2064 for other uses.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 350300201408020(Li) and 350300201408021(Li) in favour of Putian Investment, Putian Zhenro Smooth Jade with a total gross floor area of approximately 271,494.25 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — FJSGXX-0594-LC-2014-00041 and FJSGXX-0594-LC-2014-00042 in favour of Putian Investment, permissions by the relevant local authority were given to commence the construction of Putian Zhenro Smooth Jade with a total gross floor area of approximately 271,494.25 sq.m.
6. Pursuant to 9 Pre-sale Permits — (2014) Pu Fang Xu Zi Di Nos. 103 and 120, (2015) Pu Fang Xu Zi Di Nos. 44, 60, 61, 81, 120 and 121 and (2017) Pu Fang Xu Zi Di No. 48 in favour of Putian Investment, the Group is entitled to sell portions of Putian Zhenro Smooth Jade (representing a total gross floor area of approximately 267,779.17 sq.m.) to purchasers.
7. Pursuant to 2 Construction Work Completion and Inspection Reports in favour of Putian Investment, the construction of Putian Zhenro Smooth Jade with a total gross floor area of approximately 271,494.25 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout, floor and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property, which were transacted between 2015 and 2017. The unit price of these comparable properties ranges from RMB8,000 to RMB11,000 per sq.m. for residential units, RMB12,000 to RMB50,500 per sq.m. for retail units and RMB200,000 to RMB250,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Putian Investment is legally and validly in possession of the land use rights of the property. Putian Investment has the rights to occupy, use, lease and dispose of the land of the property;
 - b. Putian Investment has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Putian Investment has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
21.	Putian Zhenro Mansion located at the southern side of Yuhu Road and the western side of Yingbin Avenue Licheng District Putian City Fujian Province The PRC	<p>Putian Zhenro Mansion is located at the southern side of Yuhu Road and the western side of Yingbin Avenue. The locality is a newly-developed residential area with public transportation with 10 minutes' driving distance to Putian Bus Station.</p> <p>Putian Zhenro Mansion occupies a parcel of land with a site area of approximately 94,107.83 sq.m., which is being developed into a residential and commercial development. It was under construction as at the valuation date and is scheduled to be completed in December 2019. As advised by the Group, upon completion, it will have a total gross floor area of approximately 293,673.02 sq.m.</p> <p>As advised by the Group, the property comprised the whole project of Putian Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,716,000,000, of which approximately RMB1,005,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 21 April 2056 for commercial use and 21 April 2086 for residential use.</p>	As at the valuation date, the property was under construction.	1,092,460,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Pu Guo Tu 2016 Nian Chu Zi No. 1 dated 20 April 2016, the land use rights of a parcel of land with a site area of approximately 94,107.83 sq.m. were contracted to be granted to Zhenro Yuhu (Putian) Development Co., Ltd. (正榮玉湖(莆田)開發有限公司, "Putian Yuhu", a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB745,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350300201608001 (Li), permission towards the planning of the aforesaid land parcel with a site area of approximately 94,107.83 sq.m. has been granted to Putian Yuhu.
3. Pursuant to a State-owned Land Use Rights Certificate — Min (2016) Pu Tian Shi Bu Dong Chan Quan Di No. LC06019, the land use rights of the aforesaid land parcel with a site area of approximately 94,107.83 sq.m. have been granted to Putian Yuhu for the terms expiring on 21 April 2086 for residential use and 21 April 2056 for commercial use.
4. Pursuant to 3 Construction Work Planning Permits — Jian Zi Di Nos. 350300201608009, 350300201608010 and 350300201608013 Li in favour of Putian Yuhu, Putian Zhenro Mansion with a total gross floor area of approximately 293,673.02 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits — Nos. 350304201608190201, 350304201610170101 and 350304201610270101 in favour of Putian Yuhu, permissions by the relevant local authority were given to commence the construction of Putian Zhenro Mansion with a total gross floor area of approximately 293,673.02 sq.m.
6. Pursuant to 15 Pre-sale Permits — (2016) Pu Fang Xu Zi Di Nos. 72 to 74, 87, 105, 106, 109, 123 and 124 and (2017) Pu Fang Xu Zi Di Nos. 9, 49, 54, 61, 69 and 78 in favour of Putian Yuhu, the Group is entitled to sell portions of Putian Zhenro Mansion (representing a total gross floor area of approximately 191,038.55 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	216,455.65	
	Retail	1,232.48	
	Basement (inclusive of car parking spaces)	63,147.13	1,814
	Ancillary	12,837.76	
	Total:	<u>293,673.02</u>	<u>1,814</u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 179,807.60 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB2,017,974,647. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,722,000,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout, floor and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2016 and 2017. The unit price of these comparable properties ranges from RMB8,000 to RMB12,000 per sq.m. for residential units, RMB30,000 to RMB50,000 per sq.m. for retail units and RMB130,000 to RMB180,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to mortgage in favor of a third party.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Putian Yuhu is legally and validly in possession of the land use rights of the property. Putian Yuhu has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
- b. Putian Yuhu has obtained all requisite construction work approvals in respect of the actual development progress; and
- c. Putian Yuhu has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

14. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
22.	Putian Zhenro Royal Mansion located at the northern side of Xiaocuo Road and the eastern side of Chenggang Avenue Chengxiang District Putian City Fujian Province The PRC	<p>Putian Zhenro Royal Mansion is located at the northern side of Xiaocuo Road and the eastern side of Chenggang Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Putian Zhenro Royal Mansion comprises a parcel of land with a site area of approximately 33,282.65 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in November 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 110,416.25 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Putian Zhenro Royal Mansion. The classification, usage and gross floor area details of the property were set out in note 6.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,059,000,000, of which approximately RMB721,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 13 November 2056 for commercial use and 13 November 2086 for residential use.</p>	As at the valuation date, the property was under construction.	715,100,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Pu Guo Tu 2016 Nian Chu Zi No. 11 dated 20 October 2016, the land use rights of a parcel of land with a site area of approximately 33,282.65 sq.m. were contracted to be granted to Zhenro Zhenghong (Putian) Real Estate Development Co., Ltd. (正榮正宏(莆田)置業發展有限公司, “Zhenro Zhenghong Putian”, a wholly-owned subsidiary of the Company”) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB618,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350300201608009, permission towards the planning of the aforesaid land parcel with a site area of approximately 33,282.65 sq.m. has been granted to Zhenro Zhenghong Putian.
3. Pursuant to a State-owned Land Use Rights Certificate — Min (2016) Pu Tian Shi Bu Dong Chan Quan Di No. CX27304, the land use rights of the aforesaid land parcel with a site area of approximately 33,282.65 sq.m. have been granted to Zhenro Zhenghong Putian for the terms expiring on 13 November 2086 for residential use and 13 November 2056 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350300201708015 (Cheng) in favour of Zhenro Zhenghong Putian, Putian Zhenro Royal Mansion with a gross floor area of approximately 110,416.25 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 350302201709080401 in favour of Zhenro Zhenghong Putian, permission by the relevant local authority was given to commence the construction of Putian Zhenro Royal Mansion with a gross floor area of approximately 110,416.25 sq.m.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	83,581.21	
	Retail	1,001.33	
	Basement (inclusive of car parking spaces)	21,071.16	615
	Ancillary	4,762.55	
	Total:	110,416.25	615

7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,366,000,000.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are located in the area close to the subject property, which were transacted in 2017. The comparables are residential and retail units and car parking spaces of middle to high-rise residential buildings completed between 2015 to 2016 or to be completed (in pre-sale stage) and with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB7,500 to RMB11,000 per sq.m. for residential units, RMB11,000 to RMB15,000 per sq.m. for retail units and RMB200,000 to RMB230,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Zhenro Zhenghong Putian is legally and validly in possession of the land use rights of the property. Zhenro Zhenghong Putian has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released; and
 - b. Zhenro Zhenghong Putian has obtained all requisite construction work approvals in respect of the actual development progress.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | No |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |
12. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
23.	Putian No. PS Pai-2017-10 located at West Lake Area Baitang Town Hanjiang District Putian City Fujian Province The PRC	<p>Putian No. PS Pai-2017-10 is located at the south-western side of the intersection of Shunyi Road and Xinggang Zhong Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Putian No. PS Pai-2017-10 comprises a parcel of land with a site area of approximately 79,697.71 sq.m., which will be developed into a residential development with a total gross floor area of approximately 159,487.25 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Putian No. PS Pai-2017-10. The classification, usage and gross floor area details of the property were set out in note 3.</p> <p>The land use rights of the property have been granted for a term expiring on 2 August 2087 for residential use.</p>	As at the valuation date, the property was bare land.	1,018,300,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Pu Guo Tu 2017 Chu Zi No. 12 dated 26 May 2017, the land use rights of a parcel of land with a site area of approximately 79,697.71 sq.m. were contracted to be granted to Zhengrun (Putian) Real Estate Development Co., Ltd. (正潤(莆田)置業發展有限公司, “Putian Zhengrun”, a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB980,000,000.
- Pursuant to a State-owned Land Use Rights Certificate — Min (2017) Pu Tian Shi Bu Dong Chan Quan Di No. HJ06908, the land use rights of the aforesaid land parcel with a site area of approximately 79,679.71 sq.m. have been granted to Putian Zhengrun for a term expiring on 2 August 2087 for residential use.

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group IV — held for future development by the group	Residential	93,792.25	
	Ancillary	2,645.00	
	Basement (inclusive of car parking spaces)	63,050.00	N/A
	Total:	<u>159,487.25</u>	<u>N/A</u>

4. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential land in Licheng District of Putian which were all transacted in 2017. The accommodation value of these comparable land sites ranges from RMB9,000 to RMB11,000 per sq.m. basis for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

5. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Putian Zhengrun is legally and validly in possession of the land use rights of the property. Putian Zhengrun has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	No
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

8. For the purpose of this report, the property is classified into the group as "Group IV — held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
24.	Putian Binxi Zhenro Mansion located at the northern side of Binxi Road and the southern side of Ruxin Road Licheng District Putian City Fujian Province The PRC	<p>Putian Binxi Zhenro Mansion is located at the northern side of Binxi Road and the southern side of Ruxin Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Putian Binxi Zhenro Mansion comprises a parcel of land with a site area of approximately 23,926.08 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 65,850.16 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Putian Binxi Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 3.</p> <p>The land use rights of the property were contracted to be granted for the terms expiring on 18 October 2057 for commercial use and 18 October 2087 for residential use.</p>	As at the valuation date, the property was bare land.	No commercial value

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — Pu Guo Tu 2017 Nian Chu Zi No. 22 dated 19 October 2017, the land use rights of a parcel of land with a site area of approximately 23,926.08 sq.m. were contracted to be granted to Zhenro (Putian) Real Estate Development Co., Ltd. (正榮(莆田)置業發展有限公司, “Putian Real Estate”, a wholly-owned subsidiary of the Company) for the terms expiring on 18 October 2057 for commercial use and 18 October 2087 for residential use commencing from the land delivery date. The total land premium was RMB359,000,000.
- As at the valuation date, the property had not been assigned to Putian Real Estate and thus the title of the property had not been vested in Putian Real Estate, the relevant land use rights certificate had not been obtained. Therefore, we have attributed no commercial value to the property.

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group V — contracted to be acquired by the Group	Retail	3,600.00	
	Basement (inclusive of car parking spaces)	17,998.00	450
	Ancillary	1,550.00	
	Total:	65,850.16	450

4. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Licheng District and Chengxiang District of Putian which were transacted in 2016 and 2017. The accommodation value of these comparable land sites ranges from RMB7,000 to RMB10,000 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

The aforesaid State-owned Land Use Rights Grant Contract is legal and valid.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	No
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

7. For the purpose of this report, the property is classified into the group as "Group V — contracted to be acquired by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
25.	Putian Shishi Zhenro Mansion located at Chao Keng Village Lingxiu Town Quanzhou City Fujian Province The PRC	<p>Putian Shishi Zhenro Mansion is located at Chao Keng Village. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Putian Shishi Zhenro Mansion comprises a parcel of land with a site area of approximately 33,942.00 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 115,598.75 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Putian Shishi Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 4.</p> <p>The land use rights of the property have been granted for a term expiring on 13 September 2087 for residential use.</p>	As at the valuation date, the property was bare land.	414,900,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract — No. 35058120170714P004 dated 4 August 2017, the land use rights of a parcel of land with a site area of approximately 33,942.00 sq.m. were contracted to be granted to Shishi Zhengsheng Real Estate Development Co., Ltd. (石獅市正升置業發展有限公司, “Shishi Zhengsheng”, a wholly-owned subsidiary of the Company”) for the terms of 70 years for residential use commencing from the land delivery date. The total land premium was RMB363,000,000.
2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 35058201700057, permission towards the planning of the aforesaid land parcel with a site area of approximately 33,942.00 sq.m. has been granted to Shishi Zhengsheng.
3. Pursuant to a State-owned Land Use Rights Certificate — Min (2017) Shi Shi Shi Bu Dong Chan Quan Di No. 0007398, the land use rights of the aforesaid land parcel with a site area of approximately 33,942.00 sq.m. have been granted to Shishi Zhengsheng for a term expiring on 13 September 2087 for residential use.

4. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group IV — held for future development by the Group	Residential	87,541.45	
	Ancillary	3,078.72	
	Basement (inclusive of car parking spaces)	24,978.58	625
	Total:	115,598.75	625

5. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential land in Lingxiu Town of Quanzhou which were transacted between 2013 and 2017. The accommodation value of these comparable land sites ranges from RMB4,000 to RMB5,500 per sq.m. basis for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Shishi Zhengsheng is legally and validly in possession of the land use rights of the property. Shishi Zhengsheng has the rights to occupy, use, lease and dispose of the land of the property.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

8. For the purpose of this report, the property is classified into the group as "Group IV — held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
26.	Portions of Nanchang Zhenro The Capital of Great Loch No. 333 Zhenxing Avenue Liantang Town Nanchang County Nanchang City Jiangxi Province The PRC	<p>Nanchang Zhenro The Capital of Great Loch is located at northern side of Zhenxing Avenue which is the main arterial road in the area. It is well-served with public transportation and adequate facilities with 30 minutes' driving distance to the Nanchang City Centre - Bayi Square. The locality is a developed residential area.</p> <p>Nanchang Zhenro The Capital of Great Loch occupies various parcels of land with a total site area of approximately 872,794.00 sq.m., which had been developed into a residential and commercial development. The project was completed in June 2017, and its unsold portion (the "unsold units") was vacant for sale or held for investment as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Nanchang Zhenro The Capital of Great Loch. The classification, usage and gross floor area details of the property were set out in note 9.</p> <p>The land use rights of the property have been granted for the terms expiring on 2 June 2043 and 15 February 2046 for commercial use, 8 May 2073, 2 June 2073 and 14 December 2086 for residential use and 14 December 2056 for park and green land use.</p>	As at the valuation date, a portion of the property was vacant and the remaining portion of the property were rented to an independent third party for commercial purpose.	346,760,000

Notes:

- Pursuant to 8 State-owned Land Use Rights Grant Contracts dated 07 May 2003 and 15 February 2006, the land use rights of 9 parcels of land with a total site area of approximately 872,794.00 sq.m. were contracted to be granted to Nanchang Zhenro (Singapore) Real Estate Co., Ltd. (南昌正榮(新加坡)置業有限公司, "Nanchang Real Estate", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use, 40 years for commercial use commencing from the land delivery date. The total land premium was RMB252,000,000.
- Pursuant to a Construction Land Planning Permit — Xian Gui Di (2013) Di No. 071, permission towards the planning of the aforesaid land parcels with a total site area of approximately 778,223.33 sq.m. has been granted to Nanchang Real Estate.

3. Pursuant to 9 State-owned Land Use Rights Certificates — Nan Guo Yong (2003) Di Nos. 0033, 0089, 0090, 0087 and 0088, Nan Guo Yong (2006) Di Nos. 0114, 0248, 0249 and 0250 and 13 State-owned Real Estate Title Certificates — Gang (2016) Nan Chang Xian Bu Dong Chan Quan Di Nos. 0003824 to 0003826 and Gang (2017) Nan Chang Xian Bu Dong Chan Quan Di Nos. 0000859 to 0000862, 0000876, 0031269 to 0031271, 0031340 and 0031341, the land use rights of the aforesaid land parcel with a total site area of approximately 872,794.00 sq.m. have been granted to Nanchang Real Estate for the terms expiring on 2 June 2043 and 15 February 2046 for commercial use and 8 May 2073, 2 June 2073 and 14 December 2086 for residential use and 14 December 2056 for park and green land use.
4. Pursuant to a Building Ownership Certificate — Nan Fang Quan Zheng Lian Tang Zhen Zi Di No. 00174139, portions of the property with a gross floor area of approximately 15,971.91 sq.m. are owned by Nanchang Real Estate per sq.m. for commercial use.
5. Pursuant to 138 Construction Work Planning Permits — Xian Gui Jian (2004) Di No. 029, Xian Gui Jian (2005) Di Nos. 002, 044, 045 and 047 to 050, Xian Gui Jian (2006) Di Nos. 121, 122-1 to 122-14, Xian Gui Jian (2007) Di Nos. 029 to 058, 239 to 245, 296 to 304 and 435 to 457, Xian Gui Jian (2008) Di Nos. 284 to 305, Jian Zi Di Xian Gui Jian (2007) Di Nos. 288 to 291 and 458 to 468, Jian Zi Di (2009) No. 36012191400035, Jian Zi Di (2010) Nos. 360120203000004, 360121090100044 and 360121090100045, Jian Zi Di (2012) Nos. 36012107270039, 36012107270040 and 36012108160045 and Jian Zi Di (2013) Nos. 36012103190015 and 36012120130055 in favour of Nanchang Real Estate, Nanchang Zhenro The Capital of Great Loch with a total plot ratio accountable gross floor area of approximately 1,244,161.84 sq.m. has been approved for construction.
6. Pursuant to 33 Construction Work Commencement Permits — Xian Jian Guan Nos. 2004-036 to 2004-039, Xian Jian Guan Nos. 2005-017, 2005-067 to 2005-068 and 2005-072 to 2005-074, Xian Jian Guan No. 2006-059, Xian Jian Guan Nos. 2007-01-011, 2007-03-04, 2007-07-01, 2007-07-02, 2007-09-06 and 2007-11-02 and Hong Xian Jian Guan Zi Nos. (2008)001, (2008)005, (2008)037, (2008)042, (2008)044, (2009)045, (2010)013, (2010)057, (2010)060, (2011)001, (2011)011, (2012)060 to (2012)062, (2013)044 and (2014)021 in favour of Nanchang Real Estate, permissions by the relevant local authority were given to commence the construction of Nanchang Zhenro The Capital of Great Loch with a total gross floor area of approximately 1,273,012.96 sq.m.
7. Pursuant to 163 Pre-sale Permits — (Nan) Fang Yu Shou Zheng Di (2004) No. 30, (Nan) Fang Yu Shou Zheng Di (2005) Nos. 8, 023, 026, (Nan) Fang Yu Shou Zheng Di (2006) No. 012, (Nan) Fang Yu Shou Zheng Di Nos. 2006-23, 2006-46-1, 2006-47-01 to 2006-47-11, 2007-0005-1 to 2007-0005-9, 2007-0013-1 to 2007-0013-2, 2007-0014-1 to 2007-0014-2, 2007-0017-1 to 2007-0017-3, 2007-0029-1 to 2007-0029-3, 2007-0033-1 to 2007-0033-2, 2007-0038-1 to 2007-0038-3, 2007-0042, 2007-0052-1 to 2007-0052-4, 2007-0053-1 to 2007-0053-7, 2007-0063, 2007-0095-1 to 2007-0095-6, 2008-0002-1 to 2008-0002-6, 2008-0003-1 to 2008-0003-6, 2008-0028-1 to 2008-0028-4, 2008-0029-1 to 2008-0029-4, 2008-0064, 2008-0071-1 to 2008-0071-11, 2008-0072-1, 2008-0072-2, 2008-0074, 2008-0093-1 to 2008-0093-11, 2009-0014, 2009-0024, 2009-0031, 2009-0035, 2009-0042, 2009-0051, 2009-0060, 2009-0065, 2009-0072, 2009-0082, 2009-0086, 2009-0096, 2009-0105, 2010-0011, 2010-0019, 2010-0022, 2010-0048, 2010-0060, 2010-0061, 2010-0066, 2010-0067, 2010-0077, 2010-0085, 2010-0099, 2010-0109, 2010-0114, 2010-0120, 2010-0126, 2011-0007, 2011-0013, 2011-0016, 2011-0023, 2011-0034, 2011-0037-1, 2011-0037-2, 2011-0050, 2011-0058, 2011-0069, 2011-0070, 2011-0106, 2012-0006, 2012-0014, 2012-0029, 2012-0046, 2012-0059, 2012-0072, 2012-0092, 2012-0107, 2012-0120, 2013-0007, 2013-0023, 2013-0040, 2013-0074, 2013-0084, 2013-0103, 2014-0051 in favour of Nanchang Real Estate, the Group is entitled to sell portions of Nanchang Zhenro The Capital of Great Loch (representing a total gross floor area of approximately 1,209,262.22 sq.m.) to purchasers.
8. Pursuant to 276 Construction Work Completion and Inspection Tables in favour of Nanchang Real Estate, the construction of Nanchang Zhenro The Capital of Great Loch with a total gross floor area of approximately 1,339,336.27 sq.m. has been completed and passed the inspection acceptance.

9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)
Group I — held for sale by the Group	Residential	12,598.15
	Retail	14,510.52
	Sub-total:	27,108.67
Group II — held for investment by the Group	Retail	15,971.91
	Sub-total:	15,971.91
	Total:	43,080.58

10. Pursuant to a Tenancy Agreement entered into between Nanchang Real Estate and an independent third party, portions of the property with a total gross floor area of approximately 15,971.91 sq.m. were leased to a tenant for commercial purpose with expiry date on 7 September 2032, and the total monthly rent receivable as at the valuation date was RMB335,410, exclusive of management fees, water and electricity charges. As advised by the Group, Nanchang Real Estate or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by the tenants.

11. Our valuation has been made on the following basis and analysis:

- a. For the portions of the property in Group I, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are located in the area close to the subject property, which were transacted in 2017. The comparables are residential and retail units of middle to high-rise residential and commercial buildings completed between 2014 and 2016 and with similar building conditions and facilities as the subject property. The unit price of these comparable properties ranges from RMB8,500 to RMB8,800 per sq.m. for residential units, and RMB8,500 to RMB16,500 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;
- b. For the remaining retail portion of the property in Group II, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the shopping mall of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;
- c. The unit rent of these comparable retail units on the first floor basis ranges from RMB3.0 to RMB4.0 per sq.m. per day; and
- d. Based on our research on retail market in the surrounding area of the property, the stabilized market yield ranged from 4.7% to 5.1% as at the valuation dates. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.0% for the commercial pedestrian street of the property as the capitalization rate in the valuation.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Nanchang Real Estate is legally and validly in possession of the land use rights of the property. Nanchang Real Estate has the rights to occupy, use, lease and dispose of the land of the property;
 - b. Nanchang Real Estate has obtained all requisite construction work approvals in respect of the actual development progress;
 - c. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanchang Real Estate has the rights to legally occupy, use and lease these portions of the property;
 - d. Nanchang Real Estate is legally and validly in possession of the building ownership rights of the buildings mentioned in note 4. Nanchang Real Estate has the rights to occupy, use, lease and dispose of these buildings; and
 - e. Nanchang Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. State-owned Land Use Rights Certificate | Yes |
| c. Building Ownership Certificate | Portion |
| d. Construction Land Planning Permit | Yes |
| e. Construction Work Planning Permit | Yes |
| f. Construction Work Commencement Permit | Yes |
| g. Pre-sale Permit | Portion |
| h. Construction Work Completion and Inspection Certificate/Table/Report | Yes |
15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	243,500,000
Group II — held for investment by the Group	103,260,000
Total:	<u><u>346,760,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>						
27.	Portions of Nanchang Zhenro Royal Garden located at the northern side of Yunfei Road and the western side of Pengze Road Chaoyangzhou Nanchang City Jiangxi Province The PRC	<p>Nanchang Zhenro Royal Garden is located at the northern side of Yunfei Road and the western side of Pengze Road. It is well-served with public transportation. The locality is a mega residential area with street front shops, schools and parks.</p> <p>Nanchang Zhenro Royal Garden occupies a parcel of land with a site area of approximately 27,715.00 sq.m., which had been developed into a residential development. The project was completed in 2013, and its unsold (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Nanchang Zhenro Royal Garden with a total gross floor area of approximately 459.83 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">459.83</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">459.83</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 27 December 2079 for residential use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	459.83	Total:	459.83	As at the valuation date, the property was vacant.	7,600,000
Usage	Gross Floor Area (sq.m.)									
Residential	459.83									
Total:	459.83									

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 3620090101000047 dated 20 December 2009, the land use rights of a parcel of land with a site area of approximately 27,715.00 sq.m. were contracted to be granted to Nanchang Shiou Properties Development Co., Ltd. (南昌世歐房地產開發有限公司, “Nanchang Shiou”, a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB212,070,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360100201000012, permission towards the planning of the aforesaid land parcel with a site area of approximately 27,715.00 sq.m. has been granted to Nanchang Shiou.
- Pursuant to a State-owned Land Use Rights Certificate — Hong Tu Guo Yong Deng Xi (2010) Di No. 141, the land use rights of the aforesaid land parcel with a site area of approximately 27,715.00 sq.m. have been granted to Nanchang Shiou for a term expiring on 27 December 2079 for residential use.

4. Pursuant to 10 Construction Work Planning Permits — Jian Zi Di Nos. 360100201000759 to 360100201000768 in favour of Nanchang Shiou, Nanchang Zhenro Royal Garden with a total gross floor area of approximately 94,499.60 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Hong Jian Wei Shi Zi (2010) No. 178 in favour of Nanchang Shiou, permission by the relevant local authority was given to commence the construction of Nanchang Zhenro Royal Garden with a gross floor area of approximately 94,183.34 sq.m.
6. Pursuant to 9 Pre-sale Permits — (2011) Hong Fang Yu Shou Zheng Di Nos. 19805, 19806 and 20024, (2012) Hong Fang Yu Shou Zheng Di Nos. 20382, 20541 , 20542, 20545 and 20546 and (2013) Hong Fang Yu Shou Zheng Di No. 22731 in favour of Nanchang Shiou, the Group is entitled to sell portions of Nanchang Zhenro Royal Garden (representing a total gross floor area of approximately 68,178.24 sq.m.) to purchasers.
7. Pursuant to 10 Construction Work Completion and Inspection Tables in favour of Nanchang Shiou, the construction of Nanchang Zhenro Royal Garden with a total gross floor area of approximately 94,526.57 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units within the same development/building of the subject property, which were transacted between 2016 and 2017. The unit price of these comparable properties ranges from RMB20,000 to RMB22,000 per sq.m. for residential units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

For the buildings of the property, the PRC legal advisors hold the opinion that Nanchang Shiou has been legally provided with relevant construction work planning permit, construction work commencement permit, and have completed and passed final acceptance of construction. Therefore, Nanchang Shiou has the rights to legally occupy, use and lease the aforesaid buildings in accordance with relevant laws.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	Yes

11. For the purpose of this report, the property is classified into the group as "Group I — held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>								
28.	Portions of Nanchang Zhenro Royal Statue located at the western side of Fusheng Road, the southern side of Dingjiazhou Road and the eastern side of Yongle Road Chaoyang New Town Nanchang City Jiangxi Province The PRC	<p>Nanchang Zhenro Royal Statue is located at the western side of Fusheng Road, the southern side of Dingjiazhou Road and the eastern side of Yongle Road. It is well-served with public transportation. The locality comprises several street front shops and schools.</p> <p>Nanchang Zhenro Royal Statue occupies a parcel of land with a site area of approximately 22,185.00 sq.m., which had been developed into a residential development. The project was completed in 2015 and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Nanchang Zhenro Royal Statue with a total gross floor area of approximately 1,807.26 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">1,637.71</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;"><u>169.55</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>1,807.26</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 12 August 2080 for residential use and 12 August 2050 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	1,637.71	Retail	<u>169.55</u>	Total:	<u>1,807.26</u>	As at the valuation date, the property was vacant.	25,800,000
Usage	Gross Floor Area (sq.m.)											
Residential	1,637.71											
Retail	<u>169.55</u>											
Total:	<u>1,807.26</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 362010011300013 dated 13 August 2010, the land use rights of a parcel of land with a site area of approximately 22,185.00 sq.m. were contracted to be granted to Nanchang Shiou Properties Development Co., Ltd. (南昌世歐房地產開發有限公司, “Nanchang Shiou”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB116,460,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360100201000112, permission towards the planning of the aforesaid land parcel with a site area of approximately 22,185.00 sq.m. has been granted to Nanchang Shiou.

3. Pursuant to a State-owned Land Use Rights Certificate — Hong Tu Guo Yong Deng Xi (2010) Di No. 917, the land use rights of the aforesaid land parcel with a site area of approximately 22,185.00 sq.m. have been granted to Nanchang Shiou for the terms expiring on 12 August 2080 for residential use and 12 August 2050 for commercial use.
4. Pursuant to 11 Construction Work Planning Permits — Jian Zi Di Nos. 360100201100269 to 360100201100279 in favour of Nanchang Shiou, Nanchang Zhenro Royal Statue with a total gross floor area of approximately 65,275.92 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Hong Jian Wei Shi Zi (2011) No. 096 in favour of Nanchang Shiou, permission by the relevant local authority was given to commence the construction of Nanchang Zhenro Royal Statue and Nanchang Zhenro Royal Quality with a total gross floor area of approximately 208,816.35 sq.m.
6. Pursuant to 10 Pre-sale Permits — (2013) Hong Fang Yu Shou Zheng Di Nos. 22067, 21893, 21617, 21614, 21976, 22257, 21898, 21899 and 22258 and (2015) Hong Fang Yu Shou Zheng Di No. 25991 in favour of Nanchang Shiou, the Group is entitled to sell portions of Nanchang Zhenro Royal Statue (representing a total gross floor area of approximately 47,339.51 sq.m.) to purchasers.
7. Pursuant to 11 Construction Work Completion and Inspection Tables in favour of Nanchang Shiou, the construction of Nanchang Zhenro Royal Statue with a total gross floor area of approximately 65,275.92 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property, which were transacted between 2015 and 2017. The unit price of these comparable properties ranges from RMB11,700 to RMB24,000 per sq.m. for residential units and RMB16,500 to RMB28,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Nanchang Shiou is legally and validly in possession of the land use rights of the property. Nanchang Shiou has the rights to occupy, use, lease and dispose of the land of the property;
 - b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanchang Shiou has the rights to legally occupy, use and lease these portions of the property; and
 - c. Nanchang Shiou has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>								
29.	Portions of Nanchang Zhenro Royal Quality located at the eastern side of Yongfu Road, the southern side of Dingjiazhou Road, the western side of Yongle Road and the northern side of Guidian Road. Nanchang Zhenro Royal Quality occupies a parcel of land with a site area of approximately 46,986.00 sq.m., which had been developed into a residential development. Nanchang Zhenro Royal Quality was completed in 2015 and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.	As advised by the Group, the property comprised the unsold units of Nanchang Zhenro Royal Quality with a total gross floor area of approximately 6,288.36 sq.m., the details of which were set out as below:	As at the valuation date, the property was vacant.	122,500,000								
		<table border="0"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">6,192.14</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;"><u>96.22</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>6,288.36</u></td> </tr> </tbody> </table>	Usage	Gross Floor Area (sq.m.)	Residential	6,192.14	Retail	<u>96.22</u>	Total:	<u>6,288.36</u>		
Usage	Gross Floor Area (sq.m.)											
Residential	6,192.14											
Retail	<u>96.22</u>											
Total:	<u>6,288.36</u>											
		The land use rights of the property have been granted for the terms expiring on 12 August 2080 for residential use and 12 August 2050 for commercial use.										

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 362010011300014 dated 13 August 2010, the land use rights of a parcel of land with a site area of approximately 46,986.00 sq.m. were contracted to be granted to Nanchang Shiou Properties Development Co., Ltd. (南昌世歐房地產開發有限公司, “Nanchang Shiou”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB243,850,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360100201000111, permission towards the planning of the aforesaid land parcel with a site area of approximately 46,986.00 sq.m. has been granted to Nanchang Shiou.

3. Pursuant to a State-owned Land Use Rights Certificate — Hong Tu Guo Yong Deng Xi (2010) Di No. 916, the land use rights of the aforesaid land parcel with a site area of approximately 46,986.00 sq.m. have been granted to Nanchang Shiou for the terms expiring on 12 August 2080 for residential use and 12 August 2050 for commercial use.
4. Pursuant to 16 Construction Work Planning Permits — Jian Zi Di No. 360100201100295 and Nos. 360100201100280 to 360100201100294 in favour of Nanchang Shiou, Nanchang Zhenro Royal Quality with a total gross floor area of approximately 141,873.73 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Hong Jian Wei Shi Zi (2011) No. 096 in favour of Nanchang Shiou, permission by the relevant local authority was given to commence the construction of Nanchang Zhenro Royal Quality and Nanchang Zhenro Royal Statue with a gross floor area of approximately 208,816.35 sq.m.
6. Pursuant to 14 Pre-sale Permits — Hong Fang Yu Shou Zheng Nos. 23374, 22779, 22197, 23722, 25005 and 24991 to 24999 in favour of Nanchang Shiou, the Group is entitled to sell portions of Nanchang Zhenro Royal Quality (representing a total gross floor area of approximately 98,807.86 sq.m.) to purchasers.
7. Pursuant to 16 Construction Work Completion and Inspection Tables in favour of Nanchang Shiou, the construction of Nanchang Zhenro Royal Quality with a total gross floor area of approximately 141,873.73 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property, which were transacted between 2015 and 2017. The unit price of these comparable properties ranges from RMB20,000 to RMB24,000 per sq.m. for residential units, RMB16,000 to RMB28,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Nanchang Shiou is legally and validly in possession of the land use rights of the property. Nanchang Shiou has the rights to occupy, use, lease and dispose of the land of the property;
 - b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanchang Shiou has the rights to legally occupy, use and lease these portions of the property; and
 - c. Nanchang Shiou has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>								
30.	Portions of Nanchang Zhenro Royal Summit located at the southern side of Yunju Road, the eastern side of Jiangyun Road and the western side of Baoshi Road Chaoyang New Town Nanchang City Jiangxi Province The PRC	<p>Nanchang Zhenro Royal Summit is located at the southern side of Yunju Road, the eastern side of Jiangyun Road and the western side of Baoshi Road. It is well-served with public transportation. The locality comprises a mega residential development, several street front shops, schools and parks.</p> <p>Nanchang Zhenro Royal Summit occupies a parcel of land with a site area of approximately 44,387.00 sq.m. which had been developed into a residential and commercial development. The project was completed in 2016, and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Nanchang Zhenro Royal Summit with a total gross floor area of approximately 5,265.49 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">5,047.39</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;"><u>218.10</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>5,265.49</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 2 November 2080 for residential use and 2 November 2050 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	5,047.39	Retail	<u>218.10</u>	Total:	<u>5,265.49</u>	As at the valuation date, the property was vacant.	94,500,000
Usage	Gross Floor Area (sq.m.)											
Residential	5,047.39											
Retail	<u>218.10</u>											
Total:	<u>5,265.49</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 36201001130022 dated 21 October 2010, the land use rights of a parcel of land with a site area of approximately 44,387.00 sq.m. were contracted to be granted to Nanchang Shiou Properties Development Co., Ltd. (南昌世歐房地產開發有限公司, “Nanchang Shiou”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB239,690,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360100201100003, permission towards the planning of the aforesaid land parcel with a site area of approximately 44,387.00 sq.m. has been granted to Nanchang Shiou.

3. Pursuant to a State-owned Land Use Rights Certificate — Hong Tu Guo Yong Deng Xi (2010) Di No. 1191, the land use rights of the aforesaid land parcel with a site area of approximately 44,387.00 sq.m. have been granted to Nanchang Shiou for the terms expiring on 2 November 2080 for residential use and 2 November 2050 for commercial use.
4. Pursuant to 17 Construction Work Planning Permits — Jian Zi Di Nos. 360100201300158 to 360100201300174 in favour of Nanchang Shiou, Nanchang Zhenro Royal Summit with a total gross floor area of approximately 138,607.50 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Hong Jian Wei Shi Zi (2013) No. 076 in favour of Nanchang Shiou, permission by the relevant local authority was given to commence the construction of Nanchang Zhenro Royal Summit with a gross floor area of approximately 138,607.50 sq.m.
6. Pursuant to 16 Pre-sale Permits — (2014) Hong Fang Yu Shou Zheng Di Nos. 24491, 24322, 24323 and 24740 and (2016) Hong Fang Yu Shou Zheng Di Nos. 27051, 27076, 27077, 27531 to 27533, 27053, 27054, 27511, 27512, 28055 and 28056 in favour of Nanchang Shiou, the Group is entitled to sell portions of Nanchang Zhenro Royal Summit (representing a total gross floor area of approximately 96,212.02 sq.m.) to purchasers.
7. Pursuant to 16 Construction Work Completion and Inspection Tables in favour of Nanchang Shiou, the construction of Nanchang Zhenro Royal Summit with a total gross floor area of approximately 98,608.64 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property, which were transacted between 2015 and 2016. The unit price of these comparable properties ranges from RMB20,000 to RMB24,000 per sq.m. for residential units and RMB16,000 to RMB30,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Nanchang Shiou is legally and validly in possession of the land use rights of the property. Nanchang Shiou has the rights to occupy, use, lease and dispose of the land of the property;
 - b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanchang Shiou has the rights to legally occupy, use and lease these portions of the property;
 - c. Nanchang Shiou has obtained all requisite construction work approvals in respect of the actual development progress; and
 - d. Nanchang Shiou has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Record | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>								
31.	Portions of Nanchang Zhenro The Country located at the northern side of Yunhai Road, the western side of Langong Road, the southern side of Laozhou Street and the eastern side of Binjiang Road Chaoyang New Town Nanchang City Jiangxi Province The PRC	<p>Nanchang Zhenro The Country is located at the northern side of Yunhai Road, the western side of Langong Road, the southern side of Laozhou Street and the eastern side of Binjiang Road. It is well-served with public transportation. The locality comprises several mega residential developments with street front shops and schools.</p> <p>Nanchang Zhenro The Country occupies a parcel of land with a site area of approximately 36,488.00 sq.m. which had been developed into a residential and commercial development. The project was completed in February 2016, and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Nanchang Zhenro The Country with a total gross floor area of approximately 9,441.98 sq.m., the details of which were set out as below:</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">8,372.19</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;"><u>1,069.79</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>9,441.98</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 6 September 2081 for residential use and 6 September 2051 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	8,372.19	Retail	<u>1,069.79</u>	Total:	<u>9,441.98</u>	As at the valuation date, the property was vacant.	133,800,000
Usage	Gross Floor Area (sq.m.)											
Residential	8,372.19											
Retail	<u>1,069.79</u>											
Total:	<u>9,441.98</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 362011011300013 dated 6 September 2011, the land use rights of a parcel of land with a site area of approximately 36,488.00 sq.m. was contracted to be granted to Nanchang Shiou Properties Development Co., Ltd. (南昌世歐房地產開發有限公司, “Nanchang Shiou”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB599,310,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360100201100091, permission towards the planning of the aforesaid land parcel with a site area of approximately 36,488.00 sq.m. has been granted to Nanchang Shiou.

3. Pursuant to a State-owned Land Use Rights Certificate — Hong Tu Guo Yong Deng Xi (2011) Di No. D761, the land use rights of the aforesaid land parcel with a site area of approximately 36,488.00 sq.m. have been granted to Nanchang Shiou for the terms expiring on 6 September 2081 for residential use and 6 September 2051 for commercial use.
4. Pursuant to 6 Construction Work Planning Permits — Jian Zi Di Nos. 360100201200421 to 360100201200426 in favour of Nanchang Shiou, Nanchang Zhenro The Country with a total gross floor area of approximately 161,009.46 sq.m. have been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Hong Jian Wei Shi Zi (2013) No. 021 in favour of Nanchang Shiou, permission by the relevant local authority was given to commence the construction of Nanchang Zhenro The Country with a gross floor area of approximately 161,009.46 sq.m.
6. Pursuant to 5 Pre-sale Permits — (2014) Hong Fang Yu Shou Zheng Di Nos. 23498 and 23499 and (2015) Hong Fang Yu Shou Zheng Di Nos. 26133, 24263 and 25411 in favour of Nanchang Shiou, the Group is entitled to sell portions of Nanchang Zhenro The Country (representing a total gross floor area of approximately 126,633.61 sq.m.) to purchasers.
7. Pursuant to 6 Construction Work Completion and Inspection Tables in favour of Nanchang Shiou, the construction of Nanchang Zhenro The Country with a total gross floor area of approximately 161,009.46 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB13,600 to RMB15,600 per sq.m. for residential units and RMB20,000 to RMB30,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Nanchang Shiou is legally and validly in possession of the land use rights of the property. Nanchang Shiou has the rights to occupy, use, lease and dispose of the land of the property;
 - b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanchang Shiou has the rights to legally occupy, use and lease these portions of the property; and
 - c. Nanchang Shiou has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>								
32.	Portions of Nanchang Zhenro First Mansion No. 88 Dazhi Road Honggutan New District Nanchang City Jiangxi Province The PRC	<p>Nanchang Zhenro First Mansion is located at No. 88 Dazhi Road enjoying graceful nature view. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Nanchang Zhenro First Mansion occupies a parcel of land with a site area of approximately 59,558.19 sq.m., which has been developed into a residential and commercial development. The project was completed in August 2017, and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Nanchang Zhenro First Mansion with a total gross floor area of approximately 2,390.58 sq.m., the details of which were set out as below:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">572.34</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;"><u>1,818.24</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>2,390.58</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 8 October 2083 for residential use and 8 October 2053 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	572.34	Retail	<u>1,818.24</u>	Total:	<u>2,390.58</u>	As at the valuation date, the property was vacant.	41,250,000
Usage	Gross Floor Area (sq.m.)											
Residential	572.34											
Retail	<u>1,818.24</u>											
Total:	<u>2,390.58</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 36201301120036 dated 9 October 2013 and a Supplementary Contract dated 16 December 2013, the land use rights of a parcel of land with a site area of approximately 59,558.19 sq.m. were contracted to be granted to Nanchang Zhenro Honggu Investment Co., Ltd. (南昌正榮紅谷投資發展有限公司, “Nanchang Honggu”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB661,980,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360100201401022, permission towards the planning of the aforesaid land parcel with a site area of approximately 59,558.00 sq.m. has been granted to Nanchang Honggu.

3. Pursuant to a State-owned Land Use Rights Certificate — Hong Tu Guo Yong (Deng Hong 2014) Di No. D599, the land use rights of the aforesaid land parcel with a site area of approximately 59,558.19 sq.m. have been granted to Nanchang Honggu for the terms expiring on 8 October 2083 for residential use and 8 October 2053 for commercial use.
4. Pursuant to 20 Construction Work Planning Permits — Jian Zi Di Nos. 360100201400573 to 360100201400592 in favour of Nanchang Honggu, Nanchang Zhenro First Mansion with a total gross floor area of approximately 167,164.90 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Hong Jian Wei Shi Zi No. 360101201411280601 in favour of Nanchang Honggu, permission by the relevant local authority was given to commence the construction of Nanchang Zhenro First Mansion with a gross floor area of approximately 167,164.90 sq.m.
6. Pursuant to 18 Pre-sale Permits — (2015) Hong Fang Yu Shou Zheng Di Nos. 25943 to 25945, 26044, 26081, 26152, 26387, 26379, 26266 to 26267, 26607, 26380 to 26381, 26608, 26987 to 26988, 27322 and 27324 in favour of Nanchang Honggu, the Group is entitled to sell portions of Nanchang Zhenro First Mansion (representing a total gross floor area of approximately 128,843.64 sq.m.) to purchasers.
7. Pursuant to 18 Construction Work Completion and Inspection Reports in favour of Nanchang Honggu, the construction of portions of Nanchang Zhenro First Mansion with a total gross floor area of approximately 162,503.77 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB12,000 to RMB20,000 per sq.m. for residential units, RMB20,000 to RMB38,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgages in favor of a third party.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Nanchang Honggu is legally and validly in possession of the land use rights of the property. Nanchang Honggu has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Nanchang Honggu has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Nanchang Honggu has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
12. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>						
33.	Portions of Nanchang Zhenro Embellish City located at the western side of Changzheng West Road, the eastern side of Changling Avenue and the northern side of Changwan Avenue Xincheng District Xinjian County Nanchang City Jiangxi Province The PRC	<p>Nanchang Zhenro Embellish City is located at western side of Changzheng West Road, eastern side of Changling Avenue and northern side of Changwan Avenue enjoying graceful nature view. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Nanchang Zhenro Embellish City occupies a parcel of land with a site area of approximately 68,313.33 sq.m., which had been developed into a residential and commercial development. The project was completed in 2016, and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Nanchang Zhenro Embellish City with a total gross floor area of approximately 8,180.57 sq.m., the details of which were set out as below:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;"><u>8,180.57</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>8,180.57</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 26 October 2083 for residential use and 26 October 2053 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Retail	<u>8,180.57</u>	Total:	<u>8,180.57</u>	As at the valuation date, the property was vacant.	87,790,000
Usage	Gross Floor Area (sq.m.)									
Retail	<u>8,180.57</u>									
Total:	<u>8,180.57</u>									

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 36012220130927G024 dated 18 October 2013 and an Alteration Agreement dated 4 November 2013, the land use rights of a parcel of land with a site area of approximately 68,313.33 sq.m. were contracted to be granted to Nanchang Zhenro Xinjian Investment Co., Ltd. (南昌正榮新建投資發展有限公司, “Nanchang Xinjian”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB636,330,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360122201310041, permission towards the planning of the aforesaid land parcel with a site area of approximately 68,313.33 sq.m. has been granted to Nanchang Xinjian.

3. Pursuant to a State-owned Land Use Rights Certificate — Xin Guo Yong (2013) Di No. 11002, the land use rights of the aforesaid land parcel with a site area of approximately 68,313.33 sq.m. have been granted to Nanchang Xinjian for the terms expiring on 26 October 2083 for residential use and 26 October 2053 for commercial use.
4. Pursuant to 13 Construction Work Planning Permits — Nos. 360122201400034 to 360122201400037 and 360122201400057 to 360122201400065 in favour of Nanchang Xinjian, Nanchang Zhenro Embellish City with a total gross floor area of approximately 288,631.79 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Xin Jian Guan Shi Zi (2014) Di No. 18 in favour of Nanchang Xinjian, permission by the relevant local authority was given to commence the construction of Nanchang Zhenro Embellish City with a total gross floor area of approximately 288,631.79 sq.m.
6. Pursuant to 11 Pre-sale Permits — Xin Fang Yu Shou Zheng Di Nos. 2014035, 2014048, 2014053, 2014058, 2015014, 2015018, 2015026, 2015029, 2015032, 2015039 and 2017015 in favour of Nanchang Xinjian, the Group is entitled to sell portions of Nanchang Zhenro Embellish City (representing a total gross floor area of approximately 237,179.55 sq.m.) to purchasers.
7. Pursuant to 15 Construction Work Completion and Inspection Certificates in favour of Nanchang Xinjian, the construction of Nanchang Zhenro Embellish City with a total gross floor area of approximately 288,631.76 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are retail units within the same development/building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB25,000 to RMB35,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Nanchang Xinjian is legally and validly in possession of the land use rights of the property. Nanchang Xinjian has the rights to occupy, use, lease and dispose of the land of the property;
 - b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanchang Xinjian has the rights to legally occupy, use and lease these portions of the property;
 - c. Nanchang Xinjian has obtained all requisite construction work approvals in respect of the actual development progress; and
 - d. Nanchang Xinjian has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
34.	Nanchang Zhenro Mansion located at the eastern side of Fuying Road, the southern side of Xiangzhang Road, the northern side of Chifu Road and the western side of Zijing Road Economic Technology Development District Nanchang City Jiangxi Province The PRC	<p>Nanchang Zhenro Mansion is located at the eastern side of Fuying Road, the southern side of Xiangzhang Road, the northern side of Chifu Road and the western side of Zijing Road.</p> <p>Nanchang Zhenro Mansion occupies a parcel of land with a site area of approximately 103,412.70 sq.m., which is being developed into a residential and commercial development. Portions of the project (the “CIP”) were under construction as at the valuation date and are scheduled to be completed in November 2020. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 170,011.45 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Nanchang Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,492,000,000, of which approximately RMB934,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 25 August 2086 for residential use, 21 and 25 August 2066 for auxiliary use and 25 August 2056 for commercial use.</p>	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	1,613,000,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — No. 36201601030025 dated 29 July 2016, the land use rights of a parcel of land with a site area of approximately 103,412.70 sq.m. were contracted to be granted to Nanchang Zhenro Zhengchuang Real Estate Co., Ltd. (南昌正榮正創置業有限公司, “Nanchang Zhengchuang”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use, 50 years for auxiliary use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,427,100,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360100201620044, permission towards the planning of the aforesaid land parcel with a site area of approximately 103,412.70 sq.m. has been granted to Nanchang Zhengchuang.
3. Pursuant to a State-owned Land Use Rights Certificate — Gan (2016) Nan Chang Shi Bu Dong Chan Quan Di No. 1099045, the land use rights of the aforesaid land parcel with a site area of approximately 103,412.70 sq.m. have been granted to Nanchang Zhengchuang for the terms expiring on 25 August 2086 for residential use, 21 and 25 August 2066 for auxiliary use and 25 August 2056 for commercial use.
4. Pursuant to 34 Construction Work Planning Permits — Jian Zi Di No. 360100201720002, Jian Zi Di No. 360100201720003, Jian Zi Di No. 360100201720004, Jian Zi Di No. 360100201720005, Jian Zi Di No. 360100201720006, Jian Zi Di No. 360100201720007, Jian Zi Di No. 360100201720008, Jian Zi Di No. 360100201720009, Jian Zi Di No. 360100201720010, Jian Zi Di No. 360100201720011, Jian Zi Di No. 360100201720012, Jian Zi Di No. 360100201720013, Jian Zi Di No. 360100201720014, Jian Zi Di No. 360100201720015, Jian Zi Di No. 360100201720016, Jian Zi Di No. 360100201720017, Jian Zi Di No. 360100201720018, Jian Zi Di No. 360100201720019, Jian Zi Di No. 360100201720020, Jian Zi Di No. 360100201720021, Jian Zi Di No. 360100201720022, Jian Zi Di No. 360100201720023, Jian Zi Di No. 360100201720024, Jian Zi Di No. 360100201720025, Jian Zi Di No. 360100201720026, Jian Zi Di No. 360100201720027, Jian Zi Di No. 360100201720028, Jian Zi Di No. 360100201720029, Jian Zi Di No. 360100201720030, Jian Zi Di No. 360100201720031, Jian Zi Di No. 360100201720032, Jian Zi Di No. 360100201720033, Jian Zi Di No. 360100201720034, and Jian Zi Di No. 360100201720035, in favour of Nanchang Zhengchuang, Nanchang Zhenro Mansion with a total gross floor area of approximately 288,544.97 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 360101201703220101 in favour of Nanchang Zhengchuang, permission by the relevant local authority was given to commence the construction of portions of Nanchang Zhenro Mansion with a total gross floor area of approximately 170,011.45 sq.m.
6. Pursuant to 12 Pre-sale Permits — Hong Fang Yu Shou Zheng Di Nos. 29457 to 29462, (2017) Hong Fang Yu Shou Zheng Di No. 30094 to 30096, 29787, 29940 and 30114 in favour of Nanchang Zhengchuang, the Group is entitled to sell portions of Nanchang Zhenro Mansion (representing a total gross floor area of approximately 76,893.47 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	114,363.20	
	Retail	11,909.39	
	Ancillary	952.86	
	Basement (inclusive of car parking spaces)	42,786.00	1,323
	Sub-total:	170,011.45	1,323
Group IV — held for future development by the Group	Residential	80,813.66	
	Retail	29,597.65	
	Ancillary	5,090.66	
	Basement (inclusive of car parking spaces)	3,032.00	N/A
	Sub-total:	118,533.97	N/A
Total:		288,545.42	1,323

8. As advised by the Group, various residential units with a total gross floor area of approximately 29,239.18 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB313,878,999. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,943,000,000.
10. Our valuation has been made on the following basis and analysis:
 - a. For the portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB120,000 to RMB154,000 per sq.m. for residential units and RMB22,000 to RMB28,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Economic Technology Development District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB5,500 to RMB8,800 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Nanchang Zhengchuang is legally and validly in possession of the land use rights of the property. Nanchang Zhengchuang has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Nanchang Zhengchuang has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Nanchang Zhengchuang has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Portion
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group III — held under development by the Group	967,000,000
Group IV — held for future development by the Group	<u>646,000,000</u>
Total:	<u><u>1,613,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
35.	Nanchang West Lake Violet Mansion located at the southern side of Tuanjie Road and the eastern side of Xihetan Road Xihu District Nanchang City Jiangxi Province The PRC	<p>Nanchang West Lake Violet Mansion is located at the southern side of Tuanjie Road and the eastern side of Xihetan Road. The subject district is a traditional community with convenient transportation. The project is in 3 minutes walking distance to metro station.</p> <p>Nanchang West Lake Violet Mansion occupies a parcel of land with a site area of approximately 7,049.00 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in November 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 20,721.00 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Nanchang West Lake Violet Mansion. The classification, usage and gross floor area details of the property were set out in note 6.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB285,000,000, of which approximately RMB166,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 14 August 2086 for residential use and 21 and 14 August 2056 for commercial use.</p>	As at the valuation date, the property was under construction.	192,000,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — No. 36201601130007 dated 15 August 2016 and a Supplementary Contract dated 8 September 2016, the land use rights of a parcel of land with a site area of approximately 7,049.00 sq.m. were contracted to be granted to Nanchang Zhenro Zhengxing Real Estate Development Co., Ltd. (南昌正榮正興置業有限公司, “Nanchang Zhenro Zhengxing” a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB146,240,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 360100201700010, permission towards the planning of the aforesaid land parcel with a site area of approximately 6,666.70 sq.m. has been granted to Nanchang Zhenro Zhengxing.
3. Pursuant to a State-owned Land Use Rights Certificate — Gan (2016) Nan Chang Shi Bu Dong Chan Quan Di No. 1107902, the land use rights of the aforesaid land parcel with a site area of approximately 7,049.00 sq.m. have been granted to Nanchang Zhenro Zhengxing for the terms expiring on 14 August 2086 for residential use and 21 and 14 August 2056 for commercial use.
4. Pursuant to 4 Construction Work Planning Permits — Jian Zi Di No. 360100201700087, Jian Zi Di No. 360100201700088, Jian Zi Di No. 360100201700089 and Jian Zi Di No. 360100201700090, in favour of Nanchang Zhenro Zhengxing, Nanchang West Lake Violet Mansion with a total gross floor area of approximately 20,884.97 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — Hong Jian Wei Shi Zi No. 360101201704190101 in favour of Nanchang Zhenro Zhengxing, permission by the relevant local authority was given to commence the construction of Nanchang West Lake Violet Mansion with a total gross floor area of approximately 20,721.93 sq.m.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	13,979.77	
	Ancillary	1,539.38	
	Basement (inclusive of car parking spaces)	5,201.85	88
	Total:	20,721.00	88

7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB398,000,000.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB25,000 to RMB27,000 per sq.m. for residential units and RMB100,000 to RMB140,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Nanchang Zhenro Zhengxing is legally and validly in possession of the land use rights of the property. Nanchang Zhenro Zhengxing has the rights to occupy, use, lease and dispose of the land of the property; and
 - b. Nanchang Zhenro Zhengxing has obtained all requisite construction work approvals in respect of the actual development progress.
10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | No |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |
11. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>						
36.	Portions of Yichun Zhenro Landscape Riverside No. 58 Luzhou North Road Yuanzhou District Yichun City Jiangxi Province The PRC	<p>Yichun Zhenro Landscape Riverside is located at No. 58 Luzhou North Road. It is well-served with public transportation. The locality is a mega residential area with street front shops.</p> <p>Yichun Zhenro Landscape Riverside occupies a parcel of land with a site area of approximately 134,028.10 sq.m. which had been developed into a residential development. The project was completed in 2013 and its unsold portion (the “unsold units”) was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Yichun Zhenro Landscape Riverside with a total gross floor area of approximately 25.91 sq.m., the details of which were set out as below:</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Car parking spaces (2 Car parking lots)</td> <td style="text-align: right;"><u>25.91</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>25.91</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 18 October 2072 for residential use and 18 October 2042 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Car parking spaces (2 Car parking lots)	<u>25.91</u>	Total:	<u>25.91</u>	As at the valuation date, the property was vacant.	65,000
Usage	Gross Floor Area (sq.m.)									
Car parking spaces (2 Car parking lots)	<u>25.91</u>									
Total:	<u>25.91</u>									

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 19 October 2002, the land use rights of 6 parcels of land with a total site area of approximately 138,667.00 sq.m. were contracted to be granted to Jiangxi Zhenro Real Estate Development Co., Ltd. (江西省正榮房地產開發有限公司, “Jiangxi Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 50 years for commercial use commencing from the land delivery date. The land premium was RMB10,450,000.
- Pursuant to a Construction Land Planning Permit — Cheng Gui Di Zi (2002) No. 002, permission towards the planning of the aforesaid land parcels with a total site area of approximately 138,666.67 sq.m. has been granted to Jiangxi Real Estate.

3. Pursuant to 6 State-owned Land Use Rights Certificates — Yi Chun Guo Yong (2005) Di Nos. 094281, 094283 and 094284, Yi Chun Guo Yong (2006) Di No. 09050018 and Yi Chun Guo Yong (2007) Di Nos. 09050048 and 09050049, the land use rights of the aforesaid land parcels with a total site area of approximately 134,028.10 sq.m. have been granted to Jiangxi Real Estate for the terms expiring on 18 October 2072 for residential use and 18 October 2042 for commercial use.
4. Pursuant to 59 Construction Work Planning Permits — Cheng Gui Zi (2007) 33-1, 33-2, 33-3, 33-4, 33-5, 33-6, 33-7, 33-8, 33-9, 33-10, 33-11 and 33-12, Cheng Gui Zi (2008) 2-1, 2-2, 2-3, 2-4, 2-5, 2-6, 2-7, 2-8, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 37-1, 37-2, 37-3, 37-4, 37-5, 37-6, 37-7, 37-8, 37-9 and 37-10 and Jian Zi Di Nos. 360901200900041-1, 360901200900041-2, 360901200900041-3, 360901200900041-4, 360901200900041-5, 360901200900041-6, 360901200900041-7, 360901200900041-8, 360901200900041-9, 360901200900041-10, 360901200900041-11, 360901201000053-1, 360901201000053-2, 360901201000053-3, 360901201000053-4, 360901201000046-1, 360901201000046-2, 360901201000046-3, 360901201000060-1, 360901201000060-2, 360901201000060-3 and 360901201000060-4 in favour of Jiangxi Real Estate, Yichun Zhenro Landscape Riverside with a total gross floor area of approximately 216,127.71 sq.m. have been approved for construction.
5. Pursuant to 14 Construction Work Commencement Permits — Nos. 3622012007091001, 3622012007091101, 3622012007091201, 3622012007091301, 362201200801080201, 362201200801080101, 362201200801080301, 362201200804250701, 362201200804250801, 362201200804250901, 362201200804251001, 362201201009144701, 362201201007193501 and 362201201010134801 in favour of Jiangxi Real Estate, permissions by the relevant local authority were given to commence the construction of Yichun Zhenro Landscape Riverside with a total gross floor area of approximately 215,901.00 sq.m.
6. Pursuant to 9 Pre-sales Permits — Yi (2007) Fong Yu Zheng Di No. 046, Yi (2008) Fang Yu Shou Zheng Di No. 012, Yi (2009) Fang Yu Shou Zheng Di Nos. 04 and 24, Yi (2010) Fang Yu Shou Zheng Di Nos. A52 and A70, and Yi (2011) Fang Yu Shou Zheng Di Nos. B40, B51 and B54 in favour of Jiangxi Real Estate, the Group is entitled to sell portions of Yichun Zhenro Landscape Riverside (representing a total gross floor area of approximately 215,665.70 sq.m.) to purchasers.
7. Pursuant to 57 Construction Work Completion and Inspection Tables in favour of Jiangxi Real Estate, the construction of Yichun Zhenro Landscape Riverside with a total gross floor area of approximately 219,313.68 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are car parking spaces within the same development/building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB70,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

For the aforesaid unsold car parking spaces, the PRC legal advisors hold the opinion that Jiangxi Real Estate has been legally provided with relevant construction work planning permit, construction work commencement permit, and have completed and passed final acceptance of construction. Therefore, Jiangxi Real Estate has the rights to legally occupy, use and lease the aforesaid unsold car parking spaces in accordance with relevant laws.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | Portion |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
37.	Portions of Yichun Zhenro Royal Riverside located at the western side of Xiujiang East Road and the southern side of Yiyang Road Yuanzhou District Yichun City Jiangxi Province The PRC	<p>Yichun Zhenro Royal Riverside is located at the western side of Xiujiang East Road and the southern side of Yiyang Road. It is well-served with public transportation. The locality is a mega residential area with street front shops, hotels, schools and parks.</p> <p>Yichun Zhenro Royal Riverside occupies 10 parcels of land with a total site area of approximately 171,791.00 sq.m., which is being developed into a residential development. Portions of the project were completed during 2013 to 2016, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in August 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 77,483.65 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units, CIP and bare land of Yichun Zhenro Royal Riverside. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB348,000,000, of which approximately RMB264,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 13 April 2081 for residential use and 13 April 2051 for commercial use.</p>	As at the valuation date, the unsold units of the property were vacant, portions of the property were under construction, and the remaining portion of the property was bare land.	589,430,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts — No. 36201103010038 dated 4 February 2012 and No. 36201103010036 dated 4 January 2013, the land use rights of 10 parcels of land with a total site area of approximately 171,791.00 sq.m. were contracted to be granted to Jiangxi Zhenro Real Estate Development Co., Ltd. (江西省正榮房地產開發有限公司, “Jiangxi Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB593,000,000.
2. Pursuant to 2 Construction Land Planning Permits — Di Zi Di Nos. 360901201200002 and 360901201300032, permissions towards the planning of the aforesaid land parcels with a total site area of approximately 171,791.00 sq.m. have been granted to Jiangxi Real Estate.
3. Pursuant to 10 State-owned Land Use Rights Certificates — Yi Chun Guo Yong (2013) Di No. 00000701 and Gan (2016) Yi Chun Shi Bu Dong Chan Quan Di Nos. 0000680, 0002756 to 0002758, 0002760, 0002761, 0004346, 0004349 and 0004389, the land use rights of the aforesaid parcels with a total site area of approximately 171,791.00 sq.m. have been granted to Jiangxi Real Estate for the terms expiring on 13 April 2081 for residential use and 13 April 2051 for commercial use.
4. Pursuant to 37 Construction Work Planning Permits — Jian Zi Di Nos. 360901201200007-1 to 360901201200007-18, 3609012013000026-1 to 3609012013000026-8, 360901201500027-1 to 360901201500027-3, 360901201400036-1 to 360901201400036-4, 360901201500043-2, 360901201500043-1, 360901201600008-1 and 360901201600008-2 in favour of Jiangxi Real Estate, portions of Yichun Zhenro Royal Riverside with a total gross floor area of approximately 492,599.00 sq.m. have been approved for construction.
5. Pursuant to 9 Construction Work Commencement Permits — Nos. 362201201308024701, 362201201308024801, 362201201203200901, 362201201203200801, 362201201507233001, 362201201507233101, 362201201511276201, 362201201406093301 and 362201201603101401 in favour of Jiangxi Real Estate, permissions by the relevant local authority were given to commence the construction of portions of Yichun Zhenro Royal Riverside with a total gross floor area of approximately 438,362.44 sq.m.
6. Pursuant to 16 Pre-sale Permits — Yi (2012) Fang Yu Shou Zheng Di Nos. C14, C25 and C46, Yi (2013) Fang Yu Shou Zheng Di Nos. D16, D20, D27 and D63, Yi (2015) Fang Yu Shou Zheng Di Nos. F019, F033 and F061, Yi (2016) Fang Yu Shou Zheng Di Nos. G016, G024 and G036 and Yi (2017) Fang Yu Shou Zheng Di Nos. H029, H021 and F039 in favour of Jiangxi Real Estate, the Group is entitled to sell portions of Yichun Zhenro Royal Riverside (representing a total gross floor area of approximately 367,493.34 sq.m.) to purchasers.
7. Pursuant to 19 Construction Work Completion and Inspection Tables in favour of Jiangxi Real Estate, the construction of portions of Yichun Zhenro Royal Riverside with a total gross floor area of approximately 328,205.00 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)
Group I — held for sale by the Group	Residential	3,733.77
	Retail	3,830.01
	Sub-total:	7,563.78
Group III — held under development by the Group	Residential	73,805.16
	Ancillary	3,678.49
	Sub-total:	77,483.65
Group IV — held for future development by the Group	Kindergarten	2,700.00
	Sub-total:	2,700.00
	Total:	87,747.43

9. As advised by the Group, various residential units with a total gross floor area of approximately 72,867.82 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB411,596,815. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB416,900,000.
11. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group I and Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB5,000 to RMB8,000 per sq.m. for residential units and RMB9,000 to RMB12,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Yuanzhou District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB1,200 to RMB2,000 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
12. Pursuant to a mortgage contract and relevant agreements, the land use rights of a parcel of land of the property are subject to the mortgages in favor of a third party.

13. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
- a. Jiangxi Real Estate is legally and validly in possession of the land use rights of the property. Jiangxi Real Estate has the rights to occupy, use, lease and dispose of the land of the property except the land parcel mentioned in note 12. For the land parcel mentioned in note 12 which is subject to the aforesaid mortgage, Jiangxi Real Estate has the rights to occupy and use this land parcel, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Jiangxi Real Estate has the rights to legally occupy, use and lease these portions of the property;
 - c. Jiangxi Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
 - d. Jiangxi Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. State-owned Land Use Rights Certificate | Yes |
| c. Building Ownership Certificate | No |
| d. Construction Land Planning Permit | Yes |
| e. Construction Work Planning Permit | Portion |
| f. Construction Work Commencement Permit | Portion |
| g. Pre-sale Permit | Portion |
| h. Construction Work Completion and Inspection Certificate/Table/Report | Portion |
15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	195,080,000
Group III — held under development by the Group	389,600,000
Group IV — held for future development by the Group	<u>4,750,000</u>
Total:	<u><u>589,430,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
38.	Portions of Changsha Zhenro Fortune Center located at the northern side of Wangwang East Road and the eastern side of Wangcheng Road Wangcheng County Changsha City Hunan Province The PRC	<p>Changsha Zhenro Fortune Center is located at the northern side of Wangwang East Road and the eastern side of Wangcheng Road. It is well-served with public transportation. The locality comprises several residential and office developments.</p> <p>Changsha Zhenro Fortune Center occupies 5 parcels of land with a total site area of approximately 145,220.40 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in March 2016, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in March 2020. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 251,421.83 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units, CIP and bare land of Changsha Zhenro Fortune Center. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,170,000,000, of which approximately RMB764,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 30 April 2083 for residential use and 21 March 2054 for commercial use.</p>	As at the valuation date, portions of the unsold units of the property were vacant, while portions of the unsold units of the property were rented to various third parties for commercial purpose, portions of the property were under construction, and the remaining portion of the property was bare land.	1,013,500,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts — Nos. 001516 and 001517 dated 19 March 2013 and the relevant supplementary terms dated 1 April 2013, the land use rights of 5 parcels of land with a total site area of approximately 145,220.40 sq.m. were contracted to be granted to Zhenro (Changsha) Real Estate Co., Ltd. (正榮(長沙)置業有限公司, “Changsha Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB450,400,000.
2. Pursuant to 2 Construction Land Planning Permits — Jian Gui Di Zi Di Nos. 201308007 and 201405002, permission towards the planning of the aforesaid land parcels with a total site area of approximately 145,220.00 sq.m. has been granted to Changsha Real Estate.
3. Pursuant to 5 State-owned Land Use Rights Certificates — Wang Bian Geng Guo Yong (2013) Di No. 138 and Wang Bian Geng Guo Yong (2014) Di Nos. 2897 to 2900, the land use rights of the aforesaid land parcels with a total site area of approximately 145,220.40 sq.m. have been granted to Changsha Real Estate for the terms expiring on 30 April 2083 for residential use and 21 March 2054 for commercial use.
4. Pursuant to 21 Construction Work Planning Permits — Jian Gui (Jian) Zi Di Nos. 201311145-1 to 201311145-13, 201407100-1 to 201407100-3, 201501005-1 to 201501005-4 and 201709115 in favour of Changsha Real Estate, portions of Changsha Zhenro Fortune Center with a total gross floor area of approximately 430,272.08 sq.m. have been approved for construction.
5. Pursuant to 5 Construction Work Commencement Permits — Nos. 430109201312197601, 430109201312197601-1, 430109201408084701, 430109201504172401 and 439109201765001 in favour of Changsha Real Estate, permissions by the relevant local authority were given to commence the construction of portions of Changsha Zhenro Fortune Center with a total gross floor area of approximately 431,748.01 sq.m.
6. Pursuant to 11 Pre-sale Permits — Wang Fang Shou Xu Zi (2014) Di Nos. 059 Bian Geng Hao, 060 Bian Geng Hao, 185 Bian Geng Hao, 186 and 212, Wang Fang Shou Xu Zi (2015) Di No. 237 Bian Geng Hao, Wang Fang Shou Xu Zi (2016) Di Nos. 0351 and 0352, Wang Fang Shou Xu Zi (2017) Di Nos. 0028, 0052 and 0087 in favour of Changsha Real Estate, the Group is entitled to sell portions of Changsha Zhenro Fortune Center (representing a total gross floor area of approximately 256,490.49 sq.m.) to purchasers.
7. Pursuant to 8 Construction Work Completion and Inspection Tables in favour of Changsha Real Estate, the construction of portions of Changsha Zhenro Fortune Center with a gross floor area of approximately 180,326.18 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	2,749.69	
	Retail	1,813.81	
	Sub-total:	4,563.50	
Group II — held for investment by the Group	Retail	61,814.00	
	Sub-total:	61,814.00	
Group III — held under development by the Group	Residential	162,579.42	
	Retail	2,495.55	
	SOHO	39,491.44	
	Ancillary	2,971.25	
	Basement (inclusive of car parking spaces)	43,884.17	1,341
	Sub-total:	251,421.83	1,341
Group IV — held for future development by the Group	Residential	181,399.04	
	Retail	10,897.00	
	Basement (inclusive of car parking spaces)	101,521.66	2,109
	Sub-total:	293,817.70	2,109
	Total:	611,617.03	3,450

9. As advised by the Group, various residential and retail units with a total gross floor area of approximately 96,097.07 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB432,318,657. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,153,000,000.
11. Pursuant to 84 Tenancy Agreements entered into between Changsha Real Estate and various independent third parties, portions of the property with a total gross floor area of approximately 43,533.01 sq.m. are leased to 84 tenants for commercial purpose with the expiry dates between 17 May 2020 and 17 June 2037, and the total monthly rent receivable as at the valuation date is approximately RMB953,000, exclusive of management fees, water and electricity charges. As advised by the Group, Changsha Real Estate or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by the tenants.
12. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group I, Group II and Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential, retail and SOHO units and car parking spaces within the same development/building of the subject property and

other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB3,900 to RMB5,800 per sq.m. for residential units, RMB10,000 to RMB30,000 per sq.m. for retail units, RMB4,000 to 5,500 per sq.m. for SOHO units and RMB55,000 to RMB73,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;

- b. For the portion of the property in Group II, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the shopping mall of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;
 - c. The unit rent of these comparable commercial units on the first floor basis range from RMB4.97 to RMB6.67 per sq.m. per day;
 - d. Based on our research on commercial market in the surrounding area of the property, the stabilized market yield ranged from 4% to 5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 4.5% for the shopping mall as the capitalization rate in the valuation; and
 - e. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Wangcheng County which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB700 to RMB900 per sq.m. basis for composite residential and comprehensive uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
13. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of 3 parcels of land of the property are subject to the mortgages in favor of various third parties.
 14. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Changsha Real Estate is legally and validly in possession of the land use rights of the property. Changsha Real Estate has the rights to occupy, use, lease and dispose of the land of the property except the land parcels mentioned in note 13. For the land parcels mentioned in note 13 which are subject to the aforesaid mortgages, Changsha Real Estate has the rights to occupy and use these land parcels, but the transfer of these mortgaged properties is subject to the mortgages until the mortgages have been released;
 - b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Changsha Real Estate has the rights to legally occupy, use and lease these portions of the property;
 - c. Changsha Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
 - d. Changsha Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

15. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Portion
f.	Construction Work Commencement Permit	Portion
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	32,850,000
Group II — held for investment by the Group	543,760,000
Group III — held under development by the Group	263,100,000
Group IV — held for future development by the Group	<u>173,790,000</u>
Total:	<u><u>1,013,500,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
39.	Changsha Binjiang Zhenro Mansion located at the East Side of Yinshan Road Guanshaling Yuelu District Changsha City Hunan Province The PRC	<p>Changsha Binjiang Zhenro Mansion is located at the East Side of Yinshan Road, Guanshaling, Yuelu District. The locality is a mature residential area with public transportation and where Kunming Railway Line 4 is under development.</p> <p>Changsha Binjiang Zhenro Mansion occupies 2 parcels of land with a total site area of approximately 106,651.90 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 335,518.57 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Changsha Binjiang Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 4.</p> <p>The land use rights of the property have been granted for the terms expiring on 4 August 2076 for residential use and 4 August 2046 for commercial use.</p>	As at the valuation date, the property was bare land.	979,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Xian Dao No. 2008005 dated December 2008, the land use rights of 2 parcels of land with a total site area of approximately 106,651.90 sq.m. were contracted to be granted to Hunan Xiushan Lishui Real Estate Co., Ltd. 湖南秀山麗水置業有限公司, “Hunan Xiushan Lishui”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial service use, and 70 years for residential use commencing from the land delivery date. The total land premium was RMB530,000,000.
2. Pursuant to a Construction Land Planning Permit — Jian Gui Di Zi Xiang Xin Chu No. 20160015, permission towards the planning of 2 parcels of land with a site area of approximately 133,036.78 sq.m. (including 657.42 sq.m. for landscape planning and 25,727.45 sq.m. for road planning) has been granted to Hunan Xiushan Lishui.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Chang Guo Yong (2009) Di Nos. 031966 and 031967, the land use rights of the aforesaid land parcels with a total site area of approximately 106,651.90 sq.m. have been granted to Hunan Xiushan Lishui for the terms expiring on 4 August 2076 for residential use and 4 August 2046 for commercial use.

4. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group IV — held for future development by the Group	Residential	203,769.57	
	Retail	15,006.00	
	SOHO	39,162.00	
	Basement (inclusive of car parking spaces)	67,000.00	N/A
	Ancillary	10,581.00	
	Total:	<u>335,518.57</u>	<u>N/A</u>

5. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Yuelu District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB3,200 to RMB4,500 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

6. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Hunan Xiushan Lishui is legally and validly in possession of the land use rights of the property. Hunan Xiushan Lishui has the rights to occupy and use the land of the property, but the transfer of the mortgaged property is subject to the mortgage until the mortgage has been released.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

9. For the purpose of this report, the property is classified into the group as "Group IV — held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
40.	Portions of Nanjing Zhenro Splendid Land located at the junction of Wang Jiang Road and Lin Chu Road Pu Kou New District Nanjing City Jiangsu Province The PRC	<p>Nanjing Zhenro Splendid Land is located at junction of Wang Jiang Road and Lin Chu Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Nanjing Zhenro Splendid Land occupies a parcel of land with a site area of approximately 105,352.94 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in October 2017, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in January 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 190,645.35 sq.m.</p> <p>As at the valuation date, the property comprised the unsold units and CIP of Nanjing Zhenro Splendid Land. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB2,105,000,000, of which approximately RMB2,022,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 9 February 2084 for residential use.</p>	As at the valuation date, the unsold units of the property were vacant and the remaining portion of property was under construction.	7,356,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 3201012013CR0085 dated 26 July 2013 and a Reply Letter dated 10 October 2013, the land use rights of a parcel of land with a site area of approximately 105,352.94 sq.m. were contracted to be granted to Zhenro Nanjing Real Estate Co., Ltd. (南京正榮置業發展有限公司, “Nanjing Real Estate”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use commencing from the land delivery date. The land premium was RMB2,100,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320111201410029, permission towards the planning of the aforesaid land parcel with a site area of approximately 105,359.85 sq.m. has been granted to Nanjing Real Estate.
3. Pursuant to a State-owned Land Use Rights Certificate — Ning Pu Guo Yong (2014) Di No. 03386, the land use rights of the aforesaid land parcels with a site area of approximately 105,352.94 sq.m. have been granted to Nanjing Real Estate for the terms expiring on 9 February 2084 for residential use.
4. Pursuant to 4 Construction Work Planning Permits — Jian Zi Di Nos. 320111201410655, 320111201410496, 320111201410330 and 320111201410671 in favour of Nanjing Real Estate, Nanjing Zhenro Splendid Land with a total gross floor area of approximately 387,005.80 sq.m. has been approved for construction.
5. Pursuant to 4 Construction Work Commencement Permits — Nos. 32011120150130201, 320101820140003, 320101820140006 and 320101820150001 in favour of Nanjing Real Estate, permissions by the relevant local authority were given to commence the construction of Nanjing Zhenro Splendid Land with a total gross floor area of approximately 381,758.35 sq.m.
6. Pursuant to 14 Pre-sale Permits — Ning Fang Xiao Zi Di Nos. 2015300064, 2014300138, 2015300147, 2015300097, 2015300056, 2015300042, 2015300025, 2016300029, 2016300060, 2016300072, 2016300083, 2016300109, 2017300006 and 2017300027 in favour of Nanjing Real Estate, the Group is entitled to sell portions of Nanjing Zhenro Splendid Land (representing a total gross floor area of approximately 274,420.71 sq.m.) to purchasers.
7. Pursuant to 12 Construction Work Completion and Inspection Certificates — Ning Bei Zi Nos. 320120160370, 320120160369, 320120160368, 320120160366, 320120160367, 320120160371, 320120170052, 320120170051, 320120160365, 320120170224, 320120170225 and 320120170226 in favour of Nanjing Real Estate, the construction of portions of Nanjing Zhenro Splendid Land with a gross floor area of approximately 202,276.80 sq.m. has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	86,556.90	
	Retail	3,046.53	
	Car parking spaces	13,512	564
	Sub-total:	103,115.43	564
Group III — held under development by the Group	Residential	125,941.99	
	Retail	3,049.66	
	Basement (inclusive of car parking spaces)	61,653.70	2,115
	Sub-total:	190,645.35	2,115
	Total:	293,760.78	2,679

9. As advised by the Group, various residential units and commercial units of the CIP of the property with a total gross floor area of approximately 99,125.35 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB2,794,272,853. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,487,000,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB22,000 to RMB29,000 per sq.m. for residential units, RMB50,000 to RMB60,000 per sq.m. for retail units and RMB100,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Nanjing Real Estate is legally and validly in possession of the land use rights of the property. Nanjing Real Estate has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
- b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanjing Real Estate has the rights to legally occupy, use and lease these portions of the property;
- c. Nanjing Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
- d. Nanjing Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	4,267,000,000
Group III — held under development by the Group	<u>3,089,000,000</u>
Total:	<u><u>7,356,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
41.	Portions of Nanjing Zhenro Riverside Wonderland located at the junction of Zhen Nan He Road and He Xi Road Pu Kou New District Nanjing City Jiangsu Province The PRC	Nanjing Zhenro Riverside Wonderland is located at junction of Zhen Nan He Road and He Xi Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. Nanjing Zhenro Riverside Wonderland occupies a parcel of land with a site area of approximately 71,345.10 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in October 2017, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in December 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 103,794.48 sq.m. As at the valuation date, the property comprised the unsold units and CIP of Nanjing Zhenro Riverside Wonderland. The classification, usage and gross floor area details of the property were set out in note 9. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,767,000,000, of which approximately RMB674,000,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 9 February 2084 for residential use.	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	2,344,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 3201012013CR0086 dated 26 July 2013 and a Supplementary Contract dated 11 October 2013, the land use rights of a parcel of land with a site area of approximately 71,345.10 sq.m. were contracted to be granted to Nanjing Zhenro Property Development Co., Ltd. (南京正榮房地產開發有限公司, “Nanjing Property”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use commencing from the land delivery date. The land premium was RMB1,520,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi No. 320111201410021, permission towards the planning of the aforesaid land parcel with a site area of approximately 71,357.65 sq.m. has been granted to Nanjing Property.
3. Pursuant to a State-owned Land Use Rights Certificate — Ning Pu Guo Yong (2014) Di No. 04139, the land use rights of the aforesaid land parcel with a site area of approximately 71,345.10 sq.m. have been granted to Nanjing Property for the terms expiring on 9 February 2084 for residential use.
4. Pursuant to 7 Real Estate Title Certificates — Su (2016) Ning Pu Bu Dong Chan Quan Di Nos. 0026776, 0026785, 0026792, 0026797, 0026798, 0026819 and 0026820, portions of the property with a total gross floor area of approximately 2,016.33 sq.m. are owned by Nanjing Property.
5. Pursuant to 3 Construction Work Planning Permits — Jian Zi Di Nos. 320111201410118, 320111201410201 and 320111201410398 in favour of Nanjing Property, Nanjing Zhenro Riverside Wonderland with a total gross floor area of approximately 287,242.90 sq.m. has been approved for construction.
6. Pursuant to 3 Construction Work Commencement Permits — Nos. 320101820140002, 320101820140005 and 320101820150002 in favour of Nanjing Property, permissions by the relevant local authority were given to commence the construction of Nanjing Zhenro Riverside Wonderland with a total gross floor area of approximately 285,878.22 sq.m.
7. Pursuant to 6 Pre-sale Permits — Ning Fang Xiao Di Nos. 2014300107, 2014300123, 2014300085, 2015300194, 2016300120 and 2016300050 in favour of Nanjing Property, the Group is entitled to sell portions of Nanjing Zhenro Riverside Wonderland (representing a total gross floor area of approximately 196,388.07 sq.m.) to purchasers.
8. Pursuant to 11 Construction Work Completion and Inspection Certificates — Ning Bei Zi Nos. 320120160202, 320120160207, 320120160203, 320120160204, 320120160205, 320120160206, 320120160208, 320120170049, 320120160209, 320120170234 and 320120170235 in favour of Nanjing Property, the construction of portions of Nanjing Zhenro Riverside Wonderland with a gross floor area of approximately 210,035.01 sq.m. has been completed and passed the inspection acceptance.
9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	7,579.07	
	Car parking spaces	4,550.00	758
	Sub-total:	12,129.07	758
Group III — held under development by the Group	Residential	96,501.84	
	Retail	1,842.12	
	Basement (inclusive of car parking spaces)	5,450.52	435
	Sub-total:	103,794.48	435
	Total:	115,923.55	1,193

10. As advised by the Group, various residential units with a total gross floor area of approximately 62,400.20 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB1,957,128,559. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
11. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,335,000,000.
12. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB25,000 to RMB32,000 per sq.m. for residential units, RMB25,000 to RMB35,000 per sq.m. for retail units and RMB100,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

13. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
14. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Nanjing Property is legally and validly in possession of the land use rights of the property. Nanjing Property has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanjing Property has the rights to legally occupy, use and lease these portions of the property;
 - c. Nanjing Property is legally and validly in possession of the building ownership rights of the buildings mentioned in note 4. Nanjing Property has the rights to occupy, use, lease and dispose of these buildings;
 - d. Nanjing Property has obtained all requisite construction work approvals in respect of the actual development progress; and
 - e. Nanjing Property has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.

15. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	Portion
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	252,000,000
Group III — held under development by the Group	<u>2,092,000,000</u>
Total:	<u><u>2,344,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
42.	Portions of Nanjing Zhenro Royal Fame located at the western side of Tian He Road Jianye District Nanjing City Jiangsu Province The PRC	<p>Nanjing Zhenro Royal Fame is located at located at the western side of Tian He Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Nanjing Zhenro Royal Fame occupies 5 parcels of land with a total site area of approximately 89,559.84 sq.m., (including a parcel of allocated land with a site area of approximately 5,013.98 sq.m. which would be complementarily transferred to the government after the completion of construction) which is being developed into a residential development. Portions of the project were completed in 2017, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in May 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 152,873.00 sq.m..</p> <p>As at the valuation date, the property comprised the unsold units and CIP of Nanjing Zhenro Royal Fame. The classification, usage and gross floor area details of the property were set out in note 9.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB2,680,000,000, of which approximately RMB1,898,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 10 February 2084 for residential use.</p>	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	7,478,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 3201012013CR0122, the land use rights of 4 parcels of land with a total site area of approximately 84,545.86 sq.m. were contracted to be granted to Nanjing Zhenro Jiangbin Investment Co., Ltd. (南京正榮江濱投資發展有限公司, “Nanjing Investment”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use commencing from the land delivery date. The land premium was RMB3,120,000,000. The land use rights of another parcel of land with a site area of approximately 5,013.98 sq.m. were allocated to Nanjing Investment for kindergarten use which would be complementarily transferred to the government after the completion of construction.
2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320105201410026, permission towards the planning of the aforesaid 5 parcels of land with a site area of approximately 89,575.31 sq.m. has been granted to Nanjing Investment.
3. Pursuant to 4 State-owned Land Use Rights Certificates — Ning Jian Guo Yong (2014) Di Nos. 05897, 05898, 05899 and 05901, the land use rights of the aforesaid 4 parcels of land with a site area of approximately 84,545.86 sq.m. have been granted to Nanjing Investment for a term expiring on 10 February 2084 for residential use.
4. Pursuant to a State-owned Land Use Rights Certificate — Ning Jian Guo Yong (2014) Di No. 05900, the land use rights of the aforesaid a parcel of land with a site area of approximately 5,013.98 sq.m. have been allocated to Nanjing Investment for a kindergarten use which would be complementarily transferred to the government after the completion of construction.
5. Pursuant to 7 Construction Work Planning Permits — Jian Zi Di Nos. 320105201410505, 32010520140516, 320105201410575, 320105201410861, 320105201410713, 320105201510556 and 320105201410526 in favour of Nanjing Investment, Nanjing Zhenro Royal Fame with a total gross floor area of approximately 342,969.20 sq.m. has been approved for construction.
6. Pursuant to 6 Construction Work Commencement Permits — Nos. 320100020140246, 320100020140311, 320105201505220101, 32015201604220101, 320100020150074 and 320105201702160101 in favour of Nanjing Investment, permissions by the relevant local authority were given to commence the construction of Nanjing Zhenro Royal Fame with a total gross floor area of approximately 342,948.20 sq.m.
7. Pursuant to 13 Pre-sale Permits — Ning Fang Xiao Zi Di Nos. 2015100001, 2015100052, 2105100075, 2015100020, 2015100102, 2015100192, 2015100048, 2015100102, 2015100148, 2016100197, 2017100033, 2017100066 and 2017100067 in favour of Nanjing Investment, the Group is entitled to sell portions of Nanjing Zhenro Royal Fame (representing a total gross floor area of approximately 248,002.93 sq.m.) to purchasers.
8. Pursuant to 13 Construction Work Completion and Inspection Certificates — Ning Bei Zi Nos. 3201201700002, 3201201700003, 3201201700004, 3201201700006, 3201201700005, 3201201700007, 320120170130Z, 320120170242, 320120170243, 320120170244, 320120170245, 320120170246 and 320120170131Z in favour of Nanjing Property, the construction of portions of Nanjing Zhenro Royal Fame with a gross floor area of approximately 188,779.30 sq.m. has been completed and passed the inspection acceptance.

9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	129,284.00	
	Retail	1,117.41	
	Car parking spaces	14,223.92	1,100
	Sub-total:	144,625.33	1,100
Group III — held under development by the Group	Residential	103,449.63	
	Retail	1,977.67	
	Basement (inclusive of car parking spaces)	43,518.30	893
	Ancillary	3,927.40	
	Sub-total:	152,873.00	893
	Total:	297,498.33	1,993

10. As advised by the Group, various residential, commercial units and car parking spaces with a total gross floor area of approximately 97,821.45 sq.m. in Group III of the property have been pre-sold to various independent third parties at a total consideration of RMB3,512,670,306. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
11. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB4,118,000,000.
12. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB32,000 to RMB38,000 per sq.m. for residential units, RMB25,000 to RMB45,000 per sq.m. for retail units and RMB220,000 to RMB260,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

13. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of 2 parcels of land of the property are subject to the mortgages in favor of various third parties.

14. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Nanjing Investment is legally and validly in possession of the land use rights of the property. Nanjing Investment has the rights to occupy, use, lease and dispose of the land of the property except the land parcels mentioned in note 13. For the land parcels mentioned in note 13 which are subject to the aforesaid mortgages, Nanjing Investment has the rights to occupy and use these land parcels, but the transfer of these mortgaged properties is subject to the mortgages until the mortgages have been released. For the land use rights acquired by the means of allocation, the land usage is consistent with the prescribed usage of the aforesaid allocated land. Nanjing Investment has the right to occupy and use the land of the property but to the rights of lease and occupy;
 - b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanjing Investment has the rights to legally occupy, use and lease these portions of the property;
 - c. Nanjing Investment has obtained all requisite construction work approvals in respect of the actual development progress; and
 - d. Nanjing Investment has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.
15. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. State-owned Land Use Rights Certificate | Yes |
| c. Building Ownership Certificate | No |
| d. Construction Land Planning Permit | Yes |
| e. Construction Work Planning Permit | Yes |
| f. Construction Work Commencement Permit | Yes |
| g. Pre-sale Permit | Portion |
| h. Construction Work Completion and Inspection Certificate/Table/Report | Portion |
16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	4,129,000,000
Group III — held under development by the Group	3,349,000,000
Total:	<u>7,478,000,000</u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
43.	Nanjing Zhenro Riverside Violet Mansion located at the eastern side of Wuhou Street and the northern side of Ye Cheng Road Jianye District Nanjing City Jiangsu Province The PRC	<p>Nanjing Zhenro Riverside Violet Mansion located at eastern side of Wuhou Street and the northern side of Ye Cheng Road. It is well-served with public transportation. The locality comprises several residential and office developments.</p> <p>Nanjing Zhenro Riverside Violet Mansion occupies 2 parcels of land with a total site area of approximately 83,048.39 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the "CIP") as at the valuation date and are scheduled to be completed in December 2020. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 163,055.60 sq.m. The construction of the remaining portion of the project (the "bare land") had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Nanjing Zhenro Riverside Violet Mansion. The classification, usage and gross floor area details of the property were set out in note 6.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB3,249,000,000, of which approximately RMB1,979,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 27 July 2086 for residential use and 27 July 2056 for commercial use.</p>	As at the valuation date, portions of the property were under construction, and the remaining portion of the property was bare land.	4,335,950,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract No. 3201012016CR0021 dated 17 February 2016, the land use rights of 2 parcels of land with a total site area of approximately 83,048.39 sq.m. were contracted to be granted to Nanjing Zhenro Dexin Property Development Co., Ltd. (南京正榮德信房地產開發有限公司, "Nanjing Dexin", a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use, 40 years for commercial use and 50 years for office use. The total land premium was RMB3,400,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320105201610355, permission towards the planning of the aforesaid land parcels with a total site area of approximately 83,506.72 sq.m. has been granted to Nanjing Dexin.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Su (2016) Ning Jian Bu Dong Chan Quan Di Nos. 0005634 and 0005635, the land use rights of the aforesaid land parcels with a total site area of approximately 83,048.39 sq.m. have been granted to Nanjing Dexin for the terms expiring on 27 July 2086 for residential use and 27 July 2056 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 32010520160856 in favour of Nanjing Dexin, portions of Nanjing Zhenro Riverside Violet Mansion with a total gross floor area of approximately 160,752.30 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 320105201612140101 in favour of Nanjing Dexin, permission by the relevant local authority was given to commence the construction of portions of Nanjing Zhenro Riverside Violet Mansion with a total gross floor area of approximately 159,721.80 sq.m.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group II — held for investment by the Group	Office	28,732.00	
	Retail	28,000.00	
	Basement (inclusive of car parking spaces)	79,159.01	1,567
	Sub-total:	135,891.01	1,567
Group III — held under development by the Group	Residential	123,062.30	
	Retail	1,030.50	
	Basement (inclusive of car parking spaces)	37,506.80	1,007
	Ancillary	1,456.00	
	Sub-total:	163,055.60	1,007
Group IV — held for future development by the Group	Office	125,228.00	
	Retail	17,000.00	
	Basement (inclusive of car parking spaces)	45,410.99	1,000
	Ancillary	2,000.00	
	Sub-total:	189,638.99	1,000
	Total:	488,585.60	3,574

7. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB4,590,000,000.

8. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB32,000 to RMB38,000 per sq.m. for residential units, RMB25,000 to RMB45,000 per sq.m. for retail units and RMB220,000 to RMB260,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. For the remaining portion of the property in Group II and Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Jianye District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB10,000 to RMB15,000 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
9. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Nanjing Dexin is legally and validly in possession of the land use rights of the property. Nanjing Dexin has the rights to occupy and use the land of the property, but the transfer of the mortgaged property is subject to the mortgage until the mortgage has been released; and
 - b. Nanjing Dexin has obtained all requisite construction work approvals in respect of the actual development progress.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Portion |
| f. | Construction Work Commencement Permit | Portion |
| g. | Pre-sale Permit | No |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group II — held for investment by the Group	622,950,000
Group III — held under development by the Group	2,315,000,000
Group IV — held for future development by the Group	<u>1,398,000,000</u>
Total:	<u><u>4,335,950,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
44.	Chuzhou Zhenro Mansion located at the junction of Zuiweng Road and Rulin Road Nanqiao District Chuzhou City Anhui Province The PRC	Chuzhou Zhenro Mansion is located at the junction of Zuiweng Road and Rulin Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. Chuzhou Zhenro Mansion comprises a parcel of land with a site area of approximately 80,867.00 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 191,708.30 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Chuzhou Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 4. The land use rights of the property have been granted for the terms expiring on 9 October 2057 for commercial use and 9 October 2087 for residential use.	As at the valuation date, the property was bare land.	447,000,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract — 341100 Chu Rang (2017) No. 67 dated 14 August 2017, the land use rights of a parcel of land with a site area of approximately 80,867.00 sq.m. were contracted to be granted to Chuzhou Zhenghong Real Estate Development Co., Ltd. (滁州正宏置業發展有限公司, “Chuzhou Zhenghong”, a wholly-owned subsidiary of the Company”) for the terms expiring on 9 October 2057 for commercial use and 9 October 2087 for residential use commencing from the land delivery date. The total land premium was RMB413,000,000.
2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 341100201700122, permission towards the planning of the aforesaid parcel of land) with a site area of approximately 80,867.00 sq.m. has been granted to Chuzhou Zhenghong.
3. Pursuant to a State-owned Land Use Rights Certificate — Wan (2017) Chuzhou Shi Bu Dong Chan Quan Di No. 0036185, the land use rights of the aforesaid land parcel with a site area of approximately 80,867.00 sq.m. have been granted to Chuzhou Zhenghong for the terms expiring on 9 October 2057 for commercial use and 9 October 2087 for residential use.

4. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group IV — held for future development by the Group	Residential	122,774.30	
	Retail	6,508.85	
	Basement (inclusive of car parking spaces)	52,188.36	1,388
	Ancillary	10,236.79	
	Total:	<u>191,708.30</u>	<u>1,388</u>

5. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Nanxin District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB2,500 to RMB4,000 per sq.m. basis for residential and commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Chuzhou Zhenghong is legally and validly in possession of the land use rights of the property. Chuzhou Zhenghong has the rights to occupy, use, lease and dispose of the land of the property.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

8. For the purpose of this report, the property is classified into the group as "Group IV — held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
45.	Portions of Suzhou Zhenro Royal Kingdom located at the eastern side of Dongfang Avenue and the northern side of Dushu Lake Ecological Park Wuzhong Economic Development Zone Suzhou City Jiangsu Province The PRC	<p>Suzhou Zhenro Royal Kingdom is located at the eastern side of Dongfang Avenue and the northern side of Dushu Lake Ecological Park. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Suzhou Zhenro Royal Kingdom occupies 2 parcels of land with a total site area of approximately 107,541.60 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in December 2016, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in December 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 2,376.27 sq.m.</p> <p>As at the valuation date, the property comprised the unsold units and CIP of Suzhou Zhenro Royal Kingdom. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB16,000,000, of which approximately RMB12,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 4 December 2083 and 5 December 2083 for residential use and 4 December 2053 and 5 December 2053 for commercial use.</p>	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	1,057,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 3205012013CR0144 and a Supplementary Agreement, the land use rights of 2 parcels of land with a site area of approximately 107,541.60 sq.m. were contracted to be granted to Zhenro Sunan (Suzhou) Real Estate Development Co., Ltd. (正榮蘇南(蘇州)置業發展有限公司, “Suzhou Real Estate”, a 62.71%-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB995,770,000.
2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320506201300227, permission towards the planning of the aforesaid land parcels with a site area of approximately 107,541.60 sq.m. has been granted to Suzhou Real Estate.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Wu Guo Yong (2014) Di Nos. 0601149 and 0601153, the land use rights of the aforesaid land parcels with a total site area of approximately 107,541.60 sq.m. have been granted to Suzhou Real Estate for the terms expiring on 4 December 2083 and 5 December 2083 for residential use and 4 December 2053 and 5 December 2053 for commercial use.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 320506201400165 and 320506201400212 in favour of Suzhou Real Estate, Suzhou Zhenro Royal Kingdom with a total gross floor area of approximately 213,637.65 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 320506201405230101 and 320506201407080201 in favour of Suzhou Real Estate, permissions by the relevant local authority were given to commence the construction of Suzhou Zhenro Royal Kingdom with a total gross floor area of approximately 213,637.65 sq.m.
6. Pursuant to 11 Pre-sale Permits — Su Fang Yu Wu Zhong Nos. (2015) 229, (2015) 190, (2015) 283 (2015) 351 and (2016) 059 and Su Fang Yu Wu Nos. (2014) 287, (2014) 316, (2015) 011, (2015) 046, (2015) 095 and (2017)129, in favour of Suzhou Real Estate, the Group is entitled to sell portions of Suzhou Zhenro Royal Kingdom (representing a total gross floor area of approximately 146,635.09 sq.m.) to purchasers.
7. Pursuant to 24 Construction Work Completion and Inspection Certificates in favour of Suzhou Real Estate, the construction of portions of Suzhou Zhenro Royal Kingdom with a gross floor area of approximately 210,928.90 sq.m. has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)
Group I — held for sale by the Group	Residential	18,644.27
	Sub-total:	18,644.27
Group III — held under development by the Group	Retail	1,104.44
	Ancillary	1,271.83
	Sub-total:	2,376.27
	Total:	21,020.54

9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB14,910,000.

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB17,000 to RMB23,000 per sq.m. for residential units and RMB12,000 to RMB25,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Suzhou Real Estate is legally and validly in possession of the land use rights of the property. Suzhou Real Estate has the rights to occupy, use, lease and dispose of the land of the property;
- b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Suzhou Real Estate has the rights to legally occupy, use and lease these portions of the property;
- c. Suzhou Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
- d. Suzhou Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale permits.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	1,046,000,000
Group III — held under development by the Group	<u>11,800,000</u>
Total:	<u><u>1,057,800,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>								
46.	Portions of Suzhou Zhenro Happiness Town located at the junction of Jin Feng Road and Feng Jiang Road Wuzhong District Suzhou City Jiangsu Province The PRC	<p>Suzhou Zhenro Happiness Town is located at the junction of Jin Feng Road and Feng Jiang Road. The locality is a mature residential area with public transportation with 10 minutes' walk to the nearest metro station.</p> <p>Suzhou Zhenro Happiness Town occupies a parcel of land with a site area of approximately 84,677.80 sq.m., which has been developed into a residential and commercial development. The project was completed in August 2017, and the unsold portion of that (the "unsold units") was vacant for sale as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units of Suzhou Zhenro Happiness Town with a total gross floor area of approximately 147,166.68 sq.m., the details of which were set out as below:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">145,374.99</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;"><u>1,791.69</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>147,166.68</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for the terms expiring on 14 October 2084 for residential use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	145,374.99	Retail	<u>1,791.69</u>	Total:	<u>147,166.68</u>	As at the valuation date, the property was vacant.	1,889,000,000
Usage	Gross Floor Area (sq.m.)											
Residential	145,374.99											
Retail	<u>1,791.69</u>											
Total:	<u>147,166.68</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 3205012014CR0061 dated 5 March 2014 and a Supplementary Agreement dated 24 March 2014, the land use rights of a parcel of land with a site area of approximately 84,677.80 sq.m. were contracted to be granted to Zhenro Sunan (Suzhou) Property Co., Ltd. (正榮蘇南(蘇州)房地產有限公司, "Suzhou Property", a 51.91%-owned subsidiary of the Company) for the terms of 70 years for residential use commencing from the land delivery date. The land premium was RMB1,680,000,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320506201400137, permission towards the planning of the aforesaid land parcel with a site area of approximately 84,677.80 sq.m. has been granted to Suzhou Property.
- Pursuant to a State-owned Land Use Rights Certificate — Wu Guo Yong (2014) Di No. 0622784, the land use rights of the aforesaid land parcel of land with a site area of approximately 84,677.80 sq.m. have been granted to Suzhou Property for the terms expiring on 14 October 2084 for residential use.

4. Pursuant to 3 Construction Work Planning Permits — Jian Zi Di Nos. 320506201400304, 320506201500107 and 320506201600103 in favour of Suzhou Property, Suzhou Zhenro Happiness Town with a total gross floor area of approximately 324,627.37 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits — Nos. 320506201412020101 and 320506201505220101 and 320506201602250101 in favour of Suzhou Property, permissions by the relevant local authority were given to commence the construction of Suzhou Zhenro Happiness Town with a total gross floor area of approximately 324,043.36 sq.m.
6. Pursuant to 9 Pre-sale Permits — Su Fang Yu Wu Nos. (2014) 315, (2014) 326, (2015) 030, (2015) 106, (2015)144, (2015)228, (2015)284, (2015)384 and (2017)068 in favour of Suzhou Property, the Group is entitled to sell portions of Suzhou Zhenro Happiness Town (representing a total gross floor area of approximately 243,309.25 sq.m.) to purchasers.
7. Pursuant to 32 Construction Work Completion and Inspection Tables and a Construction Work Completion Confirmation Certificate in favour of Suzhou Property, the construction of portions of Suzhou Zhenro Happiness Town with a total gross floor area of approximately 322,953.31 sq.m. has been completed and passed the inspection acceptance.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB15,000 to RMB20,000 per sq.m. for residential units and RMB20,000 to RMB32,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Suzhou Property is legally and validly in possession of the land use rights of the property. Suzhou Property has the rights to occupy, use, lease and dispose of the land of the property;
 - b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Suzhou Property has the rights to legally occupy, use and lease these portions of the property;
 - c. Suzhou Property has obtained all requisite construction work approvals in respect of the actual development progress; and
 - d. Suzhou Property has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits;

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | Yes |
11. For the purpose of this report, the property is classified into the group as “Group I — held for sale by the Group in the PRC)” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
47.	Suzhou Zhenro Top Mountain located at the south-western side of Zhenshan Road and the north-eastern side of Shanqiaobang Greenland Tong'an Town Gaoxin District Suzhou City Jiangsu Province The PRC	<p>Suzhou Zhenro Top Mountain is located at the south-western side of Zhenshan Road and the north-eastern side of Shanqiaobang Greenland. The locality is a developed residential area with public transportation with 25 minutes' driving distance to Suzhou Railway Station.</p> <p>Suzhou Zhenro Top Mountain comprises a parcel of land with a site area of approximately 65,678.50 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in May 2018. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 133,632.41 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Suzhou Zhenro Top Mountain. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB782,000,000, of which approximately RMB586,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 6 December 2085 for residential use.</p>	As at the valuation date, the property was under construction.	1,010,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — He Tong Bian Hao No. 3205012015CR0152 dated 7 December 2015, the land use rights of a parcel of land with a site area of approximately 65,678.50 sq.m. were contracted to be granted to Zhenro Group Sunan (Suzhou) Investment Co., Ltd. (正榮集團蘇南(蘇州)投資有限公司, "Suzhou Investment", a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB276,820,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320505201600002, permission towards the planning of the aforesaid land parcel with a site area of approximately 65,678.50 sq.m. has been granted to Suzhou Investment.

3. Pursuant to a State-owned Land Use Rights Certificate — Su (2016) Su Zhou Shi Bu Dong Chan Quan Di No. 5003990 1/1, the land use rights of the aforesaid land parcel with a site area of approximately 65,678.50 sq.m. have been granted to Suzhou Investment for a term expiring on 6 December 2085 for residential use.
4. Pursuant to 3 Construction Work Planning Permits — Jian Zi Di Nos. 320505201600029, 320505201600053 and 320505201600060 favour of Suzhou Investment, Suzhou Zhenro Top Mountain with a total gross floor area of approximately 138,083.08 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits — Nos. 320591201603250301, 320591201604180101 and 320591201604280101 in favour of Suzhou Investment, permissions by the relevant local authority were given to commence the construction of Suzhou Zhenro Top Mountain with a total gross floor area of approximately 138,083.08 sq.m.
6. Pursuant to 4 Pre-sales Permits — Su Fang Yu Gao Xin Nos. (2016)142, 262, 307 and (2017)017 in favour of Suzhou Investment, the Group is entitled to sell portions of Suzhou Zhenro Top Mountain (representing a total gross floor area of approximately 104,875.36 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	104,875.90	
	Basement (including car parking spaces)	10,784.16	618
	Ancillary	17,972.35	
	Total:	133,632.41	618

8. As advised by the Group, various residential units with a total gross floor area of approximately 104,875.90 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,351,748,805. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,358,000,000.
10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB11,000 to RMB14,000 per sq.m. for residential units and RMB60,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.
11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Suzhou Investment is legally and validly in possession of the land use rights of the property. Suzhou Investment has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Suzhou Investment has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Suzhou Investment has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |
14. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
48.	Suzhou Zhenro Majestic Garden located at the northern side of Taiyang Road and the western side of Yuting Grand Hotel Wangting Town Xiangcheng District Suzhou City Jiangsu Province The PRC	<p>Suzhou Zhenro Majestic Garden is located at the northern side of Taiyang Road and the western side of Yuting Grand Hotel. The locality is a newly-developed residential area with public transportation with 20 minutes' driving distance to Suzhouxi Railway Station.</p> <p>Suzhou Zhenro Majestic Garden comprises a parcel of land with a site area of approximately 29,531.00 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in December 2018. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 54,647.05 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Suzhou Zhenro Majestic Garden. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB487,000,000, of which approximately RMB374,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 7 June 2086 for residential use.</p>	As at the valuation date, the property was under construction.	422,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — He Tong Bian Hao 3205012016CR0063 dated 26 May 2016, the land use rights of property parcel of land with a total site area of approximately 29,531.00 sq.m. were contracted to be granted to Zhenro Sutong (Suzhou) Property Development Co., Ltd. (正榮蘇通(蘇州)房地產開發有限公司, "Suzhou Sutong", an 80.00%-owned subsidiary of the Company) for a term of 70 years for residential use. The total land premium was RMB251,700,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320507201600083, permission towards the planning of the aforesaid land parcel with a site area of approximately 29,531.00 sq.m. has been granted to Suzhou Sutong.

3. Pursuant to a State-owned Land Use Rights Certificate — Su (2016) Su Zhou Shi Bu Dong Chan Quan Di No. 7018142, the land use rights of the aforesaid land parcels with a site area of approximately 29,531.00 sq.m. have been granted to Suzhou Sutong for a term expiring on 7 June 2086 for residential use.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 320507201600181 and 320507201600154, favour of Suzhou Sutong, Suzhou Zhenro Majestic Garden with a total gross floor area of approximately 56,401.24 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 320507201610310201 and 320507201612230501 in favour of Suzhou Sutong, permissions by the relevant local authority were given to commence the construction of Suzhou Zhenro Majestic Garden with a total gross floor area of approximately 56,388.64 sq.m.
6. Pursuant to a Pre-sales Permit — Su Fang Yu Gao Xin No. (2017)061 in favour of Suzhou Sutong, the Group is entitled to sell portions of Suzhou Zhenro Majestic Garden (representing a total gross floor area of approximately 42,808.9 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	42,655.94	
	Retail	378.33	
	Basement (including car parking spaces)	10,784.16	225
	Ancillary	828.62	
	Total:	54,647.05	225

8. As advised by the Group, various residential units with a total gross floor area of approximately 20,718.95 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB283,085,715. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB608,000,000.
10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB13,000 to RMB15,000 per sq.m. for residential units, RMB6,000 to RMB9,000 per sq.m for retail units and RMB50,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Suzhou Sutong is legally and validly in possession of the land use rights of the property. Suzhou Sutong has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Suzhou Sutong has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Suzhou Sutong has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permit.
13. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. State-owned Land Use Rights Certificate | Yes |
| c. Building Ownership Certificate | No |
| d. Construction Land Planning Permit | Yes |
| e. Construction Work Planning Permit | Yes |
| f. Construction Work Commencement Permit | Yes |
| g. Pre-sale Permit | Portion |
| h. Construction Work Completion and Inspection Certificate/Table/Report | No |
14. For the purpose of this report, the property is classified into the group as "Group III — held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
49.	Suzhou No. Sudi 2016-WG-77 located at the eastern side of Xixia Street, the western side of Leishan Road, the southern side of East Taihu Road and the northern side of Jizhi Street Taihu New Town Wuzhong District Suzhou City Jiangsu Province The PRC	<p>Suzhou No. Sudi 2016-WG-77 is located at the eastern side of Xixia Street, the western side of Leishan Road, the southern side of East Taihu Road and the northern side of Jizhi Street. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Suzhou No. Sudi 2016-WG-77 occupies 3 parcels of land with a total site area of approximately 62,582.40 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in November 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 172,435.80 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Suzhou No. Sudi 2016-WG-77. The classification, usage and gross floor area details of the property were set out in note 6.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the project is estimated to be approximately RMB2,999,000,000, of which approximately RMB663,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 14 May 2087 for residential use and 14 May 2057 for commercial use.</p>	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	2,748,880,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract —No. 3205012017CR0042 dated 5 April 2017 and a Supplementary Contract dated 11 April 2017, the land use rights of 3 parcels of land with a total site area of approximately 62,582.40 sq.m. were contracted to be granted to Suzhou Zhengrun Property Development Co., Ltd. (蘇州正潤房地產開發有限公司, “Suzhou Zhengrun”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB2,398,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320506201700130, permission towards the planning of the aforesaid land parcels with a site area of approximately 62,582.40 sq.m. has been granted to Suzhou Zhengrun.
3. Pursuant to 3 State-owned Land Use Rights Certificates — Su (2017) Su Zhou Shi Bu Dong Chan Quan Di Nos. 6021897-6021899, the land use rights of the aforesaid land parcels with a total site area of approximately 62,582.40 sq.m. have been granted to Suzhou Zhengrun for the terms expiring on 14 May 2087 for residential use and 14 May 2057 for commercial use.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 320506201700202 and 320506201700194 in favour of Suzhou Zhengrun, Suzhou No. Sudi 2016-WG-77 with a total gross floor area of approximately 172,435.80 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 320506201710160301 and 320506201709280101 in favour of Suzhou Zhengrun, permissions by the relevant local authority were given to commence the construction of Suzhou No. Sudi 2016-WG-77 with a total gross floor area of approximately 172,435.80 sq.m.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	128,105.05	
	Ancillary	2,756.78	
	Basement (inclusive of car parking spaces)	41,573.97	865
	Sub-total:	172,435.80	865
Group IV — held for future development by the Group	Retail	12,903.32	
	Office	24,930.80	
	Ancillary	2,531.88	
	Basement (inclusive of car parking spaces)	13,941.00	249
	Sub-total:	54,307.00	249
	Total:	226,742.80	1,114

7. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,796,000,000.
8. Our valuation has been made on the following basis and analysis:
 - a. For the portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB15,000 to RMB32,000 per sq.m. for residential units and RMB13,000 to RMB17,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

- b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Wuzhong District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB14,500 to RMB17,500 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Suzhou Zhengrun is legally and validly in possession of the land use rights of the property. Suzhou Zhengrun has the rights to occupy, use, lease and dispose of the land of the property; and
- b. Suzhou Zhengrun has obtained all requisite construction work approvals in respect of the actual development progress;
10. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. State-owned Land Use Rights Certificate | Yes |
| c. Building Ownership Certificate | No |
| d. Construction Land Planning Permit | Yes |
| e. Construction Work Planning Permit | Portion |
| f. Construction Work Commencement Permit | Portion |
| g. Pre-sale Permit | No |
| h. Construction Work Completion and Inspection Certificate/Table/Report | No |
11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group III — held under development by the Group	2,092,330,000
Group IV — held for future development by the Group	<u>656,550,000</u>
Total:	<u><u>2,748,880,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
50.	Suzhou WJ-J-2017-019 located at the northern side of Qianlong Qu, Shengze Town Wujiang District Suzhou City Jiangsu Province The PRC	<p>Suzhou WJ-J-2017-019 is located at the northern side of Qianlong Qu. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Suzhou WJ-J-2017-019 occupies a parcel of land with a site area of approximately 66,737.90 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in January 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 122,638.18 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Suzhou WJ-J-2017-019. The classification, usage and gross floor area details of the property were set out in note 6.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,473,000,000, of which approximately RMB964,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 8 June 2087 for residential use.</p>	As at the valuation date, the property was under construction.	985,170,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract —No. 3205842017CR0071 dated 18 May 2017 and a Supplementary Agreement dated 8 June 2017, the land use rights of a parcel of land with a site area of approximately 66,737.90 sq.m. were contracted to be granted to Suzhou Zhengchuang Real Estate Development Co., Ltd. (蘇州正創置業發展有限公司, “Suzhou Zhengchuang”, a 36%-owned associated company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB907,640,000.
2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320584201702071, permission towards the planning of the aforesaid land parcels with a site area of approximately 66,737.90 sq.m. has been granted to Suzhou Zhengchuang.
3. Pursuant to a State-owned Land Use Rights Certificate — Su (2017) Wu Jiang Qu Bu Dong Chan Quan Di No. 9063535, the land use rights of the aforesaid land parcel with a site area of approximately 66,737.90 sq.m. have been granted to Suzhou Zhengchuang for the a term expiring on 8 June 2087 for residential use.

4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 320584201702184 in favour of Suzhou Zhengchuang, Suzhou WJ-J-2017-019 with a total gross floor area of approximately 122,638.19 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 320509201710300801 in favour of Suzhou Zhengchuang, permission by the relevant local authority was given to commence the construction of Suzhou WJ-J-2017-019 with a total gross floor area of approximately 122,638.19 sq.m.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the group	Residential	68,949.35	
	Ancillary	1,285.27	
	Basement (inclusive of car parking spaces)	52,403.56	730
	Total:	122,638.18	730

7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,054,000,000.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB18,000 to RMB32,000 per sq.m. for residential units and RMB14,000 to RMB16,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Suzhou Zhengchuang is legally and validly in possession of the land use rights of the property. Suzhou Zhengchuang has the rights to occupy, use, lease and dispose of the land of the property; and
 - b. Suzhou Zhengchuang has obtained all requisite construction work approvals in respect of the actual development progress.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | No |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |
11. For the purpose of this report, the property is classified into the group as “Group III — held under development by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
51.	Suzhou Yue Tang Bay Garden House No. 1111 Zhong Xin Avenue Shengze Town Wujiang District Suzhou City Jiangsu Province The PRC	<p>Suzhou Yue Tang Bay Garden House is located at No. 1111 Zhong Xin Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Suzhou Yue Tang Bay Garden House occupies 2 parcels of land with a total site area of approximately 105,209.90 sq.m., which is being developed into a residential development. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in December 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 265,876.37 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Suzhou Yue Tang Bay Garden House. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,216,000,000, of which approximately RMB486,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 2 September 2080 for residential use.</p>	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	1,935,600,000

Notes:

- Pursuant to a Transfer Agreement dated 25 November 2016 and a Supplementary Agreement of the aforesaid Transfer Agreement dated 19 January 2017, the whole project of Suzhou Yue Tang Bay Garden House (including the land use rights of 2 parcels of land with a total site area of approximately 105,209.90 sq.m.) was contracted to be granted to Suzhou Zhengrui Real Estate Development Co., Ltd. (蘇州正瑞置業發展有限公司, “Suzhou Zhengrui Real Estate”, a wholly-owned subsidiary of the Company). The total transfer price was RMB535,500,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320584201702034, permission towards the planning of the aforesaid land parcels with a site area of approximately 105,210.00 sq.m has been granted to Suzhou Zhengrui Real Estate.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Su (2017) Wu Jiang Qu Bu Dong Chan Quan Di Nos. 9045816 and 9045817, the land use rights of the aforesaid land parcels with a total site area of approximately 105,209.90 sq.m. have been granted to Suzhou Zhengrui Real Estate for a term expiring on 2 September 2080 for residential use.
4. Pursuant to 3 Construction Work Planning Permits — Jian Zi Di Nos. 320584201702098, 320584201702050 and 320584201702051, in favour of Suzhou Zhengrui Real Estate, portions of Suzhou Yue Tang Bay Garden House with a gross floor area of approximately 310,145.90 sq.m. have been approved for construction.
5. Pursuant to 7 Construction Work Commencement Permits — Nos. FJ20120291 320584201207230119, FJ20120336 320584201208280101, FJ20120451 320584201211130101, FJ20120452 320584201210300719, FJ20130330 320584201308290119, FJ20170232 3205842017280119 and FJ20170265 320584201709010101 in favour of Suzhou Zhengrui Real Estate, permissions by the relevant local authority were given to commence the construction of portions of Suzhou Yue Tang Bay Garden House with a total gross floor area of approximately 219,289.22 sq.m.
6. Pursuant to 2 Pre-sales Permits — Nos. (2012)076 and (2013)033 in favour of Suzhou Zhengrui Real Estate, the Group is entitled to sell portions of Suzhou Yue Tang Bay Garden House (representing a total gross floor area of approximately 82,036.34 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	211,241.57	
	Ancillary	7,412.82	
	Basement (including car parking spaces)	47,221.98	203
	Sub-total:	<u>265,876.37</u>	<u>203</u>
Group IV — held for future development by the Group	Residential	43,298.56	
	Ancillary	1,645.67	
	Basement (inclusive of car parking spaces)	11,901.31	1,319
	Sub-total:	<u>56,845.54</u>	<u>1,319</u>
Total:		<u><u>322,721.91</u></u>	<u><u>1,522</u></u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 55,802.19 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB714,121,484. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,256,000,000.

10. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB9,000 to RMB19,000 per sq.m. for residential units and RMB50,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate; and
 - b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential land in Wujiang District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB6,000 to RMB9,000 per sq.m. basis for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Suzhou Zhengrui Real Estate is legally and validly in possession of the land use rights of the property. Suzhou Zhengrui Real Estate has the rights to occupy, use, lease and dispose of the land of the property;
 - b. Suzhou Zhengrui Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Suzhou Zhengrui Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Portion |
| f. | Construction Work Commencement Permit | Portion |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group III — held under development by the Group	1,641,900,000
Group IV — held for future development by the Group	<u>293,700,000</u>
Total:	<u><u>1,935,600,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
52.	Suzhou No.320582004060G B00020 and 320582004060GB 00022 located at the western side of Binhe Road and the southern side of Xinglian Road Jinfeng Town Suzhou City Jiangsu Province The PRC	<p>Suzhou No.320582004060GB00020 and 320582004060GB00022 is located at the western side of Binhe Road and the southern side of Xinglian Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Suzhou No.320582004060GB00020 and 320582004060GB00022 comprises 2 parcels of land with a total site area of approximately 98,783.49 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 156,240.00 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Suzhou No.320582004060GB00020 and 320582004060GB00022. The classification, usage and gross floor area details of the property were set out in note 3.</p> <p>The land use rights of the property were contracted to be granted for the terms of 40 years for commercial service use and 70 years for residential use.</p>	As at the valuation date, the property was bare land.	No commercial value

Notes:

- Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts — Nos. 3205822017CR0031 and 3205822017CR0032 both dated 20 June 2017 and 2 Supplementary Contracts both dated 25 July 2017, the land use rights of 2 parcels of land with a total site area of approximately 98,783.49 sq.m. were contracted to be granted to Suzhou Zhengxin Real Estate Development Co., Ltd. 蘇州正信置業發展有限公司, “Suzhou Zhengxin”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and terms of 70 years for residential use commencing from the land delivery date. The total land premium was RMB617,210,000.
- As at the valuation date, the property had not been assigned to Suzhou Zhengxin and thus the title of the property had not been vested in Suzhou Zhengxin, the relevant land use rights certificate have not been obtained. Therefore, we have attributed no commercial value to the property.

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group V — contracted to be acquired	Residential	113,715.00	
	Retail	1,565.00	
	Ancillary	3,260.00	
	Basement (inclusive of car parking spaces)	37,700.00	N/A
	Total:	<u>156,240.00</u>	<u>N/A</u>

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

The aforesaid State-owned Land Use Rights Grant Contracts are legal and valid.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	No
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

6. For the purpose of this report, the property is classified into the group as "Group V — contracted to be acquired by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
53.	Suzhou No. 320517503401 located at the junction of Yuanlin Road and Xincheng Road Huangjing Town Taicang City Suzhou City Jiangsu Province The PRC	<p>Suzhou No. 320517503401 is located at the junction of Yuanlin Road and Xincheng Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Suzhou No. 320517503401 comprises a parcel of land with a site area of approximately 21,638.20 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in November 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 48,960.09 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Suzhou No. 320517503401. The classification, usage and gross floor area details of the property were set out in note 6.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB383,000,000, of which approximately RMB126,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 9 August 2087 for residential use and 9 August 2057 for commercial use.</p>	As at the valuation date, the property was under construction.	134,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — 3205852017CR0058 dated 12 July 2017 and a Supplementary Contract dated 25 July 2017, the land use rights of a parcel of land with a site area of approximately 21,638.20 sq.m. were contracted to be granted to Suzhou Zhengfeng Real Estate Development Co., Ltd. (蘇州正豐置業發展有限公司, “Suzhou Zhengfeng”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB118,790,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di Tai Zhu Jian Gui Xu (2017) No. 052, permission towards the planning of the aforesaid land parcel with a site area of approximately 21,638.20 sq.m. has been granted to Suzhou Zhengfeng.

3. Pursuant to a State-owned Land Use Rights Certificate — Su (2017) Tai Cang Shi Bu Dong Chan Quan No. 0025196, the land use rights of the aforesaid land parcel with a site area of approximately 21,638.20 sq.m. have been granted to Suzhou Zhengfeng for the terms expiring on 9 August 2087 for residential use and 9 August 2057 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di Tai Zhu Jian Jian Xu (2017) No. 176 in favour of Suzhou Zhengfeng, Suzhou No. 320517503401 with a total gross floor area of approximately 48,960.09 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 320585201709300201 in favour of Suzhou Zhengfeng, permission by the relevant local authority was given to commence the construction of Suzhou No. 320517503401 with a gross floor area of approximately 48,960.09 sq.m.

6. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	34,905.29	
	Retail	1,247.58	
	Basement (inclusive of car parking spaces)	8,242.50	168
	Ancillary	4,564.72	
	Total:	48,960.09	168

7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB395,000,000.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and retail units within the newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB8,500 to RMB12,000 per sq.m. for residential units, RMB13,000 to RMB20,000 per sq.m. for retail units and RMB50,000 to RMB70,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Suzhou Zhengfeng is legally and validly in possession of the land use rights of the property. Suzhou Zhengfeng has the rights to occupy, use, lease and dispose of the land of the property; and
 - b. Suzhou Zhengfeng has obtained all requisite construction work approvals in respect of the actual development progress.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | No |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |
11. For the purpose of this report, the property is classified into the group as “Group III — held under development by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
54.	Portions of Shanghai Hongqiao Zhenro Center located at the western side of Shengui Road and the eastern side of Shenhong Road Minhang District Shanghai The PRC	<p>Shanghai Hongqiao Zhenro Center is located at the junction of Shenhong Road and Yanghong Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Shanghai Hongqiao Zhenro Center occupies 2 parcels of land with a total site area of approximately 73,695.20 sq.m., which is being developed into a commercial and office development. Portions of the project were completed in December 2016, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in November 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 89,622.78 sq.m.</p> <p>As at the valuation date, the property comprised the unsold units and CIP of Shanghai Hongqiao Zhenro Center. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,779,000,000, of which approximately RMB1,245,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 17 December 2063 for office use and 17 December 2053 for commercial use.</p>	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	3,173,970,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Gui Tu Zi (2013) No. 43 dated 23 October 2013 and a Supplementary Contract dated 25 December 2013, the land use rights of 2 parcels of land with a total site area of approximately 73,695.20 sq.m. were contracted to be granted to Zhenro Yupin (Shanghai) Real Estate Development Co., Ltd. (正榮御品(上海)置業發展有限公司, “Shanghai Yupin”, a wholly-owned subsidiary of the Company) for the terms of 50 years for office use and 40 years for commercial use. The premium was RMB2,380,000,000.
2. Pursuant to a Construction Land Planning Permit — Hu Hong Qiao Di No. (2014) EA31004220144383, permission towards the planning of the aforesaid land parcels with a total site area of approximately 73,695.20 sq.m. has been granted to Shanghai Yupin.
3. Pursuant to 2 Real Estate Ownership Certificates — Hu Fang Di Min Zi (2014) Di Nos. 000735 and 000737, the land use rights of the aforesaid land parcels with a total site area of approximately 73,695.20 sq.m. have been granted to Shanghai Yupin for the terms expiring on 17 December 2063 for office use and on 17 December 2053 for commercial use.
4. Pursuant to 6 Construction Work Planning Permits — Hu Hong Qiao Jian (2014) Nos. FA31004220145218, FA31004220145510 and FA31004220145511 and Hu Hong Qiao Jian (2015) Nos. FA31004220155984, FA31004220145489 and FA31004220155546 in favour of Shanghai Yupin, Shanghai Hongqiao Zhenro Centre with a total gross floor area of approximately 234,238.00 sq.m. has been approved for construction.
5. Pursuant to 7 Construction Work Commencement Permits — Nos. 310112201404010819 14HSMH0010D01 to 310112201404010819 14HSMH0010D07 in favour of Shanghai Yupin, permissions by the relevant local authority were given to commence the construction of Shanghai Hongqiao Zhenro Center with a total gross floor area of approximately 234,238.00 sq.m.
6. Pursuant to 6 Pre-sale Permits — Min Hang Fang Guan (2015) Yu Zi Nos. 0000446 and 0000615, Min Hang Fang Guan (2016) Yu Zi Nos. 0000050, 0000339 and 0000485 and Min Hang Fang Guan (2017) Yu Zi No. 0000154 in favour of Shanghai Yupin, the Group is entitled to sell portions of Shanghai Hongqiao Zhenro Center (representing a total gross floor area of approximately 139,540 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Report in favour of Shanghai Yupin, portions of the construction of portions of Shanghai Hongqiao Zhenro Center with a total gross floor area of approximately 143,910.30 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Office	21,280.07	
	Retail	2,562.48	
	Car parking spaces	46,149.79	911
	Sub-total:	69,992.34	911
Group II — held for investment by the Group	Office	5,786.50	
	Ancillary	24.50	
	Sub-total:	5,811.00	
Group III — held under development by the Group	Retail	58,474.55	
	Ancillary	185.00	
	Basement (inclusive of car parking spaces)	25,152.23	422
	Sub-total:	83,811.78	422
	Total:	159,615.12	1,333

9. As advised by the Group, various residential units with a total gross floor area of approximately 12,249.87 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB557,557,979. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,014,000,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are office units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB36,000 to RMB40,000 per sq.m. for office units, RMB42,000 to RMB50,000 per sq.m. for retail units and RMB110,000 to RMB250,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Shanghai Yupin is legally and validly in possession of the land use rights of the property. Shanghai Yupin has the rights to occupy and use the land of the property, but the transfer of the mortgaged property is subject to the mortgage until the mortgage has been released;

- b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Shanghai Yupin has the rights to legally occupy, use and lease these portions of the property;
- c. Shanghai Yupin has obtained all requisite construction work approvals in respect of the actual development progress; and
- d. Shanghai Yupin has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | Real Estate Ownership Certificate | Portion |
| c. | Construction Land Planning Permit | Yes |
| d. | Construction Work Planning Permit | Yes |
| e. | Construction Work Commencement Permit | Yes |
| f. | Pre-sale Permit | Portion |
| g. | Construction Work Completion and Inspection Report/Certificate/Table/Report | Portion |
15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	1,134,000,000
Group II — held for investment by the Group	191,970,000
Group III — held under development by the Group	<u>1,848,000,000</u>
Total:	<u>3,173,970,000</u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
55.	Portions of Shanghai Zhenro Royal Kingdom located at the eastern side of Fuyuan Road and the northern side of Malu River Luodian Town Baoshan District Shanghai The PRC	<p>Shanghai Zhenro Royal Kingdom is located at the eastern side of Fuyuan Road and the northern side of Malu River, Luodian Town. This area is well-served by public transportation along the main road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Shanghai Zhenro Royal Kingdom occupies a parcel of land with a site area of approximately 110,021.90 sq.m., which is being developed into a residential development. Portions of it were completed in 2016, and the unsold portion of it (the “unsold units”) was vacant for sale as at the valuation date. The remaining portion of it was under construction (the “CIP”) as at the valuation date and is scheduled to be completed in March 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 104,988.45 sq.m.</p> <p>As at the valuation date, the property comprised the unsold units and CIP of Shanghai Zhenro Royal Kingdom. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the total development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,801,000,000, of which approximately RMB1,275,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 30 July 2083 for residential use.</p>	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	2,454,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Hu Bao Gui Tu (2013) Chu Rang He Tong Di No. 16 (Version 1.0) dated 22 March 2013 and a Supplementary Contract dated 29 May 2015, the land use rights of a parcel of land with a site area of approximately 110,021.90 sq.m. were contracted to be granted to Zhenro Yuyuan (Shanghai) Real Estate Development Co., Ltd. (正榮御園(上海)置業發展有限公司, “Shanghai Yuyuan”, a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB1,353,240,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di Hu Bao Di No. (2013) EA31011320134743, permission towards the planning of the aforesaid land parcel with a site area of approximately 110,021.90 sq.m. has been granted to Shanghai Yuyuan.
3. Pursuant to 2 Real Estate Ownership Certificates — Hu (2016) Bao Zi Bu Dong Chan Quan Di Nos. 013507 and 013339, the land use rights of the aforesaid land parcel with a site area of approximately 110,021.90 sq.m. have been granted to Shanghai Yuyuan for a term expiring on 30 July 2083 for residential use and various buildings of Shanghai Zhenro Royal Kingdom with a total gross floor area of approximately 70,818.55 sq.m. are owned by Shanghai Yuyuan.
4. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Hu Bao Jian (2014) No. FA31011320144090 and Hu Bao Jian (2015) No. FA31011320154565 in favour of Shanghai Yuyuan, Shanghai Zhenro Royal Kingdom with a gross floor area of approximately 204,193.86 sq.m. has been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 1302BS0249D01 310113201309111419 and 1302BS0249D02 310113201309111419 in favour of Shanghai Yuyuan, permissions by the relevant local authority were given to commence the construction of Shanghai Zhenro Royal Kingdom with a gross floor area of approximately 204,192.85 sq.m.
6. Pursuant to 4 Pre-sale Permits — Bao Shan Fang Guan (2014) Yu Zi Nos. 0000333 and 0000667 and Bao Shan Fang Guan (2015) Yu Zi No. 0000695 and Bao Shan Fang Guan (2016) Yu Zi No. 0000449 in favour of Shanghai Yuyuan, the Group is entitled to sell portions of Shanghai Zhenro Royal Kingdom (representing a total gross floor area of approximately 141,988.99 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Certificate in favour of Shanghai Yuyuan, the construction of portions of Shanghai Zhenro Royal Kingdom with a total gross floor area of approximately 95,386.21 sq.m. has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	9,632.97	
	Retail	456.41	
	Car parking spaces	20,857.50	N/A
	Sub-total:	30,946.88	N/A
Group III — held under development by the Group	Residential	79,601.28	
	Basement (inclusive of car parking spaces)	24,522.57	956
	Ancillary	864.60	
	Sub-total:	104,988.45	956
	Total:	135,935.33	956

9. As advised by the Group, various residential units with a total gross floor area of approximately 44,829.71 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB1,686,923,159. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,149,000,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB23,000 to RMB65,000 per sq.m. for residential units, RMB9,000 to RMB11,000 per sq.m. for retail units and the car parking spaces of the property were pertained to the residential units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of a portion of a parcel of land and building ownership rights of portions of the property are subject to the mortgages in favor of various third parties.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Shanghai Yuyuan is legally and validly in possession of the land use rights of the property. Shanghai Yuyuan has the rights to occupy, use, lease and dispose of the land of the property except the portion of a parcel of land mentioned in note 12. For the portion of a parcel of land mentioned in note 12 which is subject to the aforesaid mortgages, Shanghai Yuyuan has the rights to occupy and use the portion, but the transfer of the mortgaged property is subject to the mortgages until the mortgages have been released;
- b. Shanghai Yuyuan has obtained all requisite construction work approvals in respect of the actual development progress;
- c. Shanghai Yuyuan is legally and validly in possession of the building ownership rights of the buildings mentioned in note 3. Shanghai Yuyuan has the rights to occupy, use, lease and dispose of these buildings except some buildings mentioned in note 12. For the buildings mentioned in note 12 which are subject to the aforesaid mortgages, Shanghai Yuyuan has the rights to occupy and use these buildings, but the transfer of these mortgaged properties is subject to the mortgages until the mortgages have been released; and
- d. Shanghai Yuyuan has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Ownership Certificate	Portion
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	531,000,000
Group III — held under development by the Group	<u>1,923,000,000</u>
Total:	<u><u>2,454,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
56.	Portions of Shanghai Hongqiao Zhenro Mansion located at the eastern side of Lianmin Road and the western side of Dongxulian Road Lianmin Village Xujing Town Qingpu District Shanghai The PRC	<p>Shanghai Hongqiao Zhenro Mansion is located at the eastern side of Lianmin Road and the western side of Dongxulian Road. The locality is a newly developed residential area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Shanghai Hongqiao Zhenro Mansion occupies 2 parcels of land with a total site area of approximately 82,362.40 sq.m., which is being developed into a residential development. Portions of the project were completed in June 2017, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in March 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 58,897.04 sq.m. The constructions of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised unsold units, CIP and bare land of Shanghai Hongqiao Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the total development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,242,000,000, of which approximately RMB1,017,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 9 April 2084 for residential use and 9 April 2054 for commercial use.</p>	As at the valuation date, the unsold portion of the property was vacant, portions of the property were under construction and the remaining portion of the property was bare land.	4,607,620,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Qing Gui Tu (2014) Chu Rang He Tong Di No. 16 dated 14 February 2014 and a Supplementary Contract — Hu Bao Gui Tu (2014) Chu Rang He Tong Bu Zi Di No. 21 dated 30 April 2014, the land use rights of 2 parcels of land with a site area of approximately 82,362.40 sq.m. were contracted to be granted to Zhenro Yutian (Shanghai) Real Estate Development Co., Ltd. (正榮御天(上海)置業發展有限公司, “Shanghai Yutian”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB2,560,000,000.
2. Pursuant to 2 Construction Land Planning Permits — Di Zi Di Hu Qing Di (2014) No. EA31011820144754 and Di Zi Di Hu Qing Di (2015) No. EA31011820155345, permissions towards the planning of the aforesaid land parcels with a total site area of approximately 82,362.37 sq.m. have been granted to Shanghai Yutian.
3. Pursuant to 2 Real Estate Ownership Certificates — Hu Fang Di Qing Zi (2014) Nos. 006307 and 006308, the land use rights of the aforesaid land parcels with a total site area of approximately 82,362.40 sq.m. have been granted to Shanghai Yutian for the terms expiring on 9 April 2084 for residential use and on 9 April 2054 for commercial use.
4. Pursuant to 5 Construction Work Planning Permits — Jian Zi Di Hu Qing Jian (2015) Nos. FA31011820154202, FA31011820154266, FA31011820154470, FA31011820154090 and FA31011820154476, in favour of Shanghai Yutian, Shanghai Hongqiao Zhenro Mansion with a total gross floor area of approximately 154,704.84 sq.m. has been approved for construction.
5. Pursuant to 4 Construction Work Commencement Permits — Nos. 1402QP0314D01 310118201408192119, 1402QP0314D02 310118201408192119, 1402QP0314D03 310118201408192119 and 1402QP0314D04 310118201408192119 in favour of Shanghai Yutian, permissions by the relevant local authority were given to commence the construction of Shanghai Hongqiao Zhenro Mansion with a total gross floor area of approximately 154,704.84 sq.m.
6. Pursuant to 3 Pre-sale Permits — Qing Pu Fang Guan (2015) Yu Zi Di Nos. 0000354 and 000547 and Qing Pu Fang Guan (2016) Yu Zi Di Nos. 0000111 in favour of Shanghai Yutian, the Group is entitled to sell portions of Shanghai Hongqiao Zhenro Mansion (representing a total gross floor area of approximately 104,161.93 sq.m.) to purchasers.
7. Pursuant to a Construction Work Completion and Inspection Report — No. 2017QP0072 in favour of Shanghai Yutian, the construction of portions of Shanghai Hongqiao Zhenro Mansion with a total gross floor area of approximately 98,030.16 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	52,709.75	
	Retail	2,039.41	
	Car parking spaces	19,811.17	536
	Sub-total:	74,560.33	536
Group II — held for investment by the Group	Retail	70,111.01	
	Basement (inclusive of car parking spaces)	31,280.97	N/A
	Ancillary	4,720.00	
	Sub-total:	106,111.98	N/A
Group III — held under development by the Group	Residential	45,386.24	
	Basement (inclusive of car parking spaces)	13,510.80	357
	Sub-total:	58,897.04	357
	Total:	239,569.35	893

9. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 31,630 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB1,580,848,353. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,692,000,000.
11. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Groups I and III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB45,000 to RMB60,000 per sq.m. for residential units, RMB76,000 to RMB86,000 per sq.m. for retail units and RMB80,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. For the remaining portion of the property in Group II, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Qingpu District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB22,000 to RMB28,000 per sq.m. basis for residential use and RMB17,000 to RMB22,000 per sq.m. basis for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

12. Pursuant to a mortgage contract and relevant agreements, the land use rights of a parcel of land of the property are subject to the mortgage in favor of a third party.
13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Shanghai Yutian is legally and validly in possession of the land use rights of the property. Shanghai Yutian has the rights to occupy, use, lease and dispose of the land of the property except the land parcel mentioned in note 12. For the land parcel mentioned in note 12 which is subject to the aforesaid mortgage, Shanghai Yutian has the rights to occupy and use this land parcel, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Shanghai Yutian has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Shanghai Yutian has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
14. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. Real Estate Ownership Certificate | Portion |
| c. Construction Land Planning Permit | Yes |
| d. Construction Work Planning Permit | Portion |
| e. Construction Work Commencement Permit | Portion |
| f. Pre-sale Permit | Portion |
| g. Construction Work Completion and Inspection Certificate/Table/Report | Portion |
15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	2,259,000,000
Group II — held for investment by the Group	907,620,000
Group III — held under development by the Group	1,441,000,000
Total:	<u><u>4,607,620,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
57.	<p>Portions of Shanghai Zhenro The Capital of Jinshan located at the eastern side of Xuefu Road, the southern side of Longhao Road, the western side of Haifan Road and the northern side of Longxuan Road Jinshanwei Town Jinshan District Shanghai The PRC</p>	<p>Shanghai Zhenro The Capital of Jinshan is located at the eastern side of Xuefu Road, the southern side of Longhao Road, the western side of Haifan Road and the northern side of Longxuan Road. This area is well-served by public transportation along the main road and it is near to Petroleum chemical industry zone.</p> <p>Shanghai Zhenro The Capital of Jinshan occupies 2 parcels of land with a total site area of approximately 145,684.70 sq.m., which is being developed into a residential development. Portions of the project were completed in June 2016, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in July 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 111,603.03 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the unsold units, CIP and bare land of Shanghai Zhenro The Capital of Jinshan. The classification, usage and gross floor area details of the property were set out in note 9.</p> <p>As advised by the Group, the total development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB859,000,000, of which approximately RMB655,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 26 November 2083 for residential use, 26 November 2063 for office use and 26 November 2053 for commercial use.</p>	<p>As at the valuation date, the unsold units of the property were vacant, portions of the property were under construction and the remaining portion of the property was bare land.</p>	1,871,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Gui Tu Zi (2013) Chu Rang He Tong Jin Shan Qu Di No. 93 dated 10 October 2013 and a Supplementary Contract — Hu Jin Gui Tu (2013) Chu Rang He Tong Di No. 93 dated 18 December 2013, the land use rights of 2 parcels of land with a total site area of approximately 145,684.70 sq.m. were contracted to be granted to Zhenro Yuzun (Shanghai) Real Estate Development Co., Ltd. (正榮御尊(上海)置業發展有限公司, “Shanghai Yuzun”, a 90.00%-owned subsidiary of the Company) for the terms of 70 years for residential use, 50 years for office use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB611,880,000.
2. Pursuant to a Construction Land Planning Permit — Hu Jin Di (2014) No. EA31011620144136, permission towards the planning of the aforesaid land parcels with a site area of approximately 145,684.70 sq.m. has been granted to Shanghai Yuzun.
3. Pursuant to 2 Real Estate Ownership Certificates — Hu Fang Di Jin Zi (2013) Di Nos. 016302 and 016303, the land use rights of the aforesaid land parcels with a total site area of approximately 145,684.70 sq.m. have been granted to Shanghai Yuzun for the terms expiring on 26 November 2083 for residential use, 26 November 2063 for office use and 26 November 2053 for commercial use.
4. Pursuant to a Real Estate Ownership Certificate — (2016) Jin Zi Bu Dong Chan Quan Di No. 008950, portions of Shanghai Zhenro The Capital of Jinshan with a total gross floor area of approximately 101,881.26 sq.m. are owned by Shanghai Yuzun.
5. Pursuant to 3 Construction Work Planning Permits — Hu Jin Jian (2014) Nos. FA31011620144826, FA31011620145193 and FA31011620155706 in favour of Shanghai Yuzun, portions of Shanghai Zhenro The Capital of Jinshan with a total gross floor area of approximately 234,257.78 sq.m. have been approved for construction.
6. Pursuant to 5 Construction Work Commencement Permits — Nos. 1402JS0019D01, 1402JS0019D02, 1402JS0019D03, 1402JS0019D04 and 1402JS0019D05 in favour of Shanghai Yuzun, permissions by the relevant local authority were given to commence the construction of portions of Shanghai Zhenro The Capital of Jinshan with a total gross floor area of approximately 234,257.78 sq.m.
7. Pursuant to 4 Pre-sale Permits — Jin Shan Fang Guan (2014) Yu Bei Zi Di No. 0000567, Jin Shan Fang Guan (2015) Yu Bei Zi Di No. 000489, Jin Shan Fang Guan (2016) Yu Bei Zi Di No. 0000329 and Jin Shan Fang Guan (2017) Yu Bei Zi Di No. 0000033 in favour of Shanghai Yuzun, the Group is entitled to sell portions of Shanghai Zhenro The Capital of Jinshan (representing a total gross floor area of approximately 164,027.02 sq.m.) to purchasers.
8. Pursuant to a Construction Work Completion and Inspection Certificate — Hu Jian Guan (Jin Shan) Jiao Fu Xu (2016) No. 009 in favour of Shanghai Yuzun, the construction of portions of Shanghai Zhenro The Capital of Jinshan with a gross floor area of approximately 121,240.90 sq.m. has been completed and passed the inspection acceptance.

9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	1,414.92	
	Car parking spaces	2,863.52	63
	Sub-total:	4,278.44	63
Group III — held under development by the Group	Residential	77,356.60	
	Ancillary	3,045.49	
	Basement (inclusive of car parking spaces)	31,200.94	666
	Sub-total:	111,603.03	666
Group IV — held for future development by the Group	Retail	18,714.16	
	SOHO	74,856.60	
	Ancillary	2,070.00	
	Basement (inclusive of car parking spaces)	31,864.26	N/A
	Sub-total:	127,505.02	N/A
	Total:	243,386.49	729

10. As advised by the Group, various residential units with a total gross floor area of approximately 56,376.98 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB1,244,178,951. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
11. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,616,000,000.
12. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group I and Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB15,000 to RMB22,000 per sq.m. for residential units, RMB20,000 to RMB25,000 for high-end residential units, and RMB70,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and
 - b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are commercial land in Jinshan District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB1,900 to RMB3,700 per sq.m. basis for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

13. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of a parcel of land and building ownership rights of portions of the property are subject to the mortgages in favor of various third parties.
14. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Shanghai Yuzun is legally and validly in possession of the land use rights of the property. Shanghai Yuzun has the rights to occupy, use, lease and dispose of the land of the property except the land parcel mentioned in note 13. For the land parcel mentioned in note 13 which is subject to the aforesaid mortgage, Shanghai Yuzun has the rights to occupy and use this land parcel, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Shanghai Yuzun has obtained all requisite construction work approvals in respect of the actual development progress;
 - c. Shanghai Yuzun is legally and validly in possession of the building ownership rights of the buildings mentioned in note 4. Shanghai Yuzun has the rights to occupy, use, lease and dispose of these buildings except some buildings mentioned in note 13. For the buildings mentioned in note 13 which are subject to the aforesaid mortgages, Shanghai Yuzun has the rights to occupy and use this/these buildings, but the transfer of these mortgaged properties is subject to the mortgages until the mortgages have been released; and
 - d. Shanghai Yuzun has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.
15. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. Real Estate Ownership Certificate | Portion |
| c. Construction Land Planning Permit | Yes |
| d. Construction Work Planning Permit | Portion |
| e. Construction Work Commencement Permit | Portion |
| f. Pre-sale Permit | Portion |
| g. Construction Work Completion and Inspection Certificate/Table/Report | Portion |
16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	40,000,000
Group III — held under development by the Group	1,577,000,000
Group IV — held for future development by the Group	254,000,000
Total:	<u>1,871,000,000</u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
58.	Portions of Shanghai Zhenro Fontainebleau located at the eastern side of Jingbo Road, the southern side of Jinghe Road, the western side of Jingrong Road and the northern side of Fengwan Road Fengjing Town Jinshan District Shanghai The PRC	<p>Shanghai Zhenro Fontainebleau is located at the eastern side of Jingbo Road, the southern side of Jinghe Road, the western side of Jingrong Road and the northern side of Fengwan Road, Fengjing Town. This area is near Fengjing Ancient Town and well-served by public transportation along the main road.</p> <p>Shanghai Zhenro Fontainebleau occupies 2 parcels of land with a total site area of approximately 102,806.00 sq.m., which is being developed into a residential development. Portions of the project were completed in December 2016, and the unsold portion of that (the “unsold units”) was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the “CIP”) as at the valuation date and is scheduled to be completed during March 2018 and February 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 119,291.92 sq.m.</p> <p>As at the valuation date, the property comprised the unsold units and CIP of Shanghai Zhenro Fontainebleau. The classification, usage and gross floor area details of the property were set out in note 9.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,101,000,000, of which approximately RMB784,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 30 March 2084 for residential use.</p>	As at the valuation date, the unsold units were vacant and the remaining portion of the property was under construction.	1,237,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Hu Jin Gui Tu (2014) Chu Rang He Tong Di No. 6 dated 10 February 2014 and a Supplementary Contract dated 7 May 2014, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 102,806.00 sq.m. were contracted to be granted to Zhenro Yufeng (Shanghai) Real Estate Development Co., Ltd. (正榮御楓(上海)置業發展有限公司, “Shanghai Yufeng”, a 90.00%-owned subsidiary of the Company) for the terms of 70 years for residential use commencing from the land delivery date. The land premium was RMB625,000,000.

2. Pursuant to a Construction Land Planning Permit — Hu Jin Di (2014) No. EA31011620144653, permission towards the planning of the aforesaid land parcels with a site area of approximately 102,806.00 sq.m. has been granted to Shanghai Yufeng.
3. Pursuant to 2 Real Estate Ownership Certificates — Hu Fang Di Jin Zi (2014) Di Nos. 005743 and 005744, the land use rights of the aforesaid land parcels with a total site area of approximately 102,806.00 sq.m. have been granted to Shanghai Yufeng for a term expiring on 30 March 2084 for residential use.
4. Pursuant to a Real Estate Ownership Certificate — Hu (2017) Jin Zi Bu Dong Chan Quan Di No. 001960, portions of Shanghai Zhenro Fontainebleau with a total gross floor area of approximately 40,545.18 sq.m. are owned by Shanghai Yufeng.
5. Pursuant to 7 Construction Work Planning Permits — Hu Jin Jian (2017) No. FA 31011620174440, Hu Jin Jian (2016) No. FA31011620164454, Hu Jin Jian (2015) Nos. FA31011620154232, FA31011620154262, FA31011620154673, FA31011620154794 and FA31011620155352 and in favour of Shanghai Yufeng, Shanghai Zhenro Fontainebleau with a total gross floor area of approximately 165,888.47 sq.m. have been approved for construction.
6. Pursuant to 10 Construction Work Commencement Permits — Nos. 1402JS0209D01310116201410161019, 1402JS0209D02310116201410161019, 1402JS0209D03310116201410161019, 1402JS0209D04310116201410161019, 1402JS0209D05310116201410161019 and 1402JS0209D06 to 1402JS0209D10 in favour of Shanghai Yufeng, permissions by the relevant local authority were given to commence the construction of Shanghai Zhenro Fontainebleau with a total gross floor area of approximately 165,968.87 sq.m.
7. Pursuant to 7 Pre-sale Permits — Jin Shan Fang Guan (2015) Yu Bei Zi Di Nos. 000490, 000637, 000284, 000285, 000089, 000506 and 0000077 in favour of Shanghai Yufeng, the Group is entitled to sell portions of Shanghai Zhenro Fontainebleau (representing a total gross floor area of approximately 114,328.43 sq.m.) to purchasers.
8. Pursuant to a Construction Work Completion and Inspection Certificate — No. 2016JS045 in favour of Shanghai Yufeng, the construction of portions of Shanghai Zhenro Fontainebleau with a gross floor area of approximately 46,032.70 sq.m. has been completed and passed the inspection acceptance.
9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	Residential	669.92	
	Sub-total:	669.92	
Group III — held under development by the Group	Residential	89,923.59	
	Retail	907.35	
	Ancillary	1,531.28	
	Basement (inclusive of car parking spaces)	26,929.70	580
	Sub-total:	119,291.92	580
	Total:	119,961.84	580

10. As advised by the Group, various residential units and commercial units with a total gross floor area of approximately 60,354.70 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB1,155,243,353. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
11. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,613,000,000.
12. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB20,000 to RMB30,000 per sq.m. for retail units, RMB20,000 to RMB30,000 per sq.m. for residential units and RMB80,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

13. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
14. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Shanghai Yufeng is legally and validly in possession of the land use rights of the property. Shanghai Yufeng has the rights to occupy and use the Land of the property, but the transfer of the mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Shanghai Yufeng has the rights to legally occupy, use and lease these portions of the property;
 - c. Shanghai Yufeng has obtained all requisite construction work approvals in respect of the actual development progress; and
 - d. Shanghai Yufeng has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.

15. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Ownership Certificate	Portion
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	8,000,000
Group III — held under development by the Group	<u>1,229,000,000</u>
Total:	<u><u>1,237,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
59.	Portions of Tianjin Zhenro Jade Bay located at the southern side of Yuhe Road Zhongbei Town Xiqing District Tianjin The PRC	<p>Tianjin Zhenro Jade Bay is located at the southern side of Fujin Road and the western side of Xingguang Road, which are the main arterial roads in the area. It is well-served with public transportation with 2.5 kilometers' distance to the metro station of Line 2.</p> <p>Tianjin Zhenro Jade Bay occupies a parcel of land with a total site area of approximately 127,696.70 sq.m., which is being developed into a residential development. Portions of the project were completed in December 2016, and the unsold portion of that (the "unsold units") was vacant for sale as at the valuation date. The remaining portion of the project was under construction (the "CIP") as at the valuation date and is scheduled to be completed in April 2018. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 131,652.15 sq.m.</p> <p>As at the valuation date, the property comprised the unsold units and CIP of Tianjin Zhenro Jade Bay. The classification, usage and gross floor area details of the property were set out in note 8.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,414,000,000, of which approximately RMB1,225,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 21 July 2084 for residential use.</p>	As at the valuation date, the unsold units of the property were vacant and the remaining portion of the property was under construction.	2,236,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. TJ11162014003 dated 12 May 2014, the land use rights of a parcel of land with a site area of approximately 127,696.70 sq.m. were contracted to be granted to Zhenro (Tianjin) Real Estate Development Co., Ltd. (正榮(天津)置業發展有限公司, "Tianjin Real Estate", a wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB1,555,000,000.

2. Pursuant to a Construction Land Planning Permit —2014 Xi Qing Di Zheng No. 0032, permission towards the planning of the aforesaid land parcel with a site area of approximately 127,697.20 sq.m. has been granted to Tianjin Real Estate.
3. Pursuant to a State-owned Land Use Rights Certificate — Fang Di Zheng Jin Zi Di No. 111051400189, the land use rights of the aforesaid land parcel with a site area of approximately 127,696.70 sq.m. have been granted to Tianjin Real Estate for a term expiring on 21 July 2084 for residential use.
4. Pursuant to 8 Construction Work Planning Permits — 2014 Xi Qing Zhu Zheng Nos. 0026 to 0028, 2014 Xi Qing Jian Zheng 0103, 2015 Xiqing Zhu Zheng Nos. 0002 to 0004 and 2015 Xiqing Zhu Zheng No. 0020 in favour of Tianjin Real Estate, Tianjin Zhenro Jade Bay with a total gross floor area of approximately 312,384.65 sq.m. has been approved for construction.
5. Pursuant to 5 Construction Work Commencement Permits — Nos. 1201112014121501120, 1201112015011401120, 1201112015081201120, 1201112015081202120 and 1201112017081804170 in favour of Tianjin Real Estate, permissions by the relevant local authority were given to commence the construction of Tianjin Zhenro Jade Bay with a total gross floor area of approximately 312,384.65 sq.m.
6. Pursuant to 30 Pre-sale Permits in favour of Tianjin Real Estate, the Company is entitled to sell portions of Tianjin Zhenro Jade Bay (representing a total gross floor area of approximately 213,227.96 sq.m.) to purchasers.
7. Pursuant to 47 Construction Work Completion and Inspection Certificates in favour of Tianjin Real Estate, the construction of portions of Tianjin Zhenro Jade Bay with a total gross floor area of approximately 180,097.34 sq.m. has been completed and passed the inspection acceptance.
8. According to the information provided by the Group, details of the usage and gross floor area of the property are set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group I — held for sale by the Group	High-end residential	2,491.27	
	Retail	5,222.04	
	Sub-total:	7,713.31	
Group III — held under development by the Group	Residential	70,362.18	
	High-end residential	23,497.56	
	Retail	3,072.25	
	Basement (inclusive of car parking spaces)	32,918.87	445
	Ancillary	1,801.29	
	Sub-total:	131,652.15	445
	Total:	139,365.46	445

9. As advised by the Group, various residential units and car parking spaces with a total gross floor area of approximately 93,859.74 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB2,133,753,884. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,191,000,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB18,000 to RMB20,000 per sq.m. for residential units, RMB30,000 to RMB34,000 for high-end residential units, RMB21,000 to RMB24,000 per sq.m. for retail units on the first floor and RMB100,000 to RMB120,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

- a. Tianjin Real Estate is legally and validly in possession of the land use rights of the property. Tianjin Real Estate has the rights to occupy, use, lease and dispose of the land of the property;
- b. For the portions of the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Tianjin Real Estate has the rights to legally occupy, use and lease these portions of the property;
- c. Tianjin Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and
- d. Tianjin Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group I — held for sale by the Group	176,000,000
Group III — held under development by the Group	<u>2,060,000,000</u>
Total:	<u><u>2,236,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
60.	Tianjin Zhenro Zhenro Mansion located at the junction of Huaidong Road and Lujiang East Road Beichen District Tianjin The PRC	<p>Tianjin Zhenro Zhenro Mansion is located at the junction of Huaidong Road and Lujiang East Road. The locality is a mature residential area and is well-served with public transportation. It is approximately 10 minutes' walking distance to Metro Line 5 which is under construction.</p> <p>Tianjin Zhenro Zhenro Mansion occupies a parcel of land with a site area of approximately 129,309.00 sq.m., which is being developed into a complex development with residential and retail components. The project was under construction (the "CIP") as at the valuation date and are scheduled to be completed in June 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 284,874.02 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Tianjin Zhenro Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB3,413,000,000, of which approximately RMB2,150,000,000 had been paid up to the valuation date</p> <p>The land use rights of the property have been granted for the terms expiring on 8 May 2056 for commercial service use, 8 May 2066 for science and education use and park green space use, and 8 May 2086 for residential use.</p>	As at the valuation date, the property was under construction.	2,671,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. TJ11102016005, the land use rights of a parcel of land with a site area of approximately 129,309.00 sq.m. were contracted to be granted to Tianjin Zhenro Zhenghong Real Estate Development Co., Ltd. (天津正榮正宏置業發展有限公司, “Tianjin Zhenghong”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial service use, 50 years for science and education use and park green space use, and 70 years for residential use commencing from the land delivery date. The land premium was RMB1,800,000,000.
2. Pursuant to a Construction Land Planning Permit — 2016 Bei Chen Di Zheng No. 0019, permission towards the planning of the aforesaid land parcel with a site area of approximately 129,308.80 sq.m. has been granted to Tianjin Zhenghong.
3. Pursuant to a State-owned Land Use Rights Certificate — Jin (2016) Bei Chen Qu Bu Dong Chan Quan Di No. 1018187, the land use rights of the aforesaid land parcel with a site area of approximately 129,309.00 sq.m. have been granted to Tianjin Zhenghong for the terms expiring on 8 May 2056 for commercial service use, 8 May 2066 for science and education use and park green space use, and 8 May 2086 for residential use.
4. Pursuant to 4 Construction Work Planning Permits — 2016 Bei Chen Zhu Zheng Nos. 0024 and 0025, 2017 Bei Chen Jian Zheng No. 0001 and 2017 Bei Chen Zhu Zheng No. 0001 in favour of Tianjin Zhenghong, Tianjin Zhenro Zhenro Mansion with a total gross floor area of approximately 284,873.82 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits — Nos. 1201132017021601121, 1201132017040501121 and 1201132017072101171 in favour of Tianjin Zhenghong, permissions by the relevant local authority were given to commence the construction of portions of Tianjin Zhenro Zhenro Mansion with a gross floor area of approximately 283,873.82 sq.m.
6. Pursuant to 8 Pre-sale Permits in favour of Tianjin Zhenghong, the Company is entitled to sell portions of Tianjin Zhenro Zhenro Mansion (representing a total gross floor area of approximately 177,016.02 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	209,327.10	
	Retail	2,130.00	
	Basement (inclusive of car parking spaces)	55,771.00	1,531
	Ancillary	17,645.92	
	Total:	284,874.02	1,531

8. As advised by the Group, various residential units with a total gross floor area of approximately 115,804.86 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB2,487,382,796. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB4,679,000,000.
10. Our valuation has been made on the following basis and analysis:

We have made reference to, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB19,000 to RMB29,000 per sq.m. for residential units, RMB24,000 to RMB26,000 per sq.m. for retail units on the first floor and RMB70,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Tianjin Zhenghong is legally and validly in possession of the land use rights of the property. Tianjin Zhenghong has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Tianjin Zhenghong has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Tianjin Zhenghong has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	Yes
f.	Construction Work Commencement Permit	Yes
g.	Pre-sale Permit	Portion
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

14. For the purpose of this report, the property is classified into the following group as “Group III — held under development by the Group in the PRC” according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
61.	Tianjin No. Jinnan honggua 2016-099 located at the southern side of Huanghe Road and the eastern side of Hongqi Road Nankai District Tianjin The PRC	<p>Tianjin No. Jinnan honggua 2016-099 is located the southern side of Huanghe Road and the eastern side of Hongqi Road. The locality is a mature residential area. It is well-served with public transportation and takes approximately 10 minutes' walking distance to the Changhong Railway Station.</p> <p>Tianjin No. Jinnan honggua 2016-099 occupies a parcel of land with a site area of approximately 18,190.00 sq.m., which will be developed into a residential, commercial and office complex development with a total gross floor area of approximately 99,255.00 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Tianjin No. Jinnan honggua 2016-099. The classification, usage and gross floor area are details of the property were set out in note 4.</p> <p>The land use rights of the property have been granted for the terms expiring on 15 December 2086 for residential use and 15 December 2056 for commercial service use.</p>	As at the valuation date, the property was bare land.	1,952,740,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. TJ11042016002 dated 14 September 2016, the land use rights of a parcel of land with a site area of approximately 18,190.00 sq.m. were contracted to be granted to Zhenro Zhengxing (Tianjin) Real Estate Development Co., Ltd. (正榮正興(天津)置業發展有限公司, "Zhenro Zhengxing", a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial service use, and 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,810,000,000. Pursuant to above Grant Contract, upon completion, portions of the property with a total gross floor area of approximately 20,000.00 sq.m. for office uses would be held by Zhenro Zhengxing for investment, and the remaining portion of the property will be held for sale.
2. Pursuant to a Construction Land Planning Permit — 2017 Nan Kai Di Zheng No. 0004, permission towards the planning of the aforesaid land parcel with a site area of approximately 18,184.80 sq.m. has been granted to Zhenro Zhengxing.

3. Pursuant to a State-owned Land Use Rights Certificate — Jin (2017) Nan Kai Qu Bu Dong Chan Quan Di No. 1006908, the land use rights of the aforesaid land parcel with a site area of approximately 18,190.00 sq.m. have been granted to Zhenro Zhengxing for the terms expiring on 15 December 2086 for residential use and 15 December 2056 for commercial service use.

4. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group II — held for investment by the Group	Office	20,000.00	
	Sub-total:	20,000.00	
Group IV — held for future development by the Group	Residential	18,000.00	
	Retail	35,900.00	
	Basement (inclusive of car parking spaces)	24,255.00	N/A
	Ancillary	1,100.00	
	Sub-total:	79,255.00	N/A
	Total:	99,255.00	N/A

5. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential land or commercial land in Nankai District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB25,000 to RMB30,000 per sq.m. basis for residential use and from RMB15,000 to RMB20,000 per sq.m. basis for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

6. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Zhenro Zhengxing is legally and validly in possession of the land use rights of the property. Zhenro Zhengxing has the rights to occupy and use the Land of the property, but the transfer of the mortgaged property is subject to the mortgage until the mortgage has been released.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

9. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group II — held for investment by the Group	372,740,000
Group IV — held for future development by the Group	<u>1,580,000,000</u>
Total:	<u><u>1,952,740,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
62.	Xi'an Jingheng Rainbow Valley located at the western side of Yanxiang Road, the southern side of Chunlin Road Qujiang New District Xi'an City Shanxi Province The PRC	<p>Xi'an Jingheng Rainbow Valley is located at the western side of Yanxiang Road and the southern side of Chunlin Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Xi'an Jingheng Rainbow Valley occupies a parcel of land with a site area of approximately 30,421.84 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in March 2018. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 124,217.31 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Xi'an Jingheng Rainbow Valley. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB797,000,000, of which approximately RMB604,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 2 March 2054 for commercial service use.</p>	As at the valuation date, the property was under construction.	960,740,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 29937 dated 3 March 2014, the land use rights of a parcel of land with a site area of approximately 30,421.84 sq.m. were contracted to be granted to Xi'an Jingheng Property Development Co., Ltd. (西安景恒房地產開發有限公司, "Xi'an Jingheng", a wholly-owned subsidiary of the Company) for a term of 40 years for commercial service use. The land premium was RMB167,050,000.
2. Pursuant to a Construction Land Planning Permit — Xi Gui Qu Di Zi Di (2014) No. 014, permission towards the planning of the aforesaid land parcel with a site area of approximately 45.6 mu (approximately 30,422.00 sq.m.) has been granted to Xi'an Jingheng.

3. Pursuant to a State-owned Land Use Rights Certificate — Shi Qu Jiang Guo Yong (2014 Chu) Di No. 022, the land use rights of the aforesaid land parcel with a site area of approximately 30,421.84 sq.m. have been granted to Xi'an Jingheng for a term expiring on 2 March 2054 for commercial service use.
4. Pursuant to a Construction Work Planning Permit — Xi Gui Qu Jian Zi Di (2015) No. 018 in favour of Xi'an Jingheng, Xi'an Jingheng Rainbow Valley with a total gross floor area of approximately 124,217.31 sq.m. has been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits — Nos. 610140201509090101, 610140201511090101 and 610140201606150101 in favour of Xi'an Jingheng, permissions by the relevant local authority were given to commence the construction of Xi'an Jingheng Rainbow Valley with a total gross floor area of approximately 124,217.31 sq.m.
6. Pursuant to 2 Pre-sale Permits — Shi Fang Yu Shou Zi Di Nos. 2015435 and 2017074 in favour of Xi'an Jingheng, the Group is entitled to sell portions of Xi'an Jingheng Rainbow Valley (representing a total gross floor area of approximately 72,045.00 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group II — held for investment by the Group	Shopping mall	37,812.45	
	Retail	17,121.26	
	SOHO	19,214.98	
	Car parking spaces	27,833.70	1,000
	Sub-total:	101,982.39	1,000
Group III — held under development by the Group	Retail	4,913.72	
	SOHO	12,875.70	
	Ancillary	4,445.50	
	Sub-total:	22,234.92	
	Total:	124,217.31	1,000

8. As advised by the Group, various retail and office units with a total gross floor area of approximately 6,152.67 sq.m. of the property have been presold to various third parties at a total consideration of RMB73,689,196. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,041,000,000.
10. Our valuation has been made on the following basis and analysis:
 - a. For the portions of the property in Groups II and III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are retail units, SOHO units and car parking spaces within the same development/building of the subject property and other newly completed or

to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB15,000 to RMB22,000 per sq.m. for retail units, RMB7,000 to RMB9,000 per sq.m. for SOHO units, RMB7,500 to RMB7,800 per sq.m. for apartment units and RMB130,000 to RMB170,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. Pursuant to a mortgage contract and relevant agreements, the land use rights of the property are subject to the mortgage in favor of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Xi'an Jingheng is legally and validly in possession of the land use rights of the property. Xi'an Jingheng has the rights to occupy and use the land of the property, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Xi'an Jingheng has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Xi'an Jingheng has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
13. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. State-owned Land Use Rights Certificate	Yes
c. Building Ownership Certificate	No
d. Construction Land Planning Permit	Yes
e. Construction Work Planning Permit	Yes
f. Construction Work Commencement Permit	Yes
g. Pre-sale Permit	Portion
h. Construction Work Completion and Inspection Certificate/Table/Report	No
14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group II — held for investment by the Group	763,780,000
Group III — held under development by the Group	196,960,000
Total:	960,740,000

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
63.	Xi'an No. QJ10-8-484 and QJ10-8-485 located at the southern side of the Xianfeng Garden and the northern side of North Second Ring Road Xi'an City Shanxi Province The PRC	<p>Xi'an No. QJ10-8-484 and QJ10-8-485 is located at the southern side of the Xianfeng Garden and the northern side of North Second Ring Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Xi'an No. QJ10-8-484 and QJ10-8-485 occupies 2 parcels of land with a total site area of approximately 39,321.51 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 211,093.00 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Xi'an No. QJ10-8-484 and QJ10-8-485. The classification, usage and gross floor area details of the property were set out in note 5.</p> <p>The land use rights of the property have been granted for the terms expiring on 29 June 2057 for commercial service use and 29 June 2087 for residential use.</p>	As at the valuation date, the property was bare land.	376,700,000

Notes:

1. Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts — Nos. 3031101 and 3032101 both dated 31 May 2017, the land use rights of 2 parcels of land with a total site area of approximately 39,321.51 sq.m. were contracted to be granted to Xi'an Jingqi Property Development Co., Ltd. (西安景齊房地產開發有限公司, "Xi'an Jingqi", a wholly-owned subsidiary of the Company) for the terms of 40 years expiring for commercial use and 70 years expiring for residential use commencing from the land delivery date. The total land premium was RMB324,400,000.
2. Pursuant to 2 Construction Land Planning Permit — Xi Gui Di Zi Di (2017) Nos. 005 and 006, permissions towards the planning of the aforesaid land parcels with a site area of approximately 39,321.51 sq.m. have been granted to Xi'an Jingqi.
3. Pursuant to 2 State-owned Land Use Rights Certificates —Shan (2017) Xi An Shi Bu Dong Chan Quan Di Nos. 0000286 and 0000287, the land use rights of the aforesaid land parcels with a total site area of approximately 39,321.51 sq.m. have been granted to Xi'an Jingqi for the terms expiring on 29 June 2057 for commercial service use and 29 June 2087 for residential use.

4. Pursuant to a Construction Work Planning Permit — Xi Gui Huab Zu Di D (2017) No. 011 in favour of Xi'an Jingqi, portions of Xi'an No. QJ10-8-484 and QJ10-8-485 with a total gross floor area of approximately 103,091.00 sq.m. has been approved for construction.
5. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group IV — held for future development by the group	Residential	77,905.00	
	Retail	7,526.00	
	SOHO	75,920.00	
	Ancillary	1,790.00	
	Basement (inclusive of car parking spaces)	47,952.00	1,660
	Total:	211,093.00	1,660

6. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Weiyang District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB2,200 to RMB4,500 per sq.m. basis for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Xi'an Jingqi is legally and validly in possession of the land use rights of the property. Xi'an Jingqi has the rights to occupy, use, lease and dispose of the land of the property.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

9. For the purpose of this report, the property is classified into the group as "Group IV — held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
64.	Wuhan Zhenro Mansion located at the western side of Liantonggang Road and the southern side of Sixin North Road Hanyang District Wuhan City Hubei Province The PRC	<p>Wuhan Zhenro Mansion is located at the western side of Liantonggang Road and the southern side of Sixin North Road. This area is near Moshui Lake and well-served with public transportation along the main road.</p> <p>Wuhan Zhenro Mansion occupies 2 parcels of land with a total site area of approximately 48,736.42 sq.m., which is being developed into a residential development. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in September 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 161,023.20 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Wuhan Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,524,000,000, of which approximately RMB940,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 8 September 2086 for residential use and 8 September 2056 for organs and bodies, sports entertainment and medical and health charity uses.</p>	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	1,219,700,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. WH-2016-B153 dated 9 September 2016, the land use rights of 2 parcels of land with a total site area of approximately 48,736.42 sq.m. were contracted to be granted to Wuhan Zhenro Zhengtai Real Estate Co., Ltd. (武漢正榮正泰置業有限公司, “Wuhan Zhengtai”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for public administration and public service uses commencing from the land delivery date. The land premium was RMB972,100,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di Wu Gui (Yang) Di No. (2016)39 HYAA20160102, permission towards the planning of the aforesaid land parcels with a site area of approximately 48,735.05 sq.m. has been granted to Wuhan Zhengtai.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Yue (2016) Wu Han Shi Shi Bu Dong Chan Quan Di Nos. 0001667 and 0001774, the land use rights of the aforesaid land parcels with a total site area of approximately 48,736.42 sq.m. have been granted to Wuhan Zhengtai for the terms expiring on 8 September 2086 for residential use and 8 September 2056 for organs and bodies, sports entertainment and medical and health charity uses.
4. Pursuant to a Construction Work Planning Permit — Yue Gui Gong Cheng No. 420105201600031, in favour of Wuhan Zhengtai, portions of Wuhan Zhenro Mansion with a gross floor area of approximately 160,505.47 sq.m. have been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 4201052016102600114BJ4001 in favour of Wuhan Zhengtai, permission by the relevant local authority was given to commence the construction of portions of Wuhan Zhenro Mansion with a gross floor area of approximately 160,505.47 sq.m.
6. Pursuant to a Pre-sale Permit — Wu Fang Kai Yu Shou 2017 No. 169 in favour of Wuhan Zhengtai, the Group is entitled to sell portions of Wuhan Zhenro Mansion (representing a total gross floor area of approximately 31,500.06 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	117,951.42	
	Retail	3,033.67	
	Ancillary	348.59	
	Basement (inclusive of car parking spaces)	39,689.52	1,136
	Sub-total:	161,023.20	1,136
Group IV — held for future development by the Group	Office	16,637.14	
	Ancillary	8,932.96	
	Basement (inclusive of car parking spaces)	10,248.72	N/A
	Sub-total:	35,818.82	N/A
	Total:	196,842.02	1,136

8. As advised by the Group, various residential units with a total gross floor area of approximately 31,182.33 sq.m. in Group III of the property have been presold to various third parties at a total consideration of RMB501,651,929. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,071,000,000.

10. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB15,000 to RMB18,000 per sq.m. for residential units, RMB30,000 to RMB38,000 per sq.m. for retail units on the first floor and RMB150,000 to RMB200,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate; and
 - b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial comprehensive land in Hanyang District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB6,500 to RMB8,500 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
11. Pursuant to a mortgage contract and relevant agreements, the land use rights of a parcel of land of the property are subject to the mortgage in favor of a third party.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Wuhan Zhengtai is legally and validly in possession of the land use rights of the property. Wuhan Zhengtai has the rights to occupy, use, lease and dispose of the land of the property except the land parcel mentioned in note 11. For the land parcel mentioned in note 11 which is subject to the aforesaid mortgage, Wuhan Zhengtai has the rights to occupy and use this land parcel, but the transfer of this mortgaged property is subject to the mortgage until the mortgage has been released;
 - b. Wuhan Zhengtai has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Wuhan Zhengtai has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permit.
13. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Portion |
| f. | Construction Work Commencement Permit | Portion |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group III — held under development by the Group	1,018,000,000
Group IV — held for future development by the Group	<u>201,700,000</u>
Total:	<u><u>1,219,700,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
65.	Wuhan Zhenro Royal Summit located at the eastern side of Minzu Avenue and the southern side of Nanhu Avenue Donghu New Technology Development Zone Wuhan City Hubei Province The PRC	<p>Wuhan Zhenro Royal Summit is located at the eastern side of Minzu Avenue and the southern side of Nanhu Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Wuhan Zhenro Royal Summit comprises a parcel of land with a site area of approximately 136,139.34 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 389,131.00 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Wuhan Zhenro Royal Summit. The classification, usage and gross floor area details of the property were set out in note 4.</p> <p>The land use rights of the property have been granted for a term expiring on 17 October 2086 for residential use.</p>	As at the valuation date, the property was bare land.	4,826,800,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract — E WH(DHK) No. 2016-00036 dated 18 October 2016, the land use rights of a parcel of land with a site area of approximately 136,139.34 sq.m. were contracted to be granted to Wuhan Zhengsheng Real Estate Co., Ltd. (武漢正榮正升置業有限公司, “Wuhan Zhengsheng”, a 50.00%-owned joint venture of the Company”) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB4,586,000,000.
2. Pursuant to a Construction Land Planning Permit — Di Zi Di Wu Gui (Dong Kai) Di (2016) No. 125, permission towards the planning of the aforesaid parcel of land) with a site area of approximately 136,139.34 sq.m. has been granted to Wuhan Zhengsheng.
3. Pursuant to a State-owned Land Use Rights Certificate — E (2017) Wuhan Shi Dong Kai Bu Dong Chan Quan Di No. 0012131, the land use rights of the aforesaid land parcel with a site area of approximately 136,139.34 sq.m. have been granted to Wuhan Zhengsheng for a term expiring on 17 October 2086 for residential use.

4. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group IV — held for future development by the Group	Residential	280,319.23	
	Retail	2,277.10	
	Basement (inclusive of car parking spaces)	101,163.00	2,434
	Ancillary	5,371.67	
	Total:	389,131.00	2,434

5. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential land in Donghu New Technology Development Zone which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB14,000 to RMB18,000 per sq.m. basis for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Wuhan Zhengsheng is legally and validly in possession of the land use rights of the property. Wuhan Zhengsheng has the rights to occupy, use, lease and dispose of the land of the property.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	No
d.	Construction Land Planning Permit	Yes
e.	Construction Work Planning Permit	No
f.	Construction Work Commencement Permit	No
g.	Pre-sale Permit	No
h.	Construction Work Completion and Inspection Certificate/Table/Report	No

8. For the purpose of this report, the property is classified into the group as "Group IV — held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
66.	Hefei Capital Yue located at the eastern side of Dazhong Road and the northern side of Huaihai Avenue Xinzhan District Hefei City Anhui Province The PRC	<p>Hefei Capital Yue is located at the eastern side of Dazhong Road and the northern side of Huaihai Avenue. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Hefei Capital Yue occupies a parcel of land with a site area of approximately 120,704.58 sq.m., which is being developed into a residential and commercial development with a total gross floor area of approximately 369,583.70 sq.m. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in May 2020. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 248,240.08 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Hefei Capital Yue. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB3,048,000,000, of which approximately RMB1,406,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 2 March 2057 for commercial use and 2 March 2087 for residential use.</p>	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	3,856,000,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — He Di Xin Zhan Qu Jing Ying 2017 No. 12 dated 3 February 2017 and a Supplementary Contract dated 3 February 2017, the land use rights of a parcel of land with a site area of approximately 120,704.58 sq.m. were contracted to be granted to Hefei Zhengmao Real Estate Development Co., Ltd. (合肥正茂置業發展有限公司, “Hefei Zhengmao”, a wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,953,900,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 340101201750015, permission towards the planning of the aforesaid land parcel with a site area of approximately 120,704.58 sq.m. has been granted to Hefei Zhengmao.
3. Pursuant to a State-owned Land Use Rights Certificate — Wan 2017 He Bu Dong Chan Quan Di No. 37581, the land use rights of the aforesaid land parcel with a site area of approximately 120,704.58 sq.m. have been granted to Hefei Zhengmao for the terms expiring on 2 March 2057 for commercial use and 2 March 2087 for residential use.
4. Pursuant to 13 Construction Work Planning Permits — He Gui Xin Jian (Min) Xu Nos. 2017-182, 2017-183, 2017-184, 2017-185, 2017-186, 2017-187, 2017-188, 2017-189, 2017-190, 2017-191, 2017-192, 2017-215 and 2017-216 in favour of Hefei Zhengmao, portions of Hefei Capital Yue with a gross floor area of approximately 248,510.05 sq.m. have been approved for construction.
5. Pursuant to 3 Construction Work Commencement Permits — Nos. 3401351707180101-SX-001 to 3401351707180101-SX-003 in favour of Hefei Zhengmao, permissions by the relevant local authority were given to commence the construction of portions of Hefei Capital Yue with a gross floor area of approximately 248,240.05 sq.m.
6. Pursuant to 3 Pre-sale Permits — He Fang Yu Shou Zheng Nos. 20170788, 20170789 and 20170790 in favour of Hefei Zhengmao, the Group is entitled to sell portions of Hefei Capital Yue (representing a total gross floor area of approximately 32,377.89 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	198,856.92	
	Ancillary	4,304.83	
	Basement (inclusive of car parking spaces)	45,078.33	1,543
	Sub-total:	248,240.08	1,543
Group IV — held for future development by the Group	Residential	46,124.46	
	Office	36,872.63	
	Ancillary	364.03	
	Basement (inclusive of car parking spaces)	37,982.50	N/A
	Sub-total:	121,343.62	N/A
	Total:	369,583.70	1,543

8. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,329,000,000.

9. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB13,000 to RMB16,000 per sq.m. for residential units and RMB130,000 to RMB180,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate; and
 - b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential and commercial land in Xinzhan District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB7,300 to RMB9,000 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Hefei Zhengmao is legally and validly in possession of the land use rights of the property. Hefei Zhengmao has the rights to occupy, use, lease and dispose of the land of the property;
 - b. Hefei Zhengmao has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Hefei Zhengmao has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|---------|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Portion |
| f. | Construction Work Commencement Permit | Portion |
| g. | Pre-sale Permit | Portion |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group III — held under development by the Group	1,424,000,000
Group IV — held for future development by the Group	<u>2,432,000,000</u>
Total:	<u><u>3,856,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
67.	Hefei City 1907 located at the southern side of Jialingjiang Road and the eastern side of Guizhou Road Binhu New District Hefei City Anhui Province The PRC	<p>Hefei City 1907 is located at the southern side of Jialingjiang Road and the eastern side of Guizhou Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Hefei City 1907 comprises a parcel of land with a site area of approximately 111,379.72 sq.m., which is being developed into a residential and commercial development. Portions of the project were under construction (the “CIP”) as at the valuation date and are scheduled to be completed in July 2020. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 70,325.12 sq.m. The construction of the remaining portion of the project (the “bare land”) had not been commenced as at the valuation date.</p> <p>As at the valuation date, the property comprised the whole project of Hefei City 1907. The classification, usage and gross floor area details of the property were set out in note 7.</p> <p>As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB674,000,000, of which approximately RMB442,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 4 March 2087 for residential use.</p>	As at the valuation date, portions of the property were under construction and the remaining portion of the property was bare land.	2,059,000,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — He Di Bin Hu Jing Ying 2017 No. 002 dated 4 February 2017 and a Supplementary Contract dated 1 March 2017, the land use rights of a parcel of land with a site area of approximately 111,379.71 sq.m. were contracted to be granted to Hefei Yongtuo Real Estate Development Co., Ltd. (合肥永拓置業發展有限公司, “Hefei Yongtuo”, a 25.00%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,805,000,000.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 340101201790017, permission towards the planning of the aforesaid land parcel with a site area of approximately 111,379.71 sq.m. has been granted to Hefei Yongtuo.
3. Pursuant to a State-owned Land Use Rights Certificate — Wan 2017 He Bu Dong Chan Quan Di No. 0102791, the land use rights of the aforesaid land parcel with a site area of approximately 111,379.72 sq.m. have been granted to Hefei Yongtuo for the terms expiring on 4 March 2087 for residential use.
4. Pursuant to a Construction Work Planning Permit — He Gui Jian Min Xu No. 2017448, in favour of Hefei Yongtuo, portions of Hefei City 1907 with a gross floor area of approximately 70,325.12 sq.m. have been approved for construction.
5. Pursuant to 2 Construction Work Commencement Permits — Nos. 3401341706140102-SX-001 and 3401341706140102-SX-002 in favour of Hefei Yongtuo, permissions by the relevant local authority were given to commence the construction of portions of Hefei City 1907 with a gross floor area of approximately 70,325.12 sq.m.
6. Pursuant to 7 Pre-sale Permits — He Fang Yu Shou Zheng Di Nos. 20170817-20170821, 20170817-20170792 and 20170817-20170819 in favour of Hefei Yongtuo, the Group is entitled to sell portions of Hefei City 1907 (representing a total gross floor area of approximately 59,521.67 sq.m.) to purchasers.
7. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	70,352.12	
	Sub-total:	<u>70,325.12</u>	
Group IV — held for future development by the Group	Residential	169,276.88	
	Retail	2,540.00	
	Ancillary	8,169.00	
	Basement (inclusive of car parking spaces)	84,916.00	N/A
	Sub-total:	<u>264,901.88</u>	
	Total:	<u><u>335,227.00</u></u>	<u><u>N/A</u></u>

8. As advised by the Group, various residential units with a total gross floor area of approximately 39,376.14 sq.m. in Group III of the property have been presold to various third parties at a total consideration of RMB673,689,434. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,200,000,000.

10. Our valuation has been made on the following basis and analysis:
- a. For the portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB16,000 to RMB19,000 per sq.m. for residential units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate; and
 - b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, figure and accessibility of the property. The selected comparables are residential land in Binhu New District which were transacted between 2015 and 2017. The accommodation value of these comparable land sites ranges from RMB7,000 to RMB8,000 per sq.m. basis for composite residential uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. Hefei Yongtuo is legally and validly in possession of the land use rights of the property. Hefei Yongtuo has the rights to occupy, use, lease and dispose of the land of the property;
 - b. Hefei Yongtuo has obtained all requisite construction work approvals in respect of the actual development progress; and
 - c. Hefei Yongtuo has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale permits.
12. A summary of major certificates/approvals is shown as follows:
- | | |
|---|---------|
| a. State-owned Land Use Rights Grant Contract | Yes |
| b. State-owned Land Use Rights Certificate | Yes |
| c. Building Ownership Certificate | No |
| d. Construction Land Planning Permit | Yes |
| e. Construction Work Planning Permit | Portion |
| f. Construction Work Commencement Permit | Portion |
| g. Pre-sale Permit | Portion |
| h. Construction Work Completion and Inspection Certificate/Table/Report | No |

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date (RMB)
Group III — held under development by the Group	652,000,000
Group IV — held for future development by the Group	<u>1,407,000,000</u>
Total:	<u><u>2,059,000,000</u></u>

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u> <i>RMB</i>
68.	Hefei Zhenro Mansion located at the eastern side of Changdu Road and the northern side of Zhujiang Road Binhu New District Hefei City Anhui Province The PRC	<p>Hefei Zhenro Mansion is located at the eastern side of Changdu Road and the northern side of Zhujiang Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>Hefei Zhenro Mansion occupies a parcel of land with a site area of approximately 38,220.69 sq.m., which is being developed into a residential development. The project was under construction as at the valuation date and is scheduled to be completed in October 2020. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 103,373.00 sq.m.</p> <p>As at the valuation date, the property comprised the whole project of Hefei Zhenro Mansion. The classification, usage and gross floor area details of the property were set out in note 6.</p> <p>As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,415,000,000, of which approximately RMB911,000,000 had been paid up to the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 13 April 2087 for residential use.</p>	As at the valuation date, the property was under construction.	954,000,000

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract — He Di Bin Hu Jing Ying 2017 No. 037 dated 13 March 2017 and a Supplementary Contract dated 30 March 2017, the land use rights of a parcel of land with a site area of approximately 38,220.69 sq.m. were contracted to be granted to Hefei Zhengyu Real Estate Development Co., Ltd. (合肥正裕置業發展有限公司, “Hefei Zhengyu”, a wholly-owned subsidiary of the Company) for the terms of 70 years for residential use commencing from the land delivery date. The total land premium was RMB850,000,000.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 340101201790018, permission towards the planning of the aforesaid land parcel with a site area of approximately 38,220.70 sq.m has been granted to Hefei Zhengyu.

3. Pursuant to a State-owned Land Use Rights Certificate — Wan (2017) He Bu Dong Chan Quan Di No. 0126629, the land use rights of the aforesaid land parcel with a site area of approximately 38,220.69 sq.m. have been granted to Hefei Zhengyu for a term expiring on 13 April 2087 for residential use.
4. Pursuant to a Construction Work Planning Permit — He Gui Jian Min Xu No. 2017538 in favour of Hefei Zhengyu, Hefei Zhenro Mansion with a total gross floor area of approximately 103,340.20 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 3401341707270101-SX-001 in favour of Hefei Zhengyu, permission by the relevant local authority was given to commence the construction of portions of Hefei Zhenro Mansion with a gross floor area of approximately 103,340.20 sq.m.
6. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area (sq.m.)	Nos. of car parking space
Group III — held under development by the Group	Residential	78,424.00	
	Ancillary	999.00	
	Basement (inclusive of car parking spaces)	23,950.00	518
	Total:	<u>103,373.00</u>	<u>518</u>

7. The market value of the property as if completed as at the valuation date is according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,744,000,000.
8. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The selected comparables are residential units and car parking spaces within the newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017. The unit price of these comparable properties ranges from RMB19,000 to RMB23,000 per sq.m. for residential units, and RMB130,000 to RMB180,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Hefei Zhengyu is legally and validly in possession of the land use rights of the property. Hefei Zhengyu has the rights to occupy, use, lease and dispose of the land of the property; and
 - b. Hefei Zhengyu has obtained all requisite construction work approvals in respect of the actual development progress.

10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|--|-----|
| a. | State-owned Land Use Rights Grant Contract | Yes |
| b. | State-owned Land Use Rights Certificate | Yes |
| c. | Building Ownership Certificate | No |
| d. | Construction Land Planning Permit | Yes |
| e. | Construction Work Planning Permit | Yes |
| f. | Construction Work Commencement Permit | Yes |
| g. | Pre-sale Permit | No |
| h. | Construction Work Completion and Inspection Certificate/Table/Report | No |
11. For the purpose of this report, the property is classified into the group as “Group III — held under development by the Group in the PRC” according to the purpose for which it is held.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 July 2014 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on December 15, 2017. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together

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holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) *Alteration of capital*

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

(iv) *Transfer of shares*

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

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Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) ***Power of the Company to purchase its own shares***

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) ***Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

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(vii) *Calls on shares and forfeiture of shares*

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) **Directors**

(i) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any

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Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;

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- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) *Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

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Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) *Power to dispose of the assets of the Company or any of its subsidiaries*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) *Borrowing powers*

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

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The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of

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such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

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(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(c) **Proceedings of the Board**

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(d) **Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(e) **Meetings of member**

(i) *Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in

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the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorized corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorized as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized in accordance with this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings*

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorized by the Stock Exchange at such time and place as may be determined by the Board.

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(iv) *Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

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(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorized officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(f) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorized by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

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Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarized financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

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(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

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(h) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

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(k) **Subscription rights reserve**

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. **CAYMAN ISLANDS COMPANY LAW**

The Company was incorporated in the Cayman Islands as an exempted company on 21 July 2014 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) **Company operations**

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) **Share capital**

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;

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- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorize the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

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Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) **Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

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In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities. Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or

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(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 19 September 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

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(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

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For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of Our Company**

We were incorporated in the Cayman Islands under Cayman Companies Law as an exempted company with limited liability on July 21, 2014. We have established a place of business in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on August 10, 2017. KWONG Yin Ping Yvonne (鄺燕萍) of 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, our corporate structure and the Memorandum of Association and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands, and a summary of the Memorandum of Association and Articles of Associations are set out in Appendix IV.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our Company had an authorized share capital of US\$50,000.00, divided into 5,000,000 shares of US\$0.01 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- On July 21, 2014, our Company allotted and issued one share at par value to Walkers Nominees Limited as the initial subscriber, which was transferred to Warm Shine at par value on the same day;
- On July 13, 2017, 3,618 shares of US\$0.01 were allotted and issued to Warm Shine at par value;
- On July 13, 2017, 37,876 shares of US\$0.01 were allotted and issued to RoYue at par value;
- On July 13, 2017, 3,630 shares of US\$0.01 were allotted and issued to RoSheng at par value;
- On July 13, 2017, 2,375 shares of US\$0.01 were allotted and issued to RoJing at par value;
- On August 24, 2017, 2,500 shares of US\$0.01 were allotted and issued to Sky Bridge by our Company in exchange for all the issued share capital of Blooming Force, which was held by Wide China.

After completion of the Share Subdivision and the Capitalization Issue and immediately following the completion of the Global Offering but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the authorised share capital of our Company will be US\$50,000, divided into 5,000,000,000 Shares of US\$0.00001 each, among which 4,000,000,000 Shares of US\$0.00001 each will be issued, all fully paid or credited as fully paid and 1,000,000,000 Shares of US\$0.00001 each will remain unissued.

Save as disclosed in this sub-section and in “Share Capital”, there has been no alteration in the share capital of our Company since our incorporation.

3. Resolutions in Writing of the Shareholders of Our Company Passed on December 15, 2017

Pursuant to the written resolutions passed by the Shareholders on December 15, 2017:

- (a) our Company approved and adopted the Memorandum and Articles of Association conditional upon Listing;
- (b) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), (2) the Offer Price being fixed on the Price Determination Date and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
 - (i) the Global Offering was approved and the Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;
 - (ii) the granting of the Over-allotment Option was approved;
 - (iii) the proposed Listing was approved and the Directors were authorized to implement the Listing;
 - (iv) our Directors were authorized to sub-divide each of the Company’s issued and unissued Shares of par value US\$0.01 each into 1,000 Shares of par value US\$0.00001 each, such that following the sub-division the authorized share capital of our Company is US\$50,000 divided into 5,000,000,000 Shares of par value of US\$0.00001 each;

- (v) subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 2,950,000,000 Shares credited as fully paid at par to the holders of Shares on the register of members of our Company at the close of business on the date immediately preceding the date on which the Global Offering becoming unconditional (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of US\$29,500 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;
- (vi) a general unconditional mandate was granted to the Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, (c) the exercise of options which may be granted under the Share Option Scheme or (d) the exercise of any subscription or conversion rights attaching to any warrants or securities which are convertible into Shares or in issue prior to the date of passing the relevant resolution or (e) a specific authority granted by the Shareholders in general meeting, shall not exceed 20% of the total number of issued Shares of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting and the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the “**Applicable Period**”);
- (vii) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose Shares with a total number of Shares of not more than 10% of the total number of issued Shares of our Company in issue immediately following completion of the Share Subdivision, the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), such mandate to remain in effect during the Applicable Period; and

(viii) the general unconditional mandate mentioned in paragraph (vi) above be extended by the addition to the aggregate number of Shares of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (vii) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following completion of the Share Subdivision, the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme); and

- (c) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme and (2) the commencement of trading of the Shares on the Main Board of the Stock Exchange, (i) the adoption of the Share Option Scheme was approved and (ii) the Board was authorized to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme.

4. Our Subsidiaries and Joint Ventures

As of the Latest Practicable Date, we had interests in 122 subsidiaries, among which 61 were project companies, and we also have interests in twelve joint ventures. Set forth below are details of our subsidiaries and joint ventures:

Offshore Subsidiaries

Company name, date and place of incorporation	Issued/registered share capital as of the Latest Practicable Date	Principal business activities	Shareholders as of the Latest Practicable Date (Shareholding percentage)
1. Blooming Force (October 2, 2015, BVI)	US\$1.00	Investment holding	our Company (100%)
2. Sheen Billion (September 18, 2013, Hong Kong)	HK\$1.00	Investment holding	Blooming Force (100%)
3. Zhenro International (July 23, 2014, BVI)	US\$0.01	Investment holding	our Company (100%)
4. Zhenro HK (October 9, 2014, Hong Kong)	HK\$1.00	Investment holding	Zhenro International (100%)
5. True Dragon (September 3, 2002, Singapore)	100 Singapore Dollars	Trading consultancy and investment	Zhenro International (100%)

Project Companies in the PRC

<u>Company name and date of establishment/commencement of business</u>	<u>Registered capital as of the Latest Practicable Date (RMB)</u>	<u>Project</u>	<u>Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)</u>
<i>Shanghai Projects</i>			
1. Shanghai Yutian (March 14, 2014)	50 million	Shanghai Hongqiao Zhenro Mansion (上海虹橋 • 正榮府)	Zhenro Properties Holdings (100%)
		Shanghai Hongqiao Fortune Center (上海虹橋財富中心)	
2. Shanghai Yupin (November 12, 2013)	100 million	Shanghai Hongqiao Zhenro Center (上海虹橋 • 正榮中心)	Zhenro Properties Holdings (100%)
3. Shanghai Yuyuan (April 17, 2013)	100 million	Shanghai Zhenro Royal Kingdom (上海正榮 • 國領)	Zhenro Properties Holdings (100%)
4. Shanghai Yuzun (November 13, 2013)	50 million	Shanghai Zhenro The Capital of Jinshan (上海正榮 • 御首府)	Zhenro Properties Holdings (90%)
		Jiaying No. 2017 Jiaxiuzhou-044 (2017嘉秀洲-044) (<i>This project is located in Jiaying</i>)	Fujian Changyuan Construction Company Limited (福建昌源建設有限公司)* (10%)
5. Shanghai Yufeng (March 13, 2014)	325.5 million	Shanghai Zhenro Fontainebleau (上海正榮 • 璟園)	Zhenro Properties Holdings (90%)
			Fujian Changyuan Construction Company Limited (福建昌源建設有限公司)* (10%)
<i>Nanjing Projects</i>			
6. Nanjing Property (September 27, 2013)	100 million	Nanjing Zhenro Riverside Wonderland (南京正榮 • 潤江城)	Zhenro Properties Holdings (100%)
7. Nanjing Real Estate (September 11, 2013)	110 million	Nanjing Zhenro Splendid Land (南京正榮 • 潤錦城)	Zhenro Properties Holdings (100%)
8. Nanjing Investment (October 15, 2013)	100 million	Nanjing Zhenro Royal Fame (南京正榮 • 潤峯)	Zhenro Properties Holdings (100%)
9. Nanjing Dexin (January 22, 2016)	100 million	Nanjing Zhenro Riverside Violet Mansion(正榮 • 濱江紫闕)	Jiangxi Real Estate (100%) ⁽¹⁾
10. Chuzhou Zhenghong (August 10, 2017)	50 million	Chuzhou Zhenro Mansion (滁州正榮府)	Nanjing Zhengsheng (100%)

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Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
<i>Suzhou Projects</i>			
11. Suzhou Real Estate (August 12, 2013)	159,462,900	Suzhou Zhenro Royal Kingdom (蘇州正榮 • 國領)	Zhenro Properties Holdings (62.71%) Pingtan Xingguang Investment Management Partnership (Limited Partnership) (平潭興廣投資管理合夥企業(有限合夥))* (37.29%)
12. Suzhou Property (February 12, 2014)	98,254,300	Suzhou Zhenro Happiness Town (蘇州正榮 • 華府)	Zhenro Properties Holdings (51.91%) Pingtan Yilong Investment Management Partnership (Limited Partnership) (平潭億隆投資管理合夥企業(有限合夥))* (48.09%)
13. Suzhou Investment (August 7, 2014)	100 million	Suzhou Zhenro Top Mountain (蘇州正榮 • 悅嵐山)	Zhenro Properties Holdings (100%)
14. Suzhou Sutong (December 3, 2015)	50 million	Suzhou Zhenro Majestic Garden (蘇州正榮 • 悅玲瓏)	Zhenro Properties Holdings (80%) Suzhou Qiansheng Trading Company Limited (蘇州乾昇貿易有限公司)* (20%)
15. Suzhou Zhengrui Real Estate (December 12, 2016)	100 million	Suzhou Yue Tang Bay Garden House (蘇州 • 悅棠灣花苑)	Suzhou Zhengxing (100%)
16. Suzhou Zhengrun (March 3, 2017)	100 million	Suzhou No. Sudi 2016-WG-77	Suzhou Zhengxing (51%) Suzhou Jinhui Juye Co., Ltd. (蘇州金輝居業有限公司)* (49%)
17. Suzhou Zhengxin (July 1, 2017)	17 million	Suzhou No. 320582004060 GB00020 Suzhou No. 320582004060 GB00022	Zhenro Zhenmao (100%)
18. Suzhou Zhengfeng (July 14, 2017)	100 million	Suzhou No. 320517503401	Jiangxi Real Estate (100%)
19. Suzhou Zhengli (October 26, 2017)	100 million	Suzhou No. 320582008085 GB00021	Suzhou Zhengxing (100%)

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Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
<i>Hefei Projects</i>			
20. Hefei Zhengmao (February 20, 2017)	100 million	Hefei Capital Yue (合肥 • 悦都薈)	Putian Fortune Center (100%)
21. Hefei Yongtuo (February 27, 2017)	400 million	Hefei City 1907 (合肥 • 都會1907)	Nanjing Dexin (25%) Hefei Haozhi Xincheng Investment Co., Ltd. (合肥皓智鑫宸投資有限公司)* (17%) Beijing Yuankun Real Estate Development Co., Ltd. (北京遠坤房地產開發有限公司)* (17%) Hefei Xuhui Enterprise Management Co., Ltd. (合肥旭輝企業管理有限公司)* (17%) Beijing Dongxing Lianyong Tongchang Investment Management Co., Ltd. (北京東興聯永同昌投資管理有限公司)* (8%) Hefei Wanlong Hanhai Investment Management Co., Ltd. (合肥萬隆瀚海投資管理有限公司)* (8%) Beijing Yuanshengchang Real Estate Development Co., Ltd. (北京遠盛昌房地產開發有限公司)* (8%)
22. Hefei Zhengyu (March 10, 2017)	125 million	Hefei Zhenro Mansion (合肥正榮府)	Nanjing Property (100%) ⁽²⁾
<i>Wuhan Project</i>			
23. Wuhan Zhengtai (May 31, 2016)	50 million	Wuhan Zhenro Mansion (武漢 • 正榮府)	Zhenro Properties Holdings (100%)
<i>Changsha Projects</i>			
24. Changsha Real Estate (March 6, 2013)	60 million	Changsha Zhenro Fortune Center(長沙正榮財富中心)	Jiangxi Real Estate (100%)
25. Hunan Xiushan Lishui (November 16, 2005)	8 million	Changsha Binjiang Zhenro Mansion (長沙濱江 • 正榮府)	Changsha Real Estate (100%)
<i>Xi'an Projects</i>			
26. Xi'an Jingheng (November 27, 2013)	50 million	Xi'an Jingheng Rainbow Valley (正榮 • 彩虹谷)	Fujian Jingheng (100%)

Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
27. Xi'an Jingqi (February 19, 2016)	5 million	Xi'an No. QJ10-8-484 and Xi'an No. QJ10-8-485	Fujian Jingheng (100%)
Tianjin Projects			
28. Tianjin Real Estate (April 21, 2014)	100 million	Tianjin Zhenro Jade Bay (天津正榮 • 潤璟灣)	Zhenro Properties Holdings (100%)
29. Tianjin Zhenghong (March 3, 2016)	50 million	Tianjin Zhenro Zhenro Mansion (天津正榮 • 正榮府)	Nanchang Real Estate (100%)
30. Zhenro Zhengxing (August 15, 2016)	50 million	Tianjin No. Jinnan honggua 2016-099 (天津 • 津南紅(掛) 2016-099)	Tianjin Rongtai (100%)
Fuzhou Projects			
31. Minhou Investment (March 6, 2013)	50 million	Fuzhou Zhenro Fortune Center (福州正榮財富中心)	Zhenro Properties Holdings (85%) Mingye Travel Service Co., Ltd. (名業商旅發展(福建)有限公司)* (15%)
32. Mawei Real Estate (February 21, 2014)	80 million	Fuzhou Mawei Zhenro Fortune Center (馬尾正榮財富中心)	Zhenro Properties Holdings (100%)
33. Minhou Real Estate (February 6, 2012)	50 million	Fuzhou Zhenro Rivage Garden (福州正榮 • 潤園)	Fuzhou Real Estate (63%) Mingye Travel Service Co., Ltd. (名業商旅發展(福建) 有限公司)* (30%) Fujian Jingsheng Construction Engineering Company Limited (福建景盛 建築工程有限公司)* (7%)
34. Fuzhou Investment (January 6, 2016)	50 million	Fuzhou Zhenro Mansion (福州正榮府)	Fuzhou Real Estate (51%) Jiangxi Real Estate (49%)
35. Fuzhou Real Estate (December 14, 2007)	50 million	Fuzhou Zhenro Rivage City (正榮 • 潤城)	Zhenro Properties Holdings (100%)
		Pingtian Zhenro Mansion Phase 2 (平潭 • 正榮府二期) (<i>This project is located in Pingtan</i>)	
36. Mawei Property (February 24, 2016)	60 million	Mawei Zhenro Top Mountain (馬尾正榮 • 悅瀾山)	Fuzhou Real Estate (100%)

Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
37. Minhou Zhengsheng (April 20, 2016)	50 million	Fuzhou Zhenro Yue Lan Bay (福州正榮 • 悅瀾灣)	Fuzhou Real Estate (80%) Fujian Hongyuan Ruiteng Investment Company Limited (福建鴻元瑞騰投資有限公司)* (20%)
38. Fuzhou Zhengtai (November 3, 2017)	50 million	Fuzhou Zhenro Yuejingtai (福州正榮 • 悅璟台)	Fuzhou Real Estate (100%)
39. Fuzhou Zhengsheng (November 15, 2017)	50 million	Fuzhou Mawei No. Mazhongdi 2017-07 (福州馬尾 • 馬宗地2017-07)	Fuzhou Real Estate (100%)
<i>Nanping Project</i>			
40. Nanping Real Estate (June 28, 2012)	50 million	Nanping Zhenro Fortune Center (南平正榮財富中心)	Jiangxi Real Estate (51%) Putian Junqiming Trading Company Limited (莆田軍奇明貿易有限公司)* (45%) Fuzhou Real Estate (4%)
<i>Pingtang Projects</i>			
41. Pingtan Real Estate (November 22, 2013)	100 million	Pingtang Zhenro Smooth Sea (平潭正榮 • 潤海)	Fuzhou Real Estate (51%) Fujian Haibo Equity Investment Center Partnership (Limited Partnership) (福建海博股權投資中心(有限合夥))* (20%) Fujian Huiyuan International Business Convention Company Limited (福建匯源國際商務會展有限公司)* (10%) Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理 有限公司)* (10%) Mr. Zhou Xiaohua (周笑華)* (5%) Mr. Zhai Wei (翟煒)* (2%) Mr. Hu Lianrong (胡連榮)* (2%)

Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
42. Pingtan Investment (March 19, 2015)	50 million	Pingtán Zhenró Royal Lake Bay (平潭正榮 • 御湖灣)	Fuzhou Real Estate (51%) Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司)* (15%) Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司)* (10%) Mr. Hu Lianrong (胡連榮)* (10%) Fujian Yifangtian Investment Management Company Limited (福建億方田投資發展有限公司)* (7%) Mr. Zhou Xiaohua (周笑華)* (5%) Mr. Zhai Wei (翟煒) (2%)*
43. Zhenró Shàntiàn Zhèngtái (November 2, 2016)	50 million	Pingtán Zhenró Yuè Lake Bay (平潭正榮 • 悅湖灣)	Fuzhou Real Estate (51%) Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司)* (18%) Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司)* (10%) Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司)* (10%) Mr. Zhou Xiaohua (周笑華)* (5%) Mr. Dong Xuyi (董須義)* (4%) Mr. Zhai Wei (翟煒)* (2%)

Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
44. Pingtan Zhengsheng (June 20, 2017)	50 million	Pingtian Zhenro Mansion Phase 1 (平潭 • 正榮府一期)	Fuzhou Real Estate (75%) Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司) (12%)* Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (5%)* Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (4%)* Fujian Yurong Construction Machinery Services Co., Ltd. (福建域融工程機械服務有限公司) (2%)* Zhou Xiaohua (周笑華) (2%)*
<i>Putian Projects</i>			
45. Putian Investment (November 15, 2013)	100 million	Putian Zhenro Smooth Jade (莆田正榮 • 潤璟)	Zhenro Properties Holdings (99%) Putian Real Estate (1%)
46. Putian Fortune Center (June 4, 2012)	100 million	Putian Zhenro Fortune Center (莆田正榮財富中心)	Putian Real Estate (100%)
47. Putian Property (November 12, 2010)	30 million	Putian Zhenro Royal Orchid Bay (莆田正榮 • 御品蘭灣)	Putian Real Estate (100%)
48. Putian Real Estate (April 18, 2005)	100 million	Putian Zhenro Times Plaza (莆田正榮 • 時代廣場) Putian Zhenro Royal Family (莆田正榮 • 御品世家) Putian Zhenro Litchi Garden (莆田正榮 • 荔園華府) Putian Binxi Zhenro Mansion (莆田 濱溪 • 正榮府)	Jiangxi Real Estate (100%)

Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
49. Putian Yuhu (January 13, 2016)	80 million	Putian Zhenro Mansion (莆田 • 正榮府)	Jiangxi Real Estate (100%)
50. Zhenro Zhenghong Putian (September 8, 2016)	80 million	Putian Zhenro Royal Mansion (莆田正榮 • 木蘭紫闕)	Putian Real Estate (100%)
51. Putian Zhengrun (May 18, 2017)	80 million	Putian No. PS Pai PS-2017-10	Putian Real Estate (100%)
52. Shishi Zhengsheng (August 2, 2017)	50 million	Putian Shishi Zhenro Mansion (莆田石獅 • 正榮府)	Putian Real Estate (100%)
<i>Nanchang Projects</i>			
53. Nanchang Honggu (November 14, 2013)	100 million	Nanchang Zhenro First Mansion (南昌正榮 • 學府壹號)	Nanchang Real Estate (100%)
54. Nanchang Xinjian (November 5, 2013)	50 million	Nanchang Zhenro Embellish City (南昌正榮 • 潤城)	Nanchang Real Estate (100%) ⁽³⁾
55. Nanchang Shiou (November 30, 2007)	50 million	Nanchang Zhenro Royal Sunrise ① Royal Summit ② Royal Quality ③ Royal Statue ④ Royal Garden ⑤ The Country (南昌正榮 • 御朝陽 ① 御峯 ② 御品 ③ 御尊 ④ 御園 ⑤ 十里江山)	Nanchang Real Estate (100%)
56. Nanchang Real Estate (November 26, 2002)	105 million	Nanchang Zhenro The Capital of Great Loch (南昌正榮 • 大湖之都)	Jiangxi Real Estate (100%)
57. Nanchang Zhengchuang (July 18, 2016)	50 million	Nanchang Zhenro Mansion (南昌經開 • 正榮府)	Zhenro Properties Holdings (100%)
58. Nanchang Zhenro Zhengxing (August 1, 2016)	50 million	Nanchang Zhenro West Lake Violet Mansion (南昌正榮 • 西湖紫闕)	Zhenro Properties Holdings (100%)

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Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
<i>Yichun Projects</i>			
59. Jiangxi Real Estate (July 9, 1999)	1 billion	Yichun Zhenro Royal Riverside (宜春正榮 • 御品濱江)	Zhenro Properties Holdings (100%)
		Yichun Zhenro Landscape Riverside (宜春正榮 • 麗景濱江)	
<i>Jinan Project</i>			
60. Jinan Zhengqi (December 7, 2017)	10 million	Jinan No.2017-G131 Jinan No.2017-G122	Jinan Zhengchi (100%)
<i>Jiaxing Project</i>			
61. Jiaxing Rongkun (November 10, 2017)	50 million	Project Jiulongshan (九龍山項目)	Shanghai Property (100%)

Other Subsidiaries in the PRC

Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Principal business activities	Shareholders as of the Latest Practicable Date (Shareholding percentage)
1. Fuzhou Huiheng (July 28, 2017)	RMB10 million	Trading consultancy and investment	Zhenro HK (100%)
2. Fuzhou Fengzewe (June 12, 2017)	RMB1 billion	Property development	Fuzhou Huiheng (95%) Sheen Billion (5%)
3. Fuzhou Huace (June 15, 2017)	RMB200 million	Commercial property management	Fuzhou Fengzewe (100%)
4. Fuzhou Juntai (June 16, 2017)	RMB800 million	Commercial property management	Fuzhou Fengzewe (100%)
5. Zhenro Properties Holdings (July 22, 2015)	3,450 million	Onshore holding company	Fuzhou Huace (18.46%) Fuzhou Juntai (81.54%)
6. Nanjing Zhengsheng (April 22, 2016)	50 million	Property development	Zhenro Properties Holdings (100%)
7. Anhui Real Estate (June 1, 2016)	200 million	Property development	Zhenro Properties Holdings (100%)
8. Fujian Jingheng (November 7, 2013)	10 million	Real estate investment	Jiangxi Real Estate (100%)
9. Jingheng Commerce (June 24, 2014)	0.5 million	Property management	Xi'an Jingheng (100%)

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Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Principal business activities	Shareholders as of the Latest Practicable Date (Shareholding percentage)
10. Xi'an Jingyu (June 30, 2016)	5 million	Property development	Fujian Jingheng (100%)
11. Tianjin Rongtai (March 29, 2016)	50 million	Property development	Zhenro Properties Holdings (100%)
12. Nanchang Zhenro Zhengsheng (September 20, 2016)	50 million	Property development	Zhenro Properties Holdings (100%)
13. Zhenro Zhengchuang (July 28, 2016)	5 million	Property development	Zhenro Properties Holdings (100%)
14. Fujian Property (February 14, 2014)	50 million	Property development	Zhenro Properties Holdings (100%)
15. Zhenro Zhengxing (Fuzhou) (June 12, 2016)	50 million	Real estate investment	Zhenro Properties Holdings (100%)
16. Shanghai Property (May 20, 2016)	50 million	Property development	Zhenro Properties Holdings (100%)
17. Zhenro Zhengfeng (September 19, 2016)	50 million	Property development	Zhenro Properties Holdings (100%)
18. Zhenro Zhenghong (Shanghai) (November 14, 2016)	50 million	Property development and property management	Zhenro Properties Holdings (100%)
19. Suzhou Zhengxing (May 5, 2016)	50 million	Property development and real estate investment	Zhenro Properties Holdings (100%)
20. Zhenro Zhentai (November 25, 2016)	100 million	Real estate investment and property development	Zhenro Properties Holdings (100%)
21. Zhenro Commerce (May 26, 2014)	50 million	Business management and property management	Zhenro Properties Holdings (100%)
22. Putian Commerce Management (June 12, 2014)	10 million	Business management and property management	Zhenro Commerce (100%)
23. Fuzhou Commerce (June 8, 2016)	1 million	Business management and property management	Zhenro Commerce (100%)
24. Changsha Commerce (July 19, 2016)	1 million	Business management and property management	Zhenro Commerce (100%)
25. Nanjing Yongtuo (January 24, 2017)	500 million	Property development	Nanjing Dexin (100%)
26. Zhengzhou Real Estate (April 18, 2017)	50 million	Property development	Zhenro Properties Holdings (100%)
27. Zhengzhou Zhengwan (June, 6, 2017)	10 million	Property development	Zhengzhou Real Estate (100%)

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Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Principal business activities	Shareholders as of the Latest Practicable Date (Shareholding percentage)
28. Zhengzhou Rongyu (June 6, 2017)	10 million	Property development	Zhengzhou Real Estate (100%)
29. Zhengzhou Rongwan (June 7, 2017)	10 million	Property development	Zhengzhou Real Estate (100%)
30. Zhengzhou Rongding (June 7, 2017)	10 million	Property development	Zhengzhou Real Estate (100%)
31. Zhengzhou Zhengchuang (June 9, 2017)	10 million	Property development	Zhengzhou Real Estate (100%)
32. Zhengzhou Zhengjing (June 14, 2017)	10 million	Property development	Nanchang Zhenro Zhengsheng (35%) Zhenro Zhengfeng (35%) Tianjin Rongtai (30%)
33. Zhengzhou Zhengqing (June 14, 2017)	10 million	Property development	Nanchang Zhenro Zhengsheng (35%) Zhenro Zhengfeng (35%) Tianjin Rongtai (30%)
34. Zhengzhou Zhengqi (June 14, 2017)	10 million	Property development	Nanchang Zhenro Zhengsheng (35%) Zhenro Zhengfeng (35%) Tianjin Rongtai (30%)
35. Zhengzhou Zhengxun (June 14, 2017)	10 million	Property development	Nanchang Zhenro Zhengsheng (35%) Zhenro Zhengfeng (35%) Tianjin Rongtai (30%)
36. Zhengzhou Zhengwang (June 14, 2017)	10 million	Property development	Nanchang Zhenro Zhengsheng (35%) Zhenro Zhengfeng (35%) Tianjin Rongtai (30%)
37. Zhengzhou Zhengchi (June 14, 2017)	10 million	Property development	Nanchang Zhenro Zhengsheng (35%) Zhenro Zhengfeng (35%) Tianjin Rongtai (30%)
38. Zhengzhou Zhengteng (June 14, 2017)	10 million	Property development	Nanchang Zhenro Zhengsheng (35%) Zhenro Zhengfeng (35%) Tianjin Rongtai (30%)
39. Nanchang Rongke (April 11, 2017)	10 million	Property development	Nanchang Zhenro Zhengsheng (100%)
40. Jinan Zhenghong (August 18, 2017)	50 million	Property development	Zhenro Properties Holdings (100%)
41. Hefei Zhenghua (August 8, 2017)	100 million	Property development	Jiangxi Real Estate (100%)

APPENDIX V
STATUTORY AND GENERAL INFORMATION

Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Principal business activities	Shareholders as of the Latest Practicable Date (Shareholding percentage)
42. Suzhou Zhenglong (July 1, 2017)	100 million	Property development	Zhenro Zhengmao (100%)
43. Zhenro Zhengmao (October 28, 2016)	100 million	Property development	Zhenro Properties Holdings (100%)
44. Putian Zhengfeng (December 7, 2017)	80 million	Property development	Putian Real Estate (100%)
45. Tianjin Rongji (December 8, 2017)	50 million	Property development	Zhenro Properties Holdings (100%)
46. Ganzhou Zhengbi (December 12, 2017)	10 million	Property development	Nanchang Shiou (100%)
47. Zhengmao Pingtan (July 18, 2017)	50 million	Property development	Fuzhou Real Estate (75%) Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司) (12%)* Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (5%)* Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (4%)* Fujian Yurong Construction Machinery Services Co., Ltd. (福建域融工程機械服務有限公司) (2%)* Zhou Xiaohua (周笑華) (2%)*
48. Jinan Rongding (October 11, 2017)	10 million	Property development	Jinan Zhenghong (100%)
49. Jinan Rongxi (October 30, 2017)	10 million	Property development	Jinan Zhenghong (100%)
50. Jinan Zhengchi (November 1, 2017)	10 million	Property development	Jinan Zhenghong (100%)
51. Shandong Real Estate (October 31, 2017)	50 million	Property development	Zhenro Properties Holdings (100%)

APPENDIX V
STATUTORY AND GENERAL INFORMATION

Company name and date of establishment/commencement of business	Registered capital as of the Latest Practicable Date (RMB)	Principal business activities	Shareholders as of the Latest Practicable Date (Shareholding percentage)
52. Xuzhou Zhengming (September 27, 2017)	20 million	Property development	Nanjing Yongtuo (100%)
53. Xi'an Real Estate (September 14, 2017)	5 million	Property development	Zhenro Properties Holdings (100%)
54. Chuzhou Zhengjing Huarong (December 8, 2017)	50 million	Property development	Nanjing Zhengsheng (51%) Lai'an Jinghua Real Estate Co., Ltd. (來安縣景華置業有限公司) (49%)*
55. Fuzhou Rongtai (December 8, 2017)	10 million	Property development	Fuzhou Real Estate (100%)
56. Jiaxing Rongyu (October 24, 2017)	50 million	Property development	Shanghai Yuzun (100%)

Joint Ventures

Company name and date of establishment/investment in the Joint Venture	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholders as of the Latest Practicable Date (Shareholding percentage)
Changsha Project			
1. Changsha Zhenro Zhengtai ⁽⁴⁾ (May 5, 2016)	60 million	Changsha Meixi Zhenro Mansion (長沙梅溪 • 正榮府)	Jiangxi Real Estate (50%) Changsha Tengrui Shenglong Real Estate Co., Ltd. (長沙騰瑞升隆實業有限公司)*(50%)
Wuhan Project			
2. Wuhan Zhengsheng ⁽⁵⁾ (July 19, 2016)	50 million	Wuhan Zhenro Royal Summit (武漢正榮 • 御峯)	Zhenro Properties Holdings (50%) Wuhan Chuangjie Bocheng Real Estate Co., Ltd. (武漢創捷博誠置業有限公司)* (50%)
Suzhou Projects			
3. Suzhou Ronghui ⁽⁶⁾ (February 15, 2017)	100 million	Suzhou Jinhui Zhenro Four Seasons (蘇州 • 金輝正榮 • 花漫四季)	Suzhou Zhengxing (49%) Suzhou Jinhui Real Estate Co., Ltd. (蘇州金輝居業有限公司)* (51%)
4. Suzhou Chengrui ⁽⁷⁾ (June 8, 2017)	16 million	Suzhou No. WJ-J-2017-017	Suzhou Zhengxing (50%) Taicang Jingxiang Consultancy Management Co., Ltd. (太倉璟翔諮詢管理有限公司)* (50%)

Company name and date of establishment/investment in the Joint Venture	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholders as of the Latest Practicable Date (Shareholding percentage)
5. Suzhou Lingrui ⁽⁸⁾ (June 8, 2017)	15 million	Suzhou No. WJ-J-2017-016	Suzhou Zhengxing (50%) Taicang Jinghe Consultancy Management Co., Ltd. (太倉璟赫諮詢管理有限公司)* (50%)
Hefei Projects			
6. Hefei Birong ⁽⁹⁾ (November 16, 2016)	20 million	Heifei Country Garden Zhenro Jade Yue (合肥 • 碧桂園正榮悅璽)	Anhui Real Estate (49%) Hefei Country Garden Property Co., Ltd. (合肥碧桂園房地產有限公司)* (43.4%) Hefei Gongchuang Enterprise Management Center (Limited Partnership) (合肥共創企業管理中心(有限合夥))* (5.1%) Foshan Shunde District Gongxiang Investment Co., Ltd. (佛山市順德區共享投資有限公司)* (1.8%) Foshan Shunde District Biying Management Consulting Co., Ltd. (佛山市順德區碧盈管理諮詢有限公司)* (0.7%)
7. Hefei Hegui ⁽¹⁰⁾ (March 14, 2017)	400 million	Hefei Century World (合肥 • 公元天下)	Nanjing Dexin (33%) Anhui Baoli Property Development Co., Ltd. (安徽保利房地產開發有限公司)* (34%) Hefei Xuhui Enterprise Management Co., Ltd. (合肥旭輝企業管理有限公司)* (21.5%) Beijing Dongxinglian Yongtongchang Investment Management Co., Ltd. (北京東興聯永同昌投資管理有限公司)* (11.5%)

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Company name and date of establishment/investment in the Joint Venture	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholders as of the Latest Practicable Date (Shareholding percentage)
<i>Nanchang Project</i>			
8. Nanchang Jianmei ⁽¹¹⁾ (March 2, 2017)	10 million	Nanchang Garden (南昌新力合園)	Nanchang Rongke (19%) Lianfa Group Nanchang Lianhong Property Development Co., Ltd. (聯發集團南昌聯宏房地產開發有限公司)* (21%) Wuhan Runzhi Property Development Co., Ltd. (武漢潤置房地產開發有限公司)* (21%) Guangdong Meidi Real Estate Co., Ltd. (廣東美的置業有限公司)* (20%) Jiangxi Hongzhen Property Development Co., Ltd. (江西鴻禎房地產開發有限公司)* (19%)
9. Nanchang Zhengrun ⁽¹²⁾ (April 11, 2017)	40 million	Nanchang Zhenro Linlong Mansion (南昌正榮華潤 • 玲瓏府)	Nanchang Zhenro Zhengsheng (25%) Jiangxi Hongzhen Property Development Co., Ltd. (江西鴻禎房地產開發有限公司)* (27%) Wuhan Runzhi Property Development Co., Ltd. (武漢潤置房地產開發有限公司)* (25%) Lianfa Group Nanchang Lianhong Property Development Co., Ltd. (聯發集團南昌聯宏房地產開發有限公司)* (23%)
10. Shanghai Juexu ⁽¹³⁾ (September 19, 2016)	1 million	Jiaying Zhongnan Zhenro Haishang Mingyue (嘉興中南正榮 • 海上明悅)	Zhenro Zhengfeng (50%) Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司) (50%)

Company name and date of establishment/investment in the Joint Venture	Registered capital as of the Latest Practicable Date (RMB)	Project	Shareholders as of the Latest Practicable Date (Shareholding percentage)
11. Jiaxing Zhuosu Property Development Co., Ltd. (嘉興卓驩房地產開發有限公司) ⁽¹⁴⁾ (June 6, 2017)	100 million	Project Wangjiangjing (王江涇項目)	Zhenro Zhengfeng(50%) Shanghai Yinglian Trading Co., Ltd. (上海盈廉貿易有限公司) (50%)*
12. Hubei Fangtou Zhengchuan Real Estate Co., Ltd. (湖北房投正創置業有限公司) ⁽¹⁵⁾ (November 28, 2017)	10 million	Property development	Zhenro Zhengchuang(50%) Hubei Property Investment Group Co., Ltd. (湖北房地產投資集團有限公司) (50%)*

* An independent third party, other than being a shareholder of our subsidiary(ies)

Notes:

- (1) A 10% equity interest in Nanjing Dexin was held by Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司), an independent third party and a trust financing provider, as security for a trust financing.
- (2) A 20% equity interest in Hefei Zhengyu was held by China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), an independent third party and a trust financing provider, as security for a trust financing arrangement.
- (3) A 39% equity interest in Nanchang Xinjian was held by Shanghai Zhihua Investment Center (Limited Partnership) (上海置華投資中心(有限合夥)), an independent third party and a trust financing provider, as security for a trust financing.
- (4) Jiangxi Real Estate has one board representative, being the sole board member of Changsha Zhenro Zhengtai. Jiangxi Real Estate also nominated and designated 14 employees to involve in the daily management of Changsha Zhenro Zhengtai, serving as, among others, the project general manager of the head office, manager of the human resources department, manager of the finance department and manager of the cost management apartment.
- (5) Zhenro Properties Holdings has two board representatives out of four board members of Wuhan Zhengsheng. We also nominated and designated eight employees to involve in the daily management of Wuhan Zhengsheng, serving as, among others, the project general manager of the head office, members of the general management department, marketing director of the marketing department, engineering manager and engineers of the engineering department.
- (6) Suzhou Zhengxing has two board representatives out of five board members of Suzhou Ronghui. We also nominated and designated four employees to involve in the daily management of Suzhou Ronghui, serving as the director of the marketing department, director of the finance department, public relations manager of the general management department, procurement manager of the cost management department.
- (7) Suzhou Zhengxing has three board representatives out of five board members of Suzhou Chengrui. We also nominated and designated one employee to involve in the daily management of Suzhou Chengrui, serving as the supervisor.
- (8) Suzhou Zhengxing has three board representatives out of five board members of Suzhou Lingrui. We also nominated and designated two employees to involve in the daily management of Suzhou Lingrui, serving as the general manager and the supervisor.

- (9) Anhui Real Estate has two board representatives out of five board members of Hefei Birong. We also nominated and designated four employees to involve in the daily management of Hefei Birong, serving as, among others, the general manager, supervisor, the manager responsible for cost control and the manager responsible for marketing.
- (10) Nanjing Dexin has one board representative out of seven board members of Hefei Hegui. We also nominated and designated three employees to involve in the daily management of Hefei Hegui, serving as, among others, the associate general manager, the manager responsible for bidding and cost control and the manager responsible for project management.
- (11) Nanchang Rongke has one board representative out of five board members of Nanchang Jianmei. Nanchang Rongke also has one supervisor representative out of five supervisors of Nanchang Jianmei.
- (12) Nanchang Zhenro Zhengsheng has one board representatives in Nanchang Zhengrun, who is the only board member of Nanchang Zhengrun.
- (13) Zhenro Zhengfeng has two board representatives out of three board members of Shanghai Juexu. We also nominated and designated three employees to involve in the daily management of Shanghai Juexu, serving as the general manager, the head of the design and research and development department, and the financial manager.
- (14) Zhenro Zhengfeng has two board representatives out of three board members of Jiaxing Zhuosu Property Development Co., Ltd.. We also nominated and designated one employee to involve in the daily management of Jiaxing Zhuosu Property Development Co., Ltd., serving as marketing manager.
- (15) Hubei Fangtou Zhengchuan Real Estate Co., Ltd. has only one board member, who is the board representative from Zhenro Zhengchuang. As the Company is newly established and has not been engaged in any project yet, we have not yet nominated or designated any employee to involve in the daily management thereof.

5. Our Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing, details of which are set out in “Our History and Reorganization”.

6. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in “— 4. Our subsidiaries and Joint Ventures”. Save for the subsidiaries mentioned herein, we do not have any other subsidiaries.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

Fuzhou Huiheng

Fuzhou Huiheng was established on July 28, 2017 by Zhenro HK (100%) with a registered capital of RMB10 million, to be paid up by July 27, 2017.

Fuzhou Fengzawei

Fuzhou Fengzawei was established on June 12, 2017 by Zhenro Group Company (100%) with a registered capital of RMB1 billion, fully paid up by cash.

Fuzhou Huace

Fuzhou Huace was established on June 15, 2017 by Fuzhou Fengzewe (100%) with a registered capital of RMB200 million, fully paid up by cash.

Fuzhou Juntai

Fuzhou Juntai was established on June 16, 2017 by Fuzhou Fengzewe (100%) with a registered capital of RMB800 million, fully paid up by cash.

Zhenro Properties Holdings

- (a) On July 22, 2015, Zhenro Group Company established Zhenro Properties Holdings with an initial registered capital of RMB1 billion, fully paid up by cash in November 2015;
- (b) On December 4, 2015, the registered capital of Zhenro Properties Holdings increased to RMB2.637 billion by injection of an amount of RMB637 million by Rongjin Partnership and RMB1 billion by Zhenro Group, fully paid up by cash. After the completion of the capital injections, Zhenro Properties Holdings was owned as to 75.84% and 24.16% by Zhenro Group Company and Rongjin Partnership, respectively;
- (c) On December 16, 2015, Zhenro Properties Holdings was converted from a limited liability company into a joint stock company with limited liability. Based on the net book value of the net asset of Zhenro Properties Holdings as of December 1, 2015, Zhenro Properties Holdings had a registered capital of RMB2.637 billion, divided into 2.637 billion shares of RMB1 each following such conversion;
- (d) On December 28, 2015, Zhenro Group Company transferred its entire equity interests in 34 directly and indirectly owned property development subsidiaries to Zhenro Properties Holdings as capital injection, at a total consideration of approximately RMB2.806 billion (of which RMB463 million was credited to our registered capital and RMB2.343 billion was credited to our capital reserve). After the completion of such capital injection, the registered capital of Zhenro Properties Holdings increased from RMB2.637 billion to RMB3.1 billion and Zhenro Properties Holdings was owned as to 79.45% and 20.55% by Zhenro Group Company and Rongjin Partnership, respectively; and
- (e) On April 20, 2016, based on debts owing to Zhenro Group Company by Zhenro Properties Holdings (assessed to be RMB630 million), Zhenro Group increased its capital contribution to the registered capital of Zhenro Properties Holdings by RMB350 million and the capital reserve of Zhenro Properties Holdings by RMB280 million. After the completion of this capital contribution, the registered capital of Zhenro Properties Holdings increased from RMB3.1 billion to RMB3.45 billion and Zhenro Properties Holdings was owned as to 81.54% and 18.46% by Zhenro Group and Rongjin Partnership, respectively.

Jiangxi Real Estate

In November 2015, the registered capital of Jiangxi Real Estate was increased from RMB188,880,000 to RMB238,880,000 by way of capital injection by our Company, fully paid up by cash.

The registered capital of Jiangxi Real Estate was further increased to RMB800 million in December 2015 and to RMB1 billion in October 2016, by way of capital injections by our Company, fully paid up by cash.

Nanchang Zhenro Zhengxing

Nanchang Zhenro Zhengxing was established on August 1, 2016 by our Company (100%) with a registered capital of RMB50 million, fully paid up by cash.

Nanjing Dexin

Nanjing Dexin was established on January 22, 2016 by Jiangxi Real Estate (100%) with a registered capital of RMB100 million, fully paid up by cash.

Suzhou Property

In November 2016, the registered capital of Suzhou Property was increased from RMB51 million to RMB98,254,300 by way of capital injection by Pingtan Yilong Investment Management Partnership (Limited Partnership) (平潭億隆投資管理合夥企業(有限合夥)), a trust financing provider, fully paid up in cash.

Suzhou Real Estate

In November 2016, the registered capital of Suzhou Real Estate was increased from RMB100 million to RMB159,462,900 by way of capital injection by Pingtan Xingguang Investment Management Partnership (Limited Partnership) (平潭興廣投資管理合夥企業(有限合夥)), a trust financing provider, fully paid up in cash.

Suzhou Sutong

Suzhou Sutong was established on December 3, 2015 by our Company (100%) with a registered capital of RMB50 million, fully paid up by cash.

Suzhou Zhengrui Real Estate

Suzhou Zhengrui Real Estate was established on December 12, 2016 by Suzhou Zhengxing (100%) with a registered capital of RMB100 million, fully paid up by cash.

Tianjin Zhenghong

Tianjin Zhenghong was established on March 3, 2016 by Nanchang Real Estate with a registered capital of RMB50 million, fully paid up in cash.

Zhenro Zhengxing

Zhenro Zhengxing was established on August 15, 2016 by Tianjin Rongtai (100%) with a registered capital of RMB50 million, fully paid up in cash.

Wuhan Zhengtai

Wuhan Zhengtai was established on May 31, 2016 by our Company (100%) with a registered capital of RMB30 million, fully paid up by cash.

In June 2017, the registered capital of Wuhan Zhengtai was increased from RMB30 million to RMB50 million by way of capital injection by Zhenro Properties Holdings, fully paid up by cash.

Putian Yuhu

Putian Yuhu was established on January 13, 2016 by Jiangxi Real Estate (100%) with a registered capital of RMB80 million, fully paid up by cash.

Putian Real Estate

The registered capital of Putian Real Estate was increased from RMB80 million to RMB100 million by way of capital injection by Jiangxi Real Estate in November 2016, fully paid up by cash.

Putian Fortune Center

In November 2016, the registered capital of Putian Fortune Center was increased from RMB80 million to RMB100 million by way of capital injection by Putian Real Estate, fully paid up by cash.

Zhenro Zhenghong Putian

Zhenro Zhenghong Putian was established on September 8, 2016 by Putian Real Estate (100%), with a registered capital of RMB80 million, fully paid up by cash.

Fuzhou Investment

Fuzhou Investment was established on January 6, 2016 by Fuzhou Real Estate (51%) and Jiangxi Real Estate (49%) with a registered capital of RMB50 million, fully paid up by cash.

Mawei Property

Mawei Property was established on February 24, 2016 by Fuzhou Real Estate (100%) with a registered capital of RMB50 million, fully paid up by cash.

In April 2016, the registered capital of Mawei Property was increased from RMB50 million to RMB60 million by way of capital injection by Xingye Wealth Asset Management Co., Ltd. (興業財富資產管理有限公司), a trust financing provider, fully paid up by cash.

Mawei Real Estate

In December 2016, the registered capital of Mawei Real Estate was increased from RMB50 million to RMB80 million by way of capital injection by JIC Trust Co., Ltd. (中建投信託有限責任公司), a trust financing provider, fully paid up by cash.

Minhou Zhengsheng

Minhou Zhengsheng was established on April 20, 2016 by Fuzhou Real Estate (100%) with a registered capital of RMB 50 million, fully paid up by cash.

Zhenro Shantian Zhengtai

Zhenro Shantian Zhengtai was established on November 2, 2016 by Fuzhou Real Estate (51%) and independent third parties, namely Xiamen Huamin Investment Management Company Limited (廈門華閩投資管理有限公司) (18%), Fuzhou Yuanqi Investment Management Company Limited (福州遠啟投資管理有限公司) (10%), Fujian Rongyu Tourism Development Company Limited (福建省榮譽旅遊發展有限公司) (10%), Mr. Zhou Xiaohua (周笑華) (5%), Mr. Dong Xuyi (董須義) (4%) and Mr. Zhai Wei (翟煒) (2%), with a registered capital of RMB50 million, fully paid up by cash.

Shanghai Yufeng

In June 2015, the registered capital of Shanghai Yufeng was increased from RMB25.5 million to RMB325.5 million by way of capital injection by Zhenro Group Company, fully paid up by cash.

Nanjing Zhengsheng

Nanjing Zhengsheng was established on April 22, 2016 by our Company (100%) with a registered capital of RMB50 million, fully paid up by cash.

Anhui Real Estate

Anhui Real Estate was established on June 1, 2016 by our Company (100%) with a registered capital of RMB200 million, to be paid by May 23, 2046.

Xi'an Jingqi

Xi'an Jingqi was established on February 19, 2016 by Fujian Jingheng (100%) with a registered capital of RMB5 million, fully paid up by cash.

Xi'an Jingyu

Xi'an Jingyu was established on June 30, 2016 by Fujian Jingheng (100%) with a registered capital of RMB5 million, fully paid up by cash.

Tianjin Rongtai

Tianjin Rongtai was established on March 29, 2016 by our Company (100%) with a registered capital of RMB50 million, fully paid up by cash.

Nanchang Zhenro Zhengsheng

Nanchang Zhenro Zhengsheng was established on September 20, 2016 by our Company (100%) with a registered capital of RMB50 million, fully paid up by cash.

Zhenro Zhengchuang

Zhenro Zhengchuang was established on July 28, 2016 by our Company (100%) with a registered capital of RMB5 million, fully paid up by cash.

Zhenro Zhengxing (Fuzhou)

Zhenro Zhengxing (Fuzhou) was established on June 12, 2016 by our Company (100%) with a registered capital of RMB50 million, fully paid up by cash.

Shanghai Property

Shanghai Property was established on May 20, 2016 by our Company (100%) with a registered capital of RMB50 million, fully paid up by cash.

Zhenro Zhengfeng

Zhenro Zhengfeng was established on September 19, 2016 by our Company (100%) with a registered capital of RMB50 million, to be paid by December 2026.

Zhenro Zhenghong (Shanghai)

Zhenro Zhenghong was established on November 14, 2016 by our Company (100%) with a registered capital of RMB50 million, fully paid up by cash.

Suzhou Zhengxing

Suzhou Zhengxing was established on May 5, 2016 by our Company (100%) with a registered capital of RMB50 million, to be paid by April 20, 2046.

Zhenro Zhengmao

Zhenro Zhengmao was established on October 28, 2016 by our Company (100%) with a registered capital of RMB100 million, to be paid by October 15, 2046.

Zhenro Zhengtai

Zhenro Zhengtai was established on November 25, 2016 by our Company (100%) with a registered capital of RMB100 million, to be paid by November 1, 2046.

Fuzhou Commerce

Fuzhou Commerce was established on June 8, 2016 by Zhenro Commerce (100%) with a registered capital of RMB1 million, fully paid up by cash.

Changsha Commerce

Changsha Commerce was established on July 19, 2016 by Zhenro Commerce (100%) with a registered capital of RMB1 million, fully paid up by cash.

Zhenro Commerce

In March 2017, the registered capital of Zhenro Commerce was increased from RMB30 million to RMB50 million by way of capital injection by Zhenro Properties Holdings, fully paid up by cash.

Nanjing Yongtuo

Nanjing Yongtuo was established on January 24, 2017 by Nanjing Dexin (100%) with a registered capital of RMB500 million, to be paid by December 31, 2018.

Hefei Yongtuo

Hefei Yongtuo was established on February 27, 2017 by Nanjing Dexin(100%) with a registered capital of RMB100 million, fully paid up by cash.

In June 2017, the registered capital of Hefei Yongtuo was increased from RMB100 million to RMB400 million by way of capital injection by Hefei Haozhi Xinchun Investment Co., Ltd. (合肥皓智鑫宸投資有限公司), Beijing Yuankun Real Estate Development Co., Ltd. (北京遠坤房地產開發有限公司), Hefei Xuhui Enterprise Management Co., Ltd. (合肥旭輝企業管理有限公司), Beijing

Dongxing Lianyong Tongchang Investment Management Co., Ltd. (北京東興聯永同昌投資管理有限公司), Hefei Wanlong Hanhai Investment Management Co., Ltd. (合肥萬隆瀚海投資管理有限公司) and Beijing Yuanshengchang Real Estate Development Co., Ltd. (北京遠盛昌房地產開發有限公司), fully paid up by cash.

Hefei Zhengmao

Hefei Zhengmao was established on February 20, 2017 by Putian Fortune Center (100%) with a registered capital of RMB100 million, fully paid up by cash.

Hefei Zhengyu

Hefei Zhengyu was established on March 10, 2017 by Nanjing Property (50%) and Fujian Gaojia Property Development Co., Ltd. (“**Fujian Gaojia**”, 福建高佳房地產開發有限公司) (50%) with a registered capital of RMB100 million, fully paid up by cash.

In July 2017, the registered capital of Hefei Zhengyu was increased from RMB100 million to RMB125 million by way of capital injection by China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), to be paid by December 31, 2017.

Zhengzhou Real Estate

Zhengzhou Real Estate was established on April 18, 2017 by Zhenro Properties Holdings (100%) with a registered capital of RMB50 million, to be paid by December 31, 2036.

Zhengzhou Zhengwan

Zhengzhou Zhengwan was established on June 6, 2017 by Zhengzhou Real Estate (100%) with a registered capital of RMB10 million, to be paid by April 30, 2037.

Zhengzhou Rongyu

Zhengzhou Rongyu was established on June 14, 2017 by Zhengzhou Real Estate (100%) with a registered capital of RMB10 million, to be paid by April 30, 2037.

Zhengzhou Rongwan

Zhengzhou Rongwan was established on June 7, 2017 by Zhengzhou Real Estate (100%) with a registered capital of RMB10 million, to be paid by April 30, 2037.

Zhengzhou Rongding

Zhengzhou Rongding was established on June 7, 2017 by Zhengzhou Real Estate (100%) with a registered capital of RMB10 million, to be paid by April 30, 2037.

Zhengzhou Zhengchuang

Zhengzhou Zhengchuang was established on June 9, 2017 by Zhengzhou Real Estate (100%) with a registered capital of RMB10 million, to be paid by April 30, 2037.

Zhengzhou Zhengjing

Zhengzhou Zhengjing was established on June 14, 2017 by Nanchang Zhenro Zhengsheng (35%), Zhenro Zhengfeng (35%) and Tianjin Rongtai (30%) with a registered capital of RMB10 million, to be paid by June 12, 2047.

Zhengzhou Zhengqing

Zhengzhou Zhengqing was established on June 14, 2017 by Nanchang Zhenro Zhengsheng (35%), Zhenro Zhengfeng (35%) and Tianjin Rongtai (30%) with a registered capital of RMB10 million, to be paid by June 12, 2047.

Zhengzhou Zhengqi

Zhengzhou Zhengqi was established on June 14, 2017 by Nanchang Zhenro Zhengsheng (35%), Zhenro Zhengfeng (35%) and Tianjin Rongtai (30%) with a registered capital of RMB10 million, to be paid by June 12, 2047.

Zhengzhou Zhengxun

Zhengzhou Zhengxun was established on June 14, 2017 by Nanchang Zhenro Zhengsheng (35%), Zhenro Zhengfeng (35%) and Tianjin Rongtai (30%) with a registered capital of RMB10 million, to be paid by June 12, 2047.

Zhengzhou Zhengwang

Zhengzhou Zhengwang was established on June 14, 2017 by Nanchang Zhenro Zhengsheng (35%), Zhenro Zhengfeng (35%) and Tianjin Rongtai (30%) with a registered capital of RMB10 million, to be paid by June 12, 2047.

Zhengzhou Zhengchi

Zhengzhou Zhengchi was established on June 6, 2017 by Nanchang Zhenro Zhengsheng (35%), Zhenro Zhengfeng (35%) and Tianjin Rongtai (30%) with a registered capital of RMB10 million, to be paid by June 12, 2047.

Zhengzhou Zhengteng

Zhengzhou Zhengteng was established on June 14, 2017 by Nanchang Zhenro Zhengsheng (35%), Zhenro Zhengfeng (35%) and Tianjin Rongtai (30%) with a registered capital of RMB10 million, to be paid by June 12, 2047.

Pingtian Zhengsheng

Pingtian Zhengsheng was established on June 20, 2017 by Fuzhou Real Estate (100%) with a registered capital of RMB50 million, fully paid up by cash.

Nanchang Rongke

Nanchang Rongke was established on April 11, 2017 by Nanchang Zhenro Zhengsheng (100%) with a registered capital of RMB10 million, to be paid by December 31, 2027.

Putian Zhengrun

Putian Zhengrun was established on May 18, 2017 by Putian Real Estate (100%) with a registered capital of RMB80 million, fully paid up by cash.

Chuzhou Zhenghong

Chuzhou Zhenghong was established on August 10, 2017 by Nanjing Zhengsheng (100%) with a registered capital of RMB50 million, to be paid by August 8, 2022.

Jinan Zhenghong

Jinan Zhenghong was established on August 18, 2017 by Zhenro Properties Holdings (100%) with a registered capital of RMB50 million, to be paid by December 31, 2046.

Hefei Zhenghua

Hefei Zhenghua was established on August 8, 2017 by Jiangxi Real Estate (100%) with a registered capital of RMB100 million, to be paid by August 7, 2047.

Shishi Zhengsheng

Shishi Zhengsheng was established on August 2, 2017 by Putian Real Estate (100%) with a registered capital of RMB50 million, fully paid up by cash.

Suzhou Zhengfeng

Suzhou Zhengfeng was established on July 14, 2017 by Jiangxi Real Estate (100%) with a registered capital of RMB10 million, fully paid up by cash.

In August 2017, the registered capital of Suzhou Zhengfeng was increased from RMB10 million to RMB100 million by way of capital injection by Jiangxi Real Estate, fully paid up by cash.

Suzhou Zhenglong

Suzhou Zhenglong was established on July 1, 2017 by Zhenro Zhengmao (100%) with a registered capital of RMB100 million, fully paid up by cash.

Suzhou Zhengxin

Suzhou Zhengxin was established on July 1, 2017 by Zhenro Zhengmao (100%) with a registered capital of RMB100 million, fully paid up by cash.

In August 2017, the registered capital of Suzhou Zhengxin was decreased from RMB100 million to RMB17 million.

Zhengmao Pingtan

Zhengmao Pingtan was established on July 18, 2017 by Fuzhou Real Estate (100%) with a registered capital of RMB50 million, fully paid up by cash.

Jinan Rongding

Jinan Rongding was established on October 11, 2017 by Jinan Zhenghong (100%) with a registered capital of RMB10 million, to be paid by December 31, 2046.

Jinan Rongxi

Jinan Rongxi was established on October 30, 2017 by Jinan Zhenghong (100%) with a registered capital of RMB10 million, to be paid by December 31, 2046.

Jinan Zhengchi

Jinan Zhengchi was established on November 1, 2017 by Jinan Zhenghong (100%) with a registered capital of RMB10 million, to be paid by December 31, 2046.

Shandong Real Estate

Shandong Real Estate was established on October 31, 2017 by Zhenro Properties Holdings (100%) with a registered capital of RMB50 million, to be paid by December 31, 2046.

Xuzhou Zhengming

Xuzhou Zhengming was established on September 27, 2017 by Nanjing Yongtuo (100%) with a registered capital of RMB20 million, to be paid by December 31, 2037.

Suzhou Zhengli

Suzhou Zhengli was established on October 26, 2017 by Suzhou Zhengxing (100%) with a registered capital of RMB100 million, fully paid up by cash.

Xi'an Real Estate

Xi'an Real Estate was established on September 14, 2017 by Zhenro Properties Holdings (100%) with a registered capital of RMB5 million, to be paid by August 31, 2037.

Fuzhou Zhengsheng

Fuzhou Zhengsheng was established on November 15, 2017 by Fuzhou Real Estate (100%) with a registered capital of RMB50 million, to be paid by December 31, 2019.

Fuzhou Zhengtai

Fuzhou Zhengtai was established on November 3, 2017 by Fuzhou Real Estate (100%) with a registered capital of RMB50 million, fully paid up by cash.

Putian Zhengfeng

Putian Zhengfeng was established on December 7, 2017 by Putian Real Estate (100%) with a registered capital of RMB80 million, to be paid by January 15, 2018.

Tianjin Rongji

Tianjin Rongji was established on December 8, 2017 by Zhenro Properties Holdings (100%) with a registered capital of RMB50 million, to be paid by December 1, 2020.

Ganzhou Zhengbi

Ganzhou Zhengbi was established on December 12, 2017 by Nanchang Shiou(100%) with a registered capital of RMB10 million, to be paid by December 31, 2035.

Jinan Zhengqi

Jinan Zhengqi was established on December 7, 2017 by Jinan Zhengchi (100%) with a registered capital of RMB10 million, to be paid by December 31, 2047.

Chuzhou Zhengjing Huarong

Chuzhou Zhengjing Huarong was established on December 8, 2017 by Nanjing Zhengsheng (51%) and Lai'an Jinghua Real Estate Co., Ltd. (來安縣景華置業有限公司) (49%) with a registered capital of RMB50 million, to be paid by December 31, 2022.

Fuzhou Rongtai

Fuzhou Rongtai was established on December 8, 2017 by Fuzhou Real Estate (100%) with a registered capital of RMB10 million, to be paid by December 31, 2019.

Jiaxing Rongkun

Jiaxing Rongkun was established on November 10, 2017 by Shanghai Property (100%) with a registered capital of RMB50 million, to be paid by November 5, 2027.

Jiaxing Rongyu

Jiaxing Rongyu was established on October 24, 2017 by Shanghai Yuzun (100%) with a registered capital of RMB50 million, to be paid by October 19, 2027.

Save as disclosed in this sub-section, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

7. Repurchases of Our Own Securities**(a) Provisions of the Listing Rules**

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on December 15, 2017, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the total number of Shares in issue immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or upon the exercise of any options which may be granted under the Share Option Scheme), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iii) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(iv) Suspension of Repurchase

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(v) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vi) *Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “core connected person”, that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) **Reasons for Repurchases**

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) **Funding of Repurchases**

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) **General**

The exercise in full of the repurchase mandate, on the basis of 4,000,000,000 Shares in issue immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and without taking into

account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, could accordingly result in up to approximately 400,000,000 Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of our next annual general meeting; or
- (ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% (or a higher percentage upon completion of the exercise of the Over-allotment Option) of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) a share transfer agreement dated June 23, 2017 between Fuzhou Huace and Rongjin Partnership, pursuant to which Fuzhou Huace agreed to acquire 637,000,000 shares in Zhenro Properties Holdings from Rongjin Partnership at a consideration of RMB1,058,885,100;
- (b) a share transfer agreement dated June 23, 2017 between Fuzhou Juntai and Zhenro Group Company, pursuant to which Fuzhou Juntai agreed to acquire 2,813,000,000 shares of Zhenro Properties Holdings from Zhenro Group Company at a consideration of RMB4,676,049,900;
- (c) an equity transfer agreement dated August 10, 2017 between Zhenro Group Company and Sheen Billion, pursuant to which Sheen Billion agreed to acquire a 5% equity interest in Fuzhou Fengzwei from Zhenro Group Company at a consideration of RMB286,746,568.75;
- (d) an equity transfer agreement dated August 24, 2017 between Zhenro Group Company and Fuzhou Huiheng, pursuant to which Fuzhou Huiheng agreed to acquire a 95% equity interest in Fuzhou Fengzwei from Zhenro Group Company at a consideration of RMB950,000,000;
- (e) a subscription agreement dated August 24, 2017 between Wide China, Sky Bridge and our Company, pursuant to which Wide China transferred the entire equity interest it held in Blooming Force (representing 100% of the issued share capital of Blooming Force as of the date of the agreement and up to closing) to our Company in exchange for the issue of 2,500 shares in our Company (representing 5% of the total issued share capital of our Company immediately after the issuance of 2,500 shares) to Sky Bridge;
- (f) a cornerstone investment agreement dated December 22, 2017, entered into between the Company, Hong Kong Bao Xin Asset Management Limited, China Goldjoy Group Limited and CCB International Capital Limited, pursuant to which Hong Kong Bao Xin Asset Management Limited agreed to subscribe for at the Offer Price such number of Shares as may be purchased with HK\$750,000,000, rounded down to the nearest whole board lot of 1,000 Shares;
- (g) the Deed of Indemnity;
- (h) the Deed of Non-competition; and
- (i) the Hong Kong Underwriting Agreement.

2. Our Intellectual Property Rights

As of the Latest Practicable Date, we have registered the following intellectual property rights which we consider to be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, our Company has registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Registration Period
1		16 & 36	Zhenro Properties Holdings	Hong Kong	303703752	March 4, 2016 to March 3, 2026
2		16 & 36	Zhenro Properties Holdings	Hong Kong	303703743	March 4, 2016 to March 3, 2026
3		16 & 36	Zhenro Properties Holdings	Hong Kong	303703716	March 4, 2016 to March 3, 2026
4		36	Zhenro Properties Holdings	PRC	4514875	September 7, 2008 to September 6, 2018
5		36	Zhenro Properties Holdings	PRC	4514873	September 7, 2008 to September 6, 2018
6		36	Zhenro Properties Holdings	PRC	11900261	May 28, 2014 to May 27, 2024

(b) Domain Names

As of the Latest Practicable Date, our Company has registered the following key domain name:

No.	Domain Name	Registrant	Date of Registration	Expiry Date
1	zhenrodc.com	Company	May 24, 2016	May 24, 2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of the Directors and the Chief Executive of Our Company*

After completion of the Share Subdivision and the Capitalization Issue and immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, so far as our Directors are aware, each of the following persons will have an interests and short positions in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the chief executive), in each case once the Shares are listed:

(i) *Interest in the Shares of our Company*

Name of Director/ Chief Executive	Capacity/nature of interest ⁽¹⁾	Number of underlying shares	Approximate percentage of shareholding interest immediately following the completion of the Global Offering ⁽²⁾
GQ Ou ⁽³⁾	Interest in controlled corporation	217,800,000	5.45%
GW Ou ⁽⁴⁾	Interest in controlled corporation	217,080,000	5.43%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 4,000,000,000 Shares in issue after completion of the Share Subdivision and the Capitalization Issue and immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

- (3) GQ Ou is the sole beneficial owner of RoSheng. By virtue of the SFO, GQ Ou is deemed to be interested in the Shares held by RoSheng.
- (4) GW Ou is the sole beneficial owner of Warm Shine. By virtue of the SFO, GW Ou is deemed to be interested in the Shares held by Warm Shine.

(b) *Interests of the Substantial Shareholders*

Save as disclosed in the section “Substantial Shareholders” in this prospectus, after completion of the Share Subdivision and the Capitalization Issue and immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors or chief executive are not aware of any other person, other than a Director or chief executive of our Company, who has an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

2. Directors’ Service Contracts

Each of our executive Directors has entered into a service contract with our Company on December 15, 2017, and we have issued letters of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The principal particulars of these service contracts and the letters of appointment are (a) for an initial fixed term of three years commencing from September 20, 2017 (for executive Directors and non-executive Directors) or December 15, 2017 (for independent non-executive Directors), and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors’ Remuneration

The aggregate remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Directors for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 was approximately RMB4.1 million, RMB5.5 million, RMB6.0 million and RMB3.5 million, respectively, which included the aggregate contributions we paid to pension schemes for our Directors in respect of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 of approximately RMB0.2 million, RMB0.3 million, RMB0.4 million and RMB0.2 million, respectively.

Save as disclosed in note 8 to the Historical Financial Information in Appendix I, no other amounts have been paid or are payable by any member of our Group to our Directors for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2017 is estimated to be approximately RMB7.0 million in aggregate.

4. Directors' Competing Interest

None of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;
- (c) none of our Directors nor any of the persons listed in "E. Other Information — 5. Qualification of Experts" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, 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;
- (d) none of our Directors nor any of the parties listed in section "E. Other Information — 5. Qualification of Experts" of this Appendix is materially interested in any contract or arrangement with the Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Group as a whole;

- (e) save in connection with the Underwriting Agreements, none of the persons listed in the section “E. Other Information — 5. Qualification of Experts” below has any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) save as contemplated under the Underwriting Agreements, none of our Directors or their respective associates (as defined under the Listing Rules) or any Shareholders who are interested in more than 5% of our issued share capital of the Company has any interest in our five largest suppliers or our five largest customers.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Shareholders on December 15, 2017 and its implementation is conditional on the Listing.

For the purpose of this section only, unless the context otherwise requires the following words shall have the following meanings:

“Participant(s)”	means any director or employee of the Group who in the sole discretion of the Board has contributed or will contribute to the Group;
“Grantee”	means any Participant who accepts an offer in accordance with the terms of the Scheme or (where the context so permits) any person entitled to exercise any option in consequence of the death of the original Grantee; and
“Offer Date”	means the date on which an offer of the grant of an option is made to a Participant.

1. Purpose

The purpose of the Share Option Scheme is to provide the Company with a means of incentivising the Participants and retaining employees of the Group, and to encourage employees to work towards enhancing the value of the Company and promote the long-term growth of the Company. This Scheme will link the value of the Company with the interests of Participants, enabling Participants and the Company to develop together and promoting the Company’s corporate culture.

2. Who may participate

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within the period of 10 years after the adoption date to grant options to any Participant as the Board in its absolute discretion select.

3. Grant of options to connected persons or any of their associates

Each grant of options to a Director (including an independent non-executive Director) of our Company, chief executive or substantial Shareholder of our Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the options).

Where any grant of options to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the Offer Date:

- representing in aggregate over 0.1% of the Shares in issue at the Offer Date; and
- having an aggregate value, based on the closing price of the Shares as stated on the Stock Exchange on the Offer Date, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such grant of options must be approved by the Shareholders in general meeting. Our Company will send a circular to the Shareholders in accordance with the Listing Rules and any Shareholder who is a core connected person of our Company shall abstain from voting at such general meeting, except that any core connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

4. Restrictions on the time of grant of Options

No offer shall be made and no option shall be granted to any Participant in circumstances prohibited by the Listing Rules at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period; and
- the deadline for our Company to publish its interim or annual results announcement under the Listing Rules,

and ending on the date of actual publication of such results announcement.

5. Exercise price

The exercise price shall be a price determined by the Board and notified to a Participant but in any event shall be at least the higher of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the option, which must be a business day;
- the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and
- the nominal value of a Share on the date of grant,

provided that, for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company's global offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

Participants are required to pay HK\$1.00 as consideration for the acceptance of an option granted to them.

6. Maximum number of Shares

- (i) The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option schemes existing at such time of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as of the Listing Date (400,000,000 Shares) (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as of the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under the existing share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

- (ii) Notwithstanding the foregoing, the Company may grant options beyond the Scheme Mandate Limit to Participants if:
 - separate Shareholders' approval has been obtained for granting options beyond the Scheme Mandate Limit Participants specifically identified by the Company before such Shareholders' approval is sought; and

- the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.
- (iii) Subject to paragraph (iv) below, the maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted to any Participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in any 12 month period shall not at the time of grant exceed 1% of the Shares in issue.
- (iv) Where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders containing the information required under the Listing Rules.
- (v) At any time, the maximum number of Shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

7. Time of exercise of options

Subject to the terms of grant of any option, an option may be exercised by the Grantee at any time during the option period and in accordance with the vesting schedule and other terms specified in the offer.

8. Duration of the Share Option Scheme

No option may be vested more than 10 years after the date of grant. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date.

9. Performance targets

Subject to such terms and conditions as the Board may determine, there is no minimum period for which an option must be held before it can be exercised and no performance target needs to be achieved by the Grantee before the options can be exercised.

10. Rights attaching to the Shares**(a) *Dividends and voting rights***

Shares issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of exercise of the option. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of exercise of the option.

(b) *Restrictions on transfer*

An option shall be personal to the Grantee and shall not be assignable nor transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favor of any third party over or in relation to any option.

11. Amendments to the Share Option Scheme

Save for certain specific provisions, the Board may alter any of the other terms of the Share Option Scheme. Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Grantees, and changes to the authority of the Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

12. Effects of alterations to share capital

In the event of any alteration to the capital structure of the Company while any option has been granted or remains exercisable, whether by way of capitalization issue, rights issue, subdivision or consolidation of shares or reduction of share capital of the Company (but excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), adjustments (if any) shall be made at the Board's discretion to:

- (a) the number of Shares to be issued on exercise of the options; and/or
- (b) the subscription price for the Shares.

The auditors or financial advisors engaged by the Company for the purpose of adjustments shall certify in writing to the Board that such adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes (the "Supplemental Guidance"). The capacity of the auditors or financial advisor is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

Any such adjustments shall give the Grantees the same proportion of the equity capital of the Company and any adjustments to the advantage of the Grantees to the exercise price or to the number of Shares subject to the options must be approved by the Shareholders in general meeting, and no adjustment may be made to the extent that Shares would be issued at less than their nominal value. In addition, any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

13. Rights on termination of employment

If the Grantee ceases to be a Participant by reason of the termination of his employment, appointment or directorship, the option shall lapse on the date of cessation and not be exercisable. The date of such cessation shall be his last actual working day at his work place with the Group whether salary is paid in lieu of notice or not.

14. Rights on death

If the Grantee of an outstanding option dies before exercising his option, such option may be exercised by his personal representative(s) within a period of six months following the date of his death.

15. Rights on a general offer by way of voluntary offer or takeover

In the event of a general offer by way of voluntary offer or takeover (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company at any time within such period as shall be notified by the Company.

16. Rights on a general offer by way of scheme of arrangement

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company.

17. Rights on winding up

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the option

to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

18. Rights on retirement

In the event the date of retirement of a Grantee falls before the date of the Grantee exercising the option in full, the Grantee shall be entitled within a period of six months from the date of retirement.

19. Lapse of option

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- the expiry of the option period;
- the date of cessation referred to in paragraph (13);
- the date of cessation referred to in paragraph (18);
- the expiry of any of the periods referred to in paragraph (14);
- the expiry date specified in the notice from the Company referred to in paragraph (15);
- subject to the scheme of arrangement becoming effective, the expiry date specified in the notice from the Company referred to in paragraph (16);
- subject to paragraph (17), the date of the commencement of the winding-up of the Company;
- the date on which the Grantee ceases to be a Participant by reason of the termination of his employment, appointment or directorship on the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily, provided that whether any one or more of the events specified in the above occur in relation to a Grantee shall in the reasonable opinion of the Board be solely and conclusively determined by the Board;
- any other expiration events as the Company may notify the Grantee from time to time;
- the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favor of any third party over or in relation to any option;

- where the Grantee is an employee or Director of a member of the Group (other than the Company), the date on which such member ceases to be a member of the Group;
- unless the Board otherwise determines, and other than in the circumstances listed above, the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason; and
- the date on which the option is cancelled by the Board as provided in paragraph (21).

20. **Termination of the Share Option Scheme**

The Company, by resolution in general meeting, or the Board, may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

21. **Cancellation of option**

The Company may cancel any option granted but not exercised at anytime.

22. **General**

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the exercise of the options which may be granted pursuant to the Share Option Scheme.

As of the Latest Practicable date, no option had been granted or agreed to be granted by our Company pursuant to the Share Option Scheme.

Details of the Share Option Scheme, including particulars and movements of the options granted during each financial year of our Company, and our employee costs arising from the grant of the options will be disclosed in our annual report.

E. OTHER INFORMATION

1. **Estate duty**

The Controlling Shareholders have entered into a deed of indemnity dated December 15, 2017 with and in favor of our Company (for itself and as trustee for its subsidiaries) (the “**Deed of Indemnity**”) whereby the Controlling Shareholders have given indemnities in connection with, among other things, any liability for estate duty under the Estate Duty Ordinance, Chapter 111 of the Laws

of Hong Kong, or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which might be incurred by any member of our Company on or before the Listing Date, and other taxation (including all fines, penalties, costs, charges, expenses and interests relating to taxation) which may be suffered by any member of our Group in respect of, among other things, any income, profits or gains earned, accrued or received on or before the Listing Date, save:

- (a) to the extent that specific provision or reserve has been made for such taxation in the audited combined financial statements of our Group as set out in Appendix I (the “**Accounts**”);
- (b) to the extent that the liability for such taxation would not have arisen but for any act or omission of, or delay by, any member of our Group after the Listing Date; and
- (c) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the section “**Business — Legal Proceedings and Material Claims**”, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued pursuant to the exercise of the options which may be granted pursuant to the Share Option Scheme). All necessary arrangements have been made to enable such Shares to be admitted into CCASS. The Sole Sponsor is entitled to a fee of US\$550,000 for acting as our sponsor in connection with the Global Offering.

The Sole Sponsor has declared their independence pursuant to Rule 3A.07 of the Listing Rules.

4. Preliminary Expenses

Our estimated preliminary expenses are immaterial and are payable by our Company.

5. Qualifications of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

Name	Qualification
1 CCB International Capital Limited.	A licensed corporation registered for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
2 Ernst & Young	Certified public accountants
3 Commerce & Finance Law Offices.	PRC legal advisors
4 Beijing Kang Da Law Firm	Special PRC criminal law advisors
5 Walkers	Cayman Islands legal advisors
6 China Index Academy	Industry consultants
7 Jones Lang LaSalle Corporate Appraisal and Advisory Limited. . .	Independent property valuer
8 SHINEWING Risk Services Limited	Internal Control Consultant

6. Consents of Experts

Each of the experts as referred to in the section “E. Other Information — 5. Qualifications of Experts” in this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report(s) and/or letter(s) and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoters

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the Promoters named above in connection with the Global Offering and the related transactions described in this prospectus.

8. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2017 (being the date to which the latest audited combined financial statements of our Group were prepared).

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

(a) Save as disclosed in this prospectus:

- (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries fully or partly paid up either for cash or for a consideration other than cash has been issued or agreed to be issued;
- (ii) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;
- (iv) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;
- (v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

- (vi) there is no arrangement under which future dividends are waived or agreed to be waived.

- (b) Our Directors confirm that there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus.

- (c) Our Directors confirm that our Company has no outstanding convertible debt securities or debentures.

- (d) No Company within our Group is presently listed on any stock exchange or traded on any trading system.

- (e) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were: (a) copies of the **WHITE, YELLOW** and **GREEN** application forms; (b) the written consents referred to in “Statutory and General Information — E. Other Information — 6. Consents of Experts” in Appendix V; and (c) copies of the material contracts referred to in “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix V.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Simpson Thacher & Bartlett at 35th Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the accountants’ report for the years ended December 31, 2014, 2015 and 2016 and six months ended June 30, 2017 issued by Ernst & Young, the text of which is set out in Appendix I;
- (c) the report on the unaudited pro forma financial information from Ernst & Young, the text of which is set out in Appendix II;
- (d) the audited combined financial statements of the Group for the years ended December 31, 2014, 2015 and 2016 and six months ended June 30, 2017;
- (e) the letter, summary of valuations and valuation certificates relating to the property interests of the Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which are set out in Appendix III;
- (f) the material contracts referred to in “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix V;
- (g) the written consents referred to in “Statutory and General Information — E. Other Information — 6. Consents of Experts” in Appendix V;
- (h) the service contracts and letters of appointment referred to in “Statutory and General Information — C. Further Information About our Directors and Substantial Shareholders — 2. Directors’ Service Contracts” in Appendix V;

- (i) the PRC legal opinions dated December 28, 2017 issued by Commerce & Finance Law Offices, our PRC Legal Advisor in respect of certain aspects of our Group and our property interests;
- (j) the special legal opinions issued by Beijing Kang Da Law Firm, our special PRC criminal law advisors in respect of the Historical Borrowing Arrangements;
- (k) the letter of advice prepared by Walkers, our Cayman legal advisor, summarizing certain aspects of the Cayman Companies Law referred to in Appendix IV;
- (l) overview of the macro-economy and real estate industry (中國宏觀經濟及房地產行業概覽) and Market Position Appraisal Report of Zhenro Properties Group Limited (正榮地產集團有限公司市場地位認證研究報告) issued by China Index Academy (中國指數研究院), our industry consultant;
- (m) the review report prepared by SHINEWING Risk Services Limited, our internal control consultant, in respect of remedial internal control measures to prevent future occurrence of the non-compliance incidents;
- (n) the rules of the Share Option Scheme; and
- (o) the Cayman Companies Law.

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