
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Evergrande Real Estate Group Limited (恒大地產集團有限公司), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



MAJOR TRANSACTION

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN
RISE EAGLE WORLDWIDE LIMITED AND
TRIUMPH HERO INTERNATIONAL LIMITED**

A letter from the Board is set out on pages 4 to 13 of this circular.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I — Financial information of the Group	14
Appendix IIA — Accountant’s report on Rise Eagle	19
Appendix IIB — Accountant’s report on Triumph Hero	63
Appendix III — Unaudited Pro Forma Financial Information of the Enlarged Group .	116
Appendix IV — Management discussion and analysis on the Targets	125
Appendix V — Property Valuation Report	139
Appendix VI — General information	178

DEFINITIONS

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

“Acquisition”	the transactions and matters contemplated under the Acquisition Agreements;
“Acquisition Agreements”	the First Acquisition Agreement and the Second Acquisition Agreement;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong and the PRC are open for business;
“Chengdu Project Company”	Chengdu Xinyi Real Estate Development Co., Ltd. (成都心怡房地產開發有限公司), a company incorporated in the PRC with limited liability;
“Chengdu Riverside Project”	a piece of urban land with a net land area of 950,072.10 square meters for mixed commercial and residential use located at Guangfu Community, Huayang Street, Tianfu New Area, Chengdu City, Sichuan Province, the PRC (中國四川省成都市天府新區華陽街道廣福社區);
“Company” or “Evergrande”	Evergrande Real Estate Group Limited (Hong Kong Stock Exchange stock code: 3333), a company incorporated in the Cayman Islands with limited liability;
“Conditions Precedent”	the conditions precedent stated in the Acquisition Agreements;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;
“First Acquisition Agreement”	the equity interest and loan transfer agreement dated 29 December 2015 entered into between the Vendor and the Purchaser in relation to the acquisition of Rise Eagle by the Purchaser;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“Guiyang Project Company”	Guiyang New World Real Estate Co., Ltd. (貴陽新世界房地產有限公司), a company established in the PRC with limited liability;
“Guiyang Project ”	the real estate development project located to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC (中國貴陽市金陽區金西北路以東、龍潭路以南、金陽北路以西及金朱路以北);
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Latest Practicable Date”	22 June 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in the circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and its amendments from time to time;
“New World”	NWD and NWCL;
“NWCL”	New World China Land Limited (新世界中國地產有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Hong Kong Stock Exchange and is the holding company of the Vendor;
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong, the shares of which are listed on the main board of the Hong Kong Stock Exchange and is the holding company of NWCL;
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of the Acquisition Agreements;
“Purchaser”	Shengyu (BVI) Limited (盛譽(BVI)有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;

DEFINITIONS

“Rise Eagle”	Rise Eagle Worldwide Limited, a company incorporated in the British Virgin Islands holding a 60% equity interest in the Chengdu Project Company;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Second Acquisition Agreement”	the equity interest and loan transfer agreement dated 29 December 2015 entered into by the Vendor and the Purchaser in relation to the acquisition of Triumph Hero by the Purchaser;
“Spread Glory”	Spread Glory Investments Limited, a holding company established in Hong Kong;
“Shareholder(s)”	the holder(s) of the Share(s);
“Share(s)”	ordinary share(s) with a nominal value of US\$0.01 each in the issued share capital of the Company;
“Targets”	Rise Eagle and Triumph Hero (each, the “Target”);
“Triumph Hero”	Triumph Hero International Limited, a holding company established in the British Virgin Islands;
“Vendor”	New World Development (China) Limited (新世界發展(中國)有限公司), a company incorporated in Hong Kong and wholly-owned by NWCL;
“Xin Xin”	Xin Xin (BVI) Limited, a substantial shareholder of the Company, holding 67.7% of the share capital in issue of the Company as at the Latest Practicable Date; and
“%”	per cent.

LETTER FROM THE BOARD



恒大地產集團®

EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited

恒大地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

Executive Directors:

Mr. Hui Ka Yan (*Chairman*)
Mr. Xia Haijun (*Vice Chairman and President*)
Ms. He Miaoling
Mr. Tse Wai Wah
Mr. Xu Wen
Mr. Huang Xiangui

Independent Non-executive Directors:

Mr. Chau Shing Yim, David
Mr. He Qi
Ms. Xie Hongxi

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

*Principal place of business
in the PRC:*

43rd Floor,
Evergrande International Centre
No. 78 Huangpu Avenue West
Guangzhou, Guangdong Province
China (Postal Code: 510620)

*Principal place of business
in Hong Kong:*

Suites 1501–1507
One Pacific Place
88 Queensway, Hong Kong

27 June 2016

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN
RISE EAGLE WORLDWIDE LIMITED AND
TRIUMPH HERO INTERNATIONAL LIMITED**

LETTER FROM THE BOARD

INTRODUCTION

On 29 December 2015, the Board announced that Shengyu (BVI) Limited, a wholly-owned subsidiary of the Company, as the purchaser, entered into two agreements with the Vendor to acquire the interests in the relevant shares in and loans to the Targets held by the Vendor respectively. The Targets hold equity interests in the Chengdu Riverside Project and the Guiyang Project.

The purpose of this circular is to provide you with information in respect of, among other things, the details of the Acquisition, the financial information of the Group, the financial information of the Targets, and the unaudited pro-forma financial information of the Enlarged Group.

THE ACQUISITION

The principal terms of the Acquisition Agreements are as follows:

(1) First Acquisition Agreement

Date: 29 December 2015

Parties

Vendor: New World Development (China) Limited

Purchaser: Shengyu (BVI) Limited

NWCL is a subsidiary of NWD. NWD is principally engaged in property investment and development, contracting, infrastructure operations, telecommunication services, department store, hotel and restaurant operations and telecommunication, media and technology businesses. NWCL is principally engaged in property development and investment in the PRC. To the best of the Directors' knowledge, information and belief upon making all reasonable enquiries, the Vendor and its beneficial owner are independent of and not connected with the Company and its connected persons.

Assets to be acquired

The entire equity interest in Rise Eagle. As at the date of entering into of the First Acquisition Agreement, Rise Eagle held a 60% equity interest in the Chengdu Project Company, which held the entire equity interest in the Chengdu Riverside Project.

The remaining 40% equity interest in the Chengdu Project Company is held by two independent third parties, namely Hing Pang Petroleum Chemicals (H.K.) Limited and Chengdu Shen Gang Petroleum Co., Ltd. (成都深港石化有限公司), each holding a 20% equity interest.

LETTER FROM THE BOARD

Consideration

The consideration for the acquisition of the equity interest in and loan to Rise Eagle is RMB2,000,000,000. The consideration for the transaction will be financed by the proceeds from the issue of perpetual securities by the Company to New World completed on 29 January 2015, and the internal resources of the Company. The consideration is determined after arm's length negotiations between the Vendor and the Purchaser with reference to the unaudited net asset value of the Target, the intrinsic value of the project and the amount of the loan to the Target. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the First Acquisition Agreement are fair and reasonable, and the entering into of the First Acquisition Agreement is in the interests of the Company and the shareholders as a whole.

Payment method

The consideration is payable by the Purchaser to the Vendor in the following manner:

- (a) RMB400,000,000 (or its HKD equivalent), being the deposit, has been paid on 6 January 2016.
- (b) RMB1,600,000,000 (or its HKD equivalent) has been paid on the completion date (or such other date as agreed in writing by both parties).

Conditions Precedent

Completion of the First Acquisition Agreement is subject to the fulfillment or waiver of the following Conditions Precedent:

- (a) the boards of directors of the Vendor, NWD and NWCL having approved the First Acquisition Agreement and the transactions thereunder. If it is so required under the Listing Rules or by Hong Kong Stock Exchange, NWD and/or NWCL will, in compliance with the Listing Rules, pass all necessary shareholders' resolutions (by way of shareholders' written approval or by an ordinary resolution passed at the general meeting (in case the relevant written approval is not obtained)) to approve the First Acquisition Agreement and the transactions thereunder, and comply with other relevant announcement requirements under the Listing Rules and obtain all other necessary approvals and waivers (if applicable);
- (b) the Vendor having obtained all relevant approvals required for the transactions under the First Acquisition Agreement (if necessary) from third parties (including the lending bank of the Project Company);

LETTER FROM THE BOARD

- (c) the boards of directors of the Purchaser and the Company having approved the First Acquisition Agreement and the transactions contemplated thereunder. If it is so required under the Listing Rules or by Hong Kong Stock Exchange, the Company will, in compliance with the Listing Rules, pass all necessary shareholder resolutions (by way of Shareholders' written approval or by an ordinary resolution passed at the general meeting (in case the relevant written approval is not obtained)) to approve the agreement and the transactions contemplated thereunder, comply with other relevant announcement requirements under the Listing Rules, and obtain all other necessary approvals and waivers (if applicable); and
- (d) the Purchaser having obtained all relevant approvals required for the transactions contemplated under the First Acquisition Agreement (if necessary) from third parties.

If the above Conditions Precedent are not fulfilled or waived by 29 February 2016 (or such other date as agreed by both parties), the First Acquisition Agreement will cease and terminate.

As at the Latest Practicable Date, all conditions precedent to the First Acquisition Agreement have been fulfilled and Completion has taken place on 3 May 2016.

Information on the Chengdu Riverside Project

The Chengdu Riverside Project is located at Tianfu Avenue South Section, Tianfu New Area, Chengdu City, Sichuan Province (四川省成都市天府新區天府大道南段). Currently, the total planned gross floor area for commercial and residential use is approximately 3,040,000 square meters, of which approximately 470,000 square meters have been completed, approximately 580,000 square meters are under construction, approximately 1,990,000 square meters are to be developed, and approximately 2,560,000 square meters are to be sold. The overall acquisition includes all assets of the Chengdu Project Company, which comprises the completed properties, cost incurred for construction safety, undeveloped properties and cash, among which, the discounted trading price of the properties for future development is RMB943 per square meter. Acquiring the project only required payment of 20% of the consideration as the deposit, with the remaining consideration being financed through the issuance of perpetual securities. The trading price of similar land around the project was RMB1,600 per square meter in September 2015. Compared with similar land and properties in the vicinity, the Chengdu Riverside Project is highly attractive in terms of trading price, payment conditions and expected profitability.

LETTER FROM THE BOARD

Reasons for and Benefits of the Acquisition

The existing properties and land under the Chengdu Riverside Project are located at the Tianfu New Area, Chengdu, a state-level new area and the key area for the future urban development of Chengdu. With a well-developed surrounding road network, the project is conveniently accessible. It also has outstanding conditions and increasingly improved municipal ancillary facilities. The project has a site area of approximately 1,425 mu, representing scarce resources for large scale commercial-residential development in the downtown of Chengdu in recent years, and favourable for integrated planning and sustainable development. Together with the brand advantage, operation and management experience of Evergrande, it can be developed into a strong and competitive product.

Information on Rise Eagle

Rise Eagle is a company incorporated in the British Virgin Islands with limited liability. Its authorised capital is USD50,000, divided into 50,000 shares of USD1.00 each, of which 1 share has been issued. Rise Eagle holds a 60% equity interest in the Chengdu Project Company.

The Chengdu Project Company was established on 16 December 2001 with a registered capital of USD99,500,000. It holds a piece of urban land with a net land area of 950,072.10 square meters for mixed commercial and residential use located at Guangfu Community, Huayang Street, Tianfu New Area, Chengdu City, Sichuan Province, the PRC.

Set out below is the audited consolidated financial results of Rise Eagle (including the Chengdu Project Company) for the two years ended 30 June 2014 and 2015:

	For the year ended 30 June	
	2014	2015
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Net profit before tax	90,702,000	45,382,000
Net profit after tax	62,558,000	33,184,000

As at 30 June 2015, the audited consolidated net asset value of Rise Eagle (including the Chengdu Project Company) was RMB858,207,000.

Upon completion, the Group will hold a 100% equity interest in Rise Eagle, through which the Group will hold a 60% equity interest in the Chengdu Project Company.

LETTER FROM THE BOARD

(2) Second Acquisition Agreement

Date: 29 December 2015

Parties

Vendor: New World Development (China) Limited

Purchaser: Shengyu (BVI) Limited

Assets to be acquired

The entire equity interest in Triumph Hero, which holds the entire equity interest in the Guiyang Project Company through Spread Glory. The Guiyang Project Company holds the real estate development project located to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC (中國貴陽市金陽區金西北路以東、龍潭路以南、金陽北路以西及金朱路以北) (“Guiyang Project”).

The Guiyang Project Company also holds the entire equity interest in Guiyang New Life Property Service Company Limited (貴陽新生活物業服務有限公司), an 83.33% equity interest in Guiyang Jinyang Hengtai Food Investment Company Limited (貴陽金陽恆泰食品投資有限公司), and a 95% equity interest in Guiyang New World International School (貴陽市新世界國際學校).

Consideration

The consideration for the acquisition of the equity interest in and loan to Triumph Hero is RMB5,300,000,000. The consideration for the transaction will be financed by the proceeds from the issue of perpetual securities by the Company to New World completed on 29 December 2015, and the internal resources of the Company. The consideration is determined after arm’s length negotiations between the Vendor and the Purchaser with reference to the unaudited net asset value of the Target, the intrinsic value of the project and the amount of the loan to the Target. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Second Acquisition Agreement are fair and reasonable, and the entering into of the Second Acquisition Agreement is in the interests of the Company and the shareholders as a whole.

The consideration is payable by the Purchaser to the Vendor in the following manner:

- (a) RMB1,100,000,000 (or its HKD equivalent), being the deposit, has been paid on 6 January 2016.

LETTER FROM THE BOARD

- (b) RMB4,200,000,000 (or its HKD equivalent) has been paid on the completion date (or such other date as agreed in writing by both parties).

Conditions Precedent

Completion of the Second Acquisition Agreement is subject to the fulfillment or waiver of the following Conditions Precedent:

- (a) the boards of directors of the Vendor, NWD and NWCL having approved the Second Acquisition Agreement and the transactions contemplated thereunder. If it is so required under the Listing Rules or by Hong Kong Stock Exchange, NWD and/or NWCL will, in compliance with the Listing Rules, pass all necessary shareholders' resolutions (by way of shareholders' written approval or by an ordinary resolution passed at the general meeting (in case the relevant written approval is not obtained)) to approve the Second Acquisition Agreement and the transactions contemplated thereunder, and comply with other relevant announcement requirements under the Listing Rules and obtain all other necessary approvals or waivers (if applicable);
- (b) the Vendor having obtained all relevant approvals required for the transactions contemplated under the Second Acquisition Agreement (if necessary) from third parties (including the lending bank of the Project Company);
- (c) the boards of directors of the Purchaser and the Company having approved the Second Acquisition Agreement and the transactions contemplated thereunder. If it is so required under the Listing Rules or by Hong Kong Stock Exchange, the Company will, in compliance with the Listing Rules, pass all necessary shareholders' resolutions (by way of Shareholders' written approval or by an ordinary resolution passed at the general meeting (in case the relevant written approval is not obtained)) to approve the agreement and the transactions contemplated thereunder, comply with other relevant announcement requirements under the Listing Rules, and obtain all other necessary approvals or waivers (if applicable); and
- (d) the Purchaser having obtained all relevant approvals required for the transactions contemplated under the Second Acquisition Agreement (if necessary) from third parties.

If the above Conditions Precedent are not fulfilled or waived by 29 February 2016 (or such other date as agreed by the parties thereof), the Second Acquisition Agreement would cease and terminate.

As at the Latest Practicable Date, all conditions precedent to the Second Acquisition Agreement have been fulfilled and Completion has taken place on 18 February 2016.

LETTER FROM THE BOARD

Information on the Guiyang Project

The Guiyang Project is located to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC (中國貴陽市金陽區金西北路以東，龍潭路以南、金陽北路以西及金朱路以北). The project has a site area of 3,229 mu. Currently, the total planned gross floor area is approximately 4,070,000 square meters, of which approximately 930,000 square meters have been completed, approximately 720,000 square meters are under construction, and approximately 3,090,000 square meters are to be sold. The planned property patterns of the project include: villas, cottages, small high-rise residential buildings, high-rise residential buildings, commercial facilities, office buildings, hotel, school and other ancillary facilities. The aggregate price includes all assets of the Guiyang Project Company, which comprises the completed properties, cost incurred for construction safety, undeveloped properties and cash, among which, the discounted trading price of the properties for future development is RMB1,068 per square meter. Acquiring the project only required the payment of 20.75% of the consideration has the deposit, while the balance of the consideration will be financed by the proceeds from the issuance of perpetual securities. In October 2012, the trading price of similar surrounding land was RMB2,233 per square meter. From 2013 to this date, there has been no transaction for similar pieces of land in the area. The Guiyang Project is quite attractive in terms of trading price, payment conditions, profitability and scale when factors such as scarcity and price appreciation are taken into account.

Reasons for and benefits of the Acquisition

The existing properties and the land under the Guiyang Project are located at the centre of Guanshanhu District, a key area in Guiyang City. The project is located at the prestigious school area in Guiyang where a foreign primary school, a foreign middle school and two international schools are in operation. With a well-developed road network, the project lies within a 2 km drive of the Guiyang municipal government, a 3 km drive of Guanshanhu Wetland Park of a site area of 5,500 mu and a 3.5 km drive of Guiyang International Financial Center. Established ancillary facilities for living ranging from shopping mall, urban wetland park to integrated Class-A hospital in the surroundings will enable the project to be an outstanding high-end residential community in Guizhou Province.

Information on Triumph Hero

Triumph Hero is a company incorporated in the British Virgin Islands with limited liability. Its authorised capital is USD50,000, divided into 50,000 shares of USD1.00 each, of which 1 share has been issued. Triumph Hero holds the entire equity interest in Spread Glory, a company established in Hong Kong, which holds the entire equity interest in the Guiyang Project Company. The Guiyang Project Company was established on 30 May 2006 with a registered capital of USD301,350,000. It holds the equity interest in the Guiyang Project.

LETTER FROM THE BOARD

Set out below is the audited aggregated consolidated financial results of Triumph Hero for the two years ended 30 June 2014 and 2015:

	For the year ended 30 June	
	2014	2015
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Net loss before tax	(10,712,000)	(38,722,000)
Net loss after tax	(28,809,000)	(33,555,000)

As at 30 June 2015, the audited aggregated consolidated net asset value of Triumph Hero was RMB454,003,000.

Upon completion, the Group will hold 100% equity interest in Triumph Hero.

FINANCIAL EFFECTS TO THE GROUP AS A RESULT OF THE ACQUISITION

Immediately upon the completion of the Acquisition, the Targets will be indirectly wholly-owned by the Group and the financial results of the Targets will be consolidated into the financial statement of the Group.

As set out in Appendix III to this circular, assuming the Acquisition has been completed on 31 December 2015, upon the completion of the Acquisition, the consolidated total assets of the Group would increase from approximately RMB757,035,000,000 to approximately RMB763,443,883,000, as a result of the Acquisition. The increase is primarily due to the consolidation of the assets of the Targets with that of the Group. The consolidated total liabilities of the Group would increase from approximately RMB614,893,000,000 to approximately RMB620,499,785,000 as at 31 December 2015 due to the consolidation of the liabilities of the Targets with that of the Group. As a result, the consolidated net assets of the Group would increase from approximately RMB142,142,000,000 as at 31 December 2015 to approximately RMB142,944,098,000 as a result of the Acquisition.

Taking into account the scarcity of land resources in the area where the Chengdu Riverside Project and the Guiyang Project are located, the Acquisition is expected to broaden the Group's earnings base in the future.

CONCLUSION AND LISTING RULES IMPLICATIONS

The Acquisition enabled the Company to secure two projects in Chengdu and Guiyang from New World at favourable prices with a favourable term of payment, where the Company would only need to pay RMB1.5 billion in advance. The transaction have demonstrated the long established and close partnership between the parties, indicating New World's high recognition of the strength and brand of Evergrande. Meanwhile, leveraging on its standardised operational model with high efficiency in execution, strength in cost control, large-scale and fast development, and

LETTER FROM THE BOARD

rapid sales growth, Evergrande will gain higher returns from such projects than those of other real estate enterprises in China, while New World is also able to share returns from Evergrande's project development through this transaction with subscription of Evergrande's perpetual securities. The parties will achieve mutual benefit with win-win results.

As the Vendor is the seller in both the First Acquisition Agreement and the Second Acquisition Agreement, and that the Company has entered into three agreements with the Vendor on 2 December 2015 to acquire the interests in projects in Haikou, Huiyang and Wuhan, respectively, the Acquisition would need to be aggregated with the acquisitions dated 2 December 2015 in accordance with Rule 14.22 of the Listing Rules. As the aggregated applicable percentage ratios for the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders.

As no Shareholder is interested in the transactions and is required to abstain from voting at the general meeting convened for the approval of the Acquisition, should a general meeting be held for such purposes, the Company has approved this Acquisition by the written approval of Xin Xin, a shareholder holding approximately 67.7% of the issued share capital of the Company as at the date of the Acquisition Agreements, pursuant to Rule 14.44 of the Listing Rules and is exempt from the requirement to convene a shareholders' meeting for the approval of the Acquisition.

By order of the Board
Evergrande Real Estate Group Limited
Hui Ka Yan
Chairman

I. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2015

Financial information of the Group for the three years ended 31 December 2013, 2014 and 2015 are disclosed on pages 91 to 170 of the annual report of the Company for the year ended 31 December 2013, pages 71 to 162 of the annual report of the Company for the year ended 31 December 2014 and pages 67 to 178 of the annual report of the Company for the year ended 31 December 2015, all of which are published on the website of the Stock Exchange at www.hkexnews.hk, and the website of the Company at www.evergrande.com. Quick links to the annual reports of the Company are set out below:

annual report of the Company for the year ended 31 December 2013:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0429/LTN20140429683.pdf>

annual report of the Company for the year ended 31 December 2014:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN201504291178.pdf>

annual report of the Company for the year ended 31 December 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0421/LTN20160421037.pdf>

II. INDEBTEDNESS

Borrowings

At the close of business on 30 April 2016, being the most recent practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding borrowings of approximately RMB364,848 million, details of which are set out as follows:

	<i>RMB' million</i>
Borrowings	
Bank borrowing	
Secured	179,946
Unsecured	691
Other borrowing	
Secured	109,407
Unsecured	253
Senior notes, unsecured	20,561
Perpetual capital instruments, unsecured	4,470
PRC corporate bonds, unsecured	49,520
	<u>364,848</u>

Note:

- (1) Bank and other borrowings, senior notes and perpetual capital instruments were secured by certain of the Enlarged Group's property, plant and equipment of approximately RMB10,515 million, land use rights of approximately RMB2,299 million, investment properties of approximately RMB16,146 million, properties under development of approximately RMB153,413 million, completed properties held for sale of approximately RMB12,145 million, cash in bank of approximately RMB41,090 million, intangible assets of approximately RMB127 million, account receivables of approximately RMB500 million and equity interests of certain subsidiaries of approximately RMB102,122 million.

Financial guarantee and contingent liabilities

At the close of business on 30 April 2016, the Enlarged Group's financial guarantee and contingent liabilities were as follows:

	<i>RMB' million</i>
Mortgage facilities for certain purchasers of properties (<i>Note a</i>)	181,186
Guarantees for credit facilities granted to	
— Associate and third parties	<u>3,623</u>
	<u><u>184,809</u></u>

Note (a): At the close of business on 30 April 2016, the Enlarged Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group. The outstanding mortgage loans under these guarantees amounted to approximately RMB181,186 million. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Enlarged Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Enlarged Group is entitled to take over the legal title and possession of the related properties.

III. WORKING CAPITAL

After taking into account the Enlarged Group's available resources, including internally generated funds, external borrowings and the presently available banking facilities. In the absence of unforeseen circumstances, the Directors are of the opinion that the Enlarged Group will have sufficient working capital to meet its present requirements for the next twelve months from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change to the financial or trading position of the Group since 31 December 2015, being the date to which the latest audited consolidated financial statement of the Company were published.

V. OUTLOOK AND PROSPECTS

Upon completion of the Acquisition, the Enlarged Group will continue to be principally engaged in the property development, property investment, property management, property construction, hotel and other businesses in the PRC. Upon completion of the Acquisition, the Targets will continue with the development of the projects at Chengdu and Guiyang, which include 580,000 square meters and 720,000 square meters of gross floor area under development, and approximately 1,990,000 square meters and 3,090,000 square meters of gross floor area respectively yet to be developed. It is expected that these two projects will be developed and completed over the next two to three years. The unaudited consolidated pro forma financial information of the Group illustrating the financial impact of the Acquisition on the assets and liabilities of the Group is set out in Appendix III to this circular.

The pro forma financial information of the Group has been prepared for illustration purpose only, based on the judgments and assumptions of the Directors, and, due to its hypothetical nature, it may not give a true picture of the financial position of the Group as at the date of completion of the Acquisition or any future date.

VI. OTHER INFORMATION**(a) Liquidity and Financial Resources**

As at 31 December 2015, the Group's cash and cash equivalents were approximately RMB103,090 million.

As at 31 December 2015, the Group's interest-bearing borrowings and other borrowings were approximately RMB296,906 million and were charged at variable interest rate.

(b) Gearing Ratio

As of 31 December 2015, the Group's gearing ratio (calculated by total borrowings divided by total asset) was approximately 39%.

(c) Employee and Remuneration Policy

As at 31 December 2015, the Group had an aggregate of 83,372 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to individual performance and current market rate.

(d) Material acquisitions by the Group

During the year ended 31 December 2015, the Group has conducted the following material acquisitions:

On 2 June 2015, Shengyu (BVI) Limited, a wholly owned subsidiary of the Company, acquired from Marvel Leader Investments Limited the 60% interest in Starhigh International Limited, an investment holding company which holds certain property interests in Chongqing, for the aggregate consideration of RMB5,500,000,000. Details of such acquisition are disclosed in the announcement of the Company dated 2 June 2015.

On 14 July 2015, Shengyu (BVI) Limited acquired from Evergo Holdings (China) Company Limited the equity interests of Lucky Benefit Limited and Rising Sheen Limited, which are two investment holding companies which hold certain property interests in Chengdu, for an aggregate consideration of HK\$6,500,000,000. Details of the acquisition are disclosed in the announcement of the Company dated 14 July 2015.

On 19 October 2015, Shengyu (BVI) Limited entered into agreements with Sinoland China Investment Holdings Limited, Evergo Holdings (China) Company Limited and Marvel Leader Investments Limited, respectively, pursuant to which the Group acquired all the interests in Benefit East Investments Limited, which holds the beneficial interests to a property project in Chongqing. The aggregate consideration for the acquisitions was HK\$7,000,000,000. Details of the acquisitions are disclosed in the announcement of the Company dated 19 October 2015.

On 12 November 2015, Shengyu (BVI) Limited acquired from Great System Investment Limited the equity interests in Pioneer Time Investment Limited, which hold the property known as Mass Mutual Tower located in Wanchai, Hong Kong, for an aggregate consideration of HK\$12,500,000,000. Details of the acquisition are disclosed in the announcement of the Company dated 12 November 2015.

On 20 November 2015, China Insurance Regulatory Commission approved Evergrande Real Estate Group (Nanchang) Co., Limited, an indirect wholly-owned subsidiary of the Company, to acquire 50% equity interest in Great Eastern Life Assurance (China) Co., Ltd. for an aggregate consideration of RMB3,939,110,600. Upon completion of the acquisition, Great Eastern Life Assurance (China) Co., Ltd. changed its name to Evergrande Life Insurance Company Limited. Details of the acquisition are disclosed in the announcement of the company dated 22 November 2015.

On 2 December 2015, Shengyu (BVI) Limited entered into three agreements with the Vendor for the acquisition of interests in property projects held by the Vendor in Haikou, Huiyang and Wuhan for an aggregate consideration of RMB13,500,000,000. Details of the acquisitions are disclosed in the announcement of the Company dated 2 December 2015.

The following is the text of a report on Rise Eagle Worldwide Limited received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

27 June 2016

The Directors
Evergrande Real Estate Group Limited

Dear Sirs,

We report on the financial information of Rise Eagle Worldwide Limited (“Rise Eagle”) and its subsidiary (together, the “Rise Eagle Group”) which comprises the consolidated statements of financial position of Rise Eagle as at 30 June 2013, 2014 and 2015 and 31 December 2015 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of Rise Eagle for each of the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2015 (the “Relevant Periods”) and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Evergrande Real Estate Group Limited (the “Company”) and is set out in Sections I to III below for inclusion in Appendix IIA to the circular of the Company dated 27 June 2016 (the “Circular”) in connection with the acquisition of the equity interests of Rise Eagle by the Company.

Rise Eagle was incorporated in the British Virgin Islands on 28 December 2005 as a limited liability company. As at the date of this report, Rise Eagle has direct interest in a subsidiary as set out in Note 25 of Section II below.

No audited financial statements have been prepared by Rise Eagle as there is no statutory requirement under its place of incorporation. The statutory audited financial statements of the subsidiary of Rise Eagle as at the date of this report for which there are statutory audit requirements has been prepared in accordance with the relevant accounting principles generally accepted in its place of incorporation. The details of the statutory auditor of the subsidiary are set out in Note 25 of Section II.

The directors of Rise Eagle are responsible for the preparation of the consolidated financial statements of Rise Eagle for the Relevant Periods that give a true and fair view in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of

.....
PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”), and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA pursuant to separate terms of engagement.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors’ Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs and accounting policies adopted by the Company and its subsidiaries (together, the “Group”) as set out in the annual report of the Company for the year ended 31 December 2015.

Reporting Accountant’s Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the financial position of Rise Eagle and Rise Eagle Group as at 30 June 2013, 2014 and 2015 and 31 December 2015 and of Rise Eagle Group’s financial performance and cash flows for the Relevant Periods.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to III below included in Appendix IIA to the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of Rise Eagle Group for the six months ended 31 December 2014 and a summary of significant accounting policies and other explanatory information (the “Stub Period Comparative Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below and the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2015.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by

the Independent Auditor of the Entity” issued by the HKICPA. A review of Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

The following is the financial information of Rise Eagle Worldwide Limited (“Rise Eagle”) and its subsidiary (together, the “Rise Eagle Group”) as at 30 June 2013, 2014 and 2015 and 31 December 2015, and for each of the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015 (the “Financial Information”):

I. FINANCIAL INFORMATION

1. Consolidated Statements of Comprehensive Income

	Note	Year ended 30 June			Six months ended 31 December	
		2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000
					(unaudited)	
Revenue	5	571,703	545,850	111,727	91,993	334,499
Cost of sales	6	(447,661)	(405,766)	(80,102)	(63,158)	(267,056)
Gross profit		124,042	140,084	31,625	28,835	67,443
Other income	8	1,220	5,932	5,455	3,066	2,141
Exchange gains/(losses)		44,591	(10,196)	11,103	23,477	(67,720)
Selling expenses	6	(25,650)	(31,620)	(31,998)	(16,018)	(26,593)
Administrative expenses	6	(12,757)	(13,569)	(11,386)	(4,708)	(7,117)
Fair value gain on investment properties	12	19,400	—	40,562	—	12,025
Other gains/(losses), net	8	—	71	21	(30)	282
Finance costs, net	9	—	—	—	—	—
Profit/(loss) before income tax		150,846	90,702	45,382	34,622	(19,539)
Income tax expenses	10	(27,124)	(28,144)	(12,198)	(5,941)	(31,800)
Profit/(loss) and total comprehensive income/ (loss) for the year/period		<u>123,722</u>	<u>62,558</u>	<u>33,184</u>	<u>28,681</u>	<u>(51,339)</u>
Attributable to:						
— Owners of the Company		84,840	21,219	21,357	25,625	(65,229)
— Non-controlling interests	22	<u>38,882</u>	<u>41,339</u>	<u>11,827</u>	<u>3,056</u>	<u>13,890</u>
Profit/(loss) and total comprehensive income/ (loss) for the year/period		<u>123,722</u>	<u>62,558</u>	<u>33,184</u>	<u>28,681</u>	<u>(51,339)</u>

2. Consolidated Statements of Financial Position

	<i>Note</i>	As at 30 June			As at
		2013	2014	2015	31 December
		RMB'000	RMB'000	RMB'000	2015
					RMB'000
Non-current assets					
Property, plant and equipment	11	3,116	4,635	37,504	134,908
Investment properties	12	213,400	135,190	315,400	355,550
Properties under development	13	<u>1,487,293</u>	<u>1,582,755</u>	<u>1,257,432</u>	<u>1,174,073</u>
		<u>1,703,809</u>	<u>1,722,580</u>	<u>1,610,336</u>	<u>1,664,531</u>
Current assets					
Properties under development	13	207,644	374,960	734,759	898,259
Properties held for sale	14	450,456	89,167	431,896	158,934
Inventories		126	181	1,233	1,234
Trade receivables, other receivables, prepayments and deposits	15	28,857	28,119	25,369	132,525
Amounts due from the then intermediate holding company	16	5,843	—	—	—
Amounts due from the then fellow subsidiaries	16	14,000	20,008	25,003	26,831
Prepaid tax		17,136	48,681	62,960	57,266
Restricted bank deposits	17	—	—	—	3,000
Cash and cash equivalents	17	<u>197,160</u>	<u>604,280</u>	<u>329,150</u>	<u>219,910</u>
		<u>921,222</u>	<u>1,165,396</u>	<u>1,610,370</u>	<u>1,497,959</u>
Total assets		<u>2,625,031</u>	<u>2,887,976</u>	<u>3,220,706</u>	<u>3,162,490</u>

2. Consolidated Statements of Financial Position (Continued)

	Note	As at 30 June		As at 31 December	
		2013 RMB'000	2014 RMB'000	2015 RMB'000	2015 RMB'000
EQUITY					
Share capital	18	—	—	—	—
Retained earnings		<u>404,310</u>	<u>425,529</u>	<u>446,886</u>	<u>381,657</u>
		404,310	425,529	446,886	381,657
Non-controlling interests	22	<u>358,155</u>	<u>399,494</u>	<u>411,321</u>	<u>425,211</u>
		358,155	399,494	411,321	425,211
Total equity		<u>762,465</u>	<u>825,023</u>	<u>858,207</u>	<u>806,868</u>
		762,465	825,023	858,207	806,868
Liabilities					
Non-current liabilities					
Borrowings	20	—	460,000	460,000	—
Deferred income tax liabilities	21	<u>4,850</u>	<u>3,073</u>	<u>12,741</u>	<u>15,659</u>
		4,850	3,073	12,741	15,659
		<u>4,850</u>	<u>463,073</u>	<u>472,741</u>	<u>15,659</u>
		4,850	463,073	472,741	15,659
Current liabilities					
Creditors and accruals	19	236,505	138,545	171,965	133,718
Amounts due to the then immediate holding company	16	1,228,652	1,208,673	1,170,794	1,191,736
Amounts due to the then fellow subsidiaries	16	375	—	294	55,450
Amount due to the then related company	16	15,211	5,366	—	—
Advanced proceeds received from customers		100,111	41,781	405,967	447,810
Borrowings	20	230,000	140,000	100,000	460,000
Taxation payable		<u>46,862</u>	<u>65,515</u>	<u>40,738</u>	<u>51,249</u>
		46,862	65,515	40,738	51,249
		<u>1,857,716</u>	<u>1,599,880</u>	<u>1,889,758</u>	<u>2,339,963</u>
		1,857,716	1,599,880	1,889,758	2,339,963
Total liabilities		<u>1,862,566</u>	<u>2,062,953</u>	<u>2,362,499</u>	<u>2,355,622</u>
		1,862,566	2,062,953	2,362,499	2,355,622
Total equity and liabilities		<u>2,625,031</u>	<u>2,887,976</u>	<u>3,220,706</u>	<u>3,162,490</u>
		2,625,031	2,887,976	3,220,706	3,162,490

3. Statements of Financial Position

	<i>Note</i>	As at 30 June			As at
		2013	2014	2015	31 December
		RMB'000	RMB'000	RMB'000	2015
					RMB'000
Non-current assets					
Investment in a subsidiary	25	747,178	756,636	756,636	789,739
Amount due from a subsidiary	25	<u>553,982</u>	<u>516,486</u>	<u>455,062</u>	<u>380,857</u>
		<u>1,301,160</u>	<u>1,273,122</u>	<u>1,211,698</u>	<u>1,170,596</u>
Current asset					
Cash and cash equivalents	17	<u>299</u>	<u>302</u>	<u>302</u>	<u>301</u>
Total assets		<u>1,301,459</u>	<u>1,273,424</u>	<u>1,212,000</u>	<u>1,170,897</u>
EQUITY					
Share capital	18	—	—	—	—
Retained earnings/ (accumulated loss)	26	<u>72,807</u>	<u>64,751</u>	<u>41,206</u>	<u>(20,839)</u>
Total equity/(deficit)		<u>72,807</u>	<u>64,751</u>	<u>41,206</u>	<u>(20,839)</u>
Current liabilities					
Amounts due to the then immediate holding company	16	<u>1,228,652</u>	<u>1,208,673</u>	<u>1,170,794</u>	<u>1,191,736</u>
Total liabilities		<u>1,228,652</u>	<u>1,208,673</u>	<u>1,170,794</u>	<u>1,191,736</u>
Total equity and liabilities		<u>1,301,459</u>	<u>1,273,424</u>	<u>1,212,000</u>	<u>1,170,897</u>

4. Consolidated Statements of Changes in Equity

	<u>Attributable to owners of Rise Eagle</u>				
	Share capital <i>RMB'000</i>	Retained earnings <i>(Note)</i> <i>RMB'000</i>	Total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 July 2012	—	319,470	319,470	319,273	638,743
Profit and total comprehensive income for the year	—	<u>84,840</u>	<u>84,840</u>	<u>38,882</u>	<u>123,722</u>
At 30 June 2013	—	<u>404,310</u>	<u>404,310</u>	<u>358,155</u>	<u>762,465</u>
At 1 July 2013	—	404,310	404,310	358,155	762,465
Profit and total comprehensive income for the year	—	<u>21,219</u>	<u>21,219</u>	<u>41,339</u>	<u>62,558</u>
At 30 June 2014	—	<u>425,529</u>	<u>425,529</u>	<u>399,494</u>	<u>825,023</u>
At 1 July 2014	—	425,529	425,529	399,494	825,023
Profit and total comprehensive income for the year	—	<u>21,357</u>	<u>21,357</u>	<u>11,827</u>	<u>33,184</u>
At 30 June 2015	—	<u>446,886</u>	<u>446,886</u>	<u>411,321</u>	<u>858,207</u>
At 1 July 2015	—	446,886	446,886	411,321	858,207
(Loss)/profit and total comprehensive (loss)/income for the period	—	<u>(65,229)</u>	<u>(65,229)</u>	<u>13,890</u>	<u>(51,339)</u>
At 31 December 2015	—	<u>381,657</u>	<u>381,657</u>	<u>425,211</u>	<u>806,868</u>
At 1 July 2014 (Unaudited)	—	425,529	425,529	399,494	825,023
Profit and total comprehensive income for the period	—	<u>25,625</u>	<u>25,625</u>	<u>3,056</u>	<u>28,681</u>
At 31 December 2014 (Unaudited)	—	<u>451,154</u>	<u>451,154</u>	<u>402,550</u>	<u>853,704</u>

Note: In accordance with the laws and regulations of the People's Republic of China (the "PRC"), a foreign invested enterprise's income, after the payment of the PRC income taxes, shall be allocated to the statutory surplus reserves. The proportion of allocation for reserve funds is no less than 10 per cent of the profit after tax until the accumulated amount of allocation for statutory surplus reserve funds reaches 50 per cent of the registered capital. Such statutory reserve is not distributable.

Up to 30 June 2013, 2014 and 2015 and 31 December 2015, the directors of the PRC subsidiary of Rise Eagle have not made any allocation of income to the statutory reserves nor have they declared any dividend of the PRC subsidiary.

5. Consolidated Statements of Cash Flows

	Year ended 30 June			Six months ended	
	2013	2014	2015	31 December	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
Operating activities					
Profit/(loss) before income tax	150,846	90,702	45,382	34,622	(19,539)
Fair value gain on investment properties	(19,400)	—	(40,562)	—	(12,025)
Interest income	(442)	(4,476)	(3,238)	(1,891)	(938)
Interest expense	22,682	33,889	98,055	54,653	40,569
(Gains)/losses on disposals of investment properties	—	(71)	(21)	30	(46)
Depreciation of property, plant and equipment	1,002	1,004	1,388	705	673
Losses on disposals of property, plant and equipment	8	124	9	—	4
	<u>8</u>	<u>124</u>	<u>9</u>	<u>—</u>	<u>4</u>
Operating profit before working capital changes	154,696	121,172	101,013	88,119	8,698
Increase in properties under development	(183,922)	(262,778)	(34,476)	(274,256)	(80,141)
Decrease/(increase) in properties held for sale	351,294	361,289	(342,729)	60,284	272,962
Increase in inventories	(77)	(55)	(1,052)	(1,060)	(1)
(Increase)/decrease in trade receivables, other receivables, prepayments and deposits	(1,761)	738	2,750	(3,685)	(107,156)
Increase in restricted bank deposits	—	—	—	—	(3,000)
Decrease in creditors and accruals	(63,231)	(110,771)	(4,882)	(68,991)	(56,876)
Increase/(decrease) in advanced proceeds received from customers	<u>37,386</u>	<u>(58,330)</u>	<u>364,186</u>	<u>105,505</u>	<u>41,843</u>
Net cash generated from/ (used in) operations	294,385	51,265	84,810	(94,084)	76,329
PRC corporate income tax paid	(7,191)	(4,510)	(24,777)	(2,797)	—
PRC land appreciation tax paid	(15,263)	(38,303)	(16,809)	(6,532)	(12,677)
Interest paid	<u>(19,281)</u>	<u>(21,078)</u>	<u>(59,753)</u>	<u>(36,620)</u>	<u>(21,940)</u>
Net cash generated from/(used in) operating activities	<u>252,650</u>	<u>(12,626)</u>	<u>(16,529)</u>	<u>(140,033)</u>	<u>41,712</u>

	Note	Year ended 30 June			Six months ended 31 December	
		2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000
					(Unaudited)	
Investing activities						
Purchase of property, plant and equipment		(1,245)	(2,647)	(34,266)	(109)	(98,081)
Acquisition of investment properties		—	—	(160,438)	—	(31,975)
Proceeds received from disposals of investment properties		—	78,281	20,811	8,770	3,896
Interest received		442	4,476	3,238	1,891	938
Cash advanced to the then intermediate holding company		(5,843)	—	—	—	—
Repayments from the then intermediate holding company		—	5,843	—	—	—
Cash advanced to the then fellow subsidiaries		(5,151)	(6,008)	(4,995)	(2,260)	(1,828)
Net cash (used in)/generated from investing activities		(11,797)	79,945	(175,650)	8,292	(127,050)
Financing activities						
Cash advanced from the then immediate holding company		—	—	—	—	20,942
Repayments to the then immediate holding company		(5,886)	(19,979)	(37,879)	(7,485)	—
Cash advanced from the then fellow subsidiaries		375	—	294	—	55,156
Repayments to the then fellow subsidiaries		—	(375)	—	—	—
Cash advanced from the then related company		15,211	—	—	—	—
Repayments to the then related company		—	(9,845)	(5,366)	(3,946)	—
Proceeds from borrowings		—	600,000	100,000	100,000	—
Repayments of borrowings		(185,000)	(230,000)	(140,000)	(40,000)	(100,000)
Net cash (used in)/generated from financing activities		(175,300)	339,801	(82,951)	48,569	(23,902)
Net increase/(decrease) in cash and cash equivalents		65,553	407,120	(275,130)	(83,172)	(109,240)
Cash and cash equivalents at beginning of the year/period		131,607	197,160	604,280	604,280	329,150
Cash and cash equivalents at end of the year/period	17	197,160	604,280	329,150	521,108	219,910

II NOTES TO THE FINANCIAL INFORMATION OF RISE EAGLE

1 GENERAL INFORMATION

Rise Eagle was established on 28 December 2005 as a limited liability company in the British Virgin Islands. The address of Rise Eagle's registered office is Portcullis Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands. The principal activity of Rise Eagle is investment holding. The principal activities of its subsidiary are set out in Note 25.

For the years ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 2015, Rise Eagle's immediate holding company was New World Development (China) Limited ("NWDCL"), a limited liability company established in Hong Kong. The directors also considered that Rise Eagle's ultimate holding company was New World Development Company Limited, a limited liability company established in Hong Kong. On 3 May 2016, NWDCL disposed of its entire interest in Rise Eagle to Shengyu (BVI) Limited ("Shengyu"), a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Evergrande Real Estate Group Limited (the "Company"). After the transaction, Shengyu became the immediate holding company of Rise Eagle and the current directors consider that the Company is the ultimate holding company of Rise Eagle.

The Financial Information is presented in thousands of units of Renminbi ("RMB'000") which is also the functional currency of Rise Eagle.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Rise Eagle Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4 to the Financial Information.

As at 31 December 2015, Rise Eagle and Rise Eagle Group had net current liabilities of approximately RMB1,191,435,000 and RMB842,004,000 respectively and Rise Eagle had a total deficit of RMB20,839,000. The current liabilities of Rise Eagle and Rise Eagle Group as at 31 December 2015 mainly comprised the amounts due to the then immediate holding company of RMB1,191,736,000 which have been transferred to the Company upon NWDCL disposed of its entire interest in Rise Eagle on 3 May 2016. The Company has confirmed to provide continuing financial support to Rise Eagle Group so as to enable Rise Eagle Group to meet its liabilities as and when they fall due and to carry on its businesses without a significant curtailment of operations for the foreseeable future. The directors believe that Rise Eagle Group will continue as a going concern and consequently have prepared the Financial Information on the going concern basis.

(i) *New standards and amendments to standards that are not yet effective and have not been early adopted by Rise Eagle Group*

Certain new standards and amendments to standards have been published that are mandatory for Rise Eagle Group's accounting periods commencing on or after 1 January 2016.

The following new standards and amendments to standards are relevant and applicable to Rise Eagle Group, however, they have not been early adopted in this Financial Information:

		Effective for accounting periods commencing on or after
HKFRS 9	Financial instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Lease	1 January 2019
Annual Improvements Project	Annual Improvements 2012–2014 Cycle	1 January 2016

Management is in the process of making an assessment on the impact of these new standards and amendments to existing standards and is not yet in a position to conclude whether any substantial changes to Rise Eagle Group's significant accounting policies and presentation of Financial Information will be resulted in.

(b) Consolidation

Subsidiaries are entities (including a structured entity) over which Rise Eagle Group has control. Rise Eagle Group controls an entity when Rise Eagle Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to Rise Eagle Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by the subsidiary have been changed where necessary to ensure consistency with the policies adopted by Rise Eagle Group.

(c) Separate financial statements

Investment in a subsidiary is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiary are accounted for by Rise Eagle on the basis of dividends received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from this investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, being the directors of Rise Eagle, review the performance of Rise Eagle and allocate resources accordingly. No segmental analysis is prepared since Rise Eagle Group is mainly engaged in property development business and operated mainly in the People's Republic of China (the "PRC"). In addition, most of the assets and liabilities of Rise Eagle Group are located in the PRC.

(e) Foreign currency translation**(i) Functional and presentation currency**

Items included in the Financial Information are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The Financial Information is presented in RMB, which is Rise Eagle’s functional currency and Rise Eagle Group’s presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings denominated in foreign currencies are presented in the profit or loss within “finance income/costs, net”. All other foreign exchange gains and losses are presented in the profit or loss within “administrative expenses”.

(iii) Group entities

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the group entities are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement of the group entities are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into equity holders’ equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

(f) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by Rise Eagle Group, are classified as investment properties. Property and relevant land use right that are currently being constructed or developed for future use as investment properties are classified as investment properties.

Investment properties are measured initially at its cost, including related transaction costs.

After initial recognition, investment properties are carried at fair value, where the fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date of construction completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If information is not available, Rise Eagle Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to Rise Eagle Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in the profit or loss during the financial period in which they are incurred.

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Rise Eagle Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the year or period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture, fixtures and office equipment	3–5 years
Motor vehicles	5 years

The assets' residual value and estimated useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprise construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(h) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of properties comprises mainly construction costs, cost of land use rights, and borrowing costs incurred during the construction period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in one operating cycle.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises mainly the purchase cost of the goods. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(k) Properties held for sale

Completed properties remaining unsold at the end of each relevant year or period are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

(l) Trade and other receivables

Trade receivables are amounts due from customers for properties sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(m) Impairment of financial assets

For assets carried at amortised cost Rise Eagle Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that Rise Eagle Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Rise Eagle Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- (i) adverse changes in the payment status of borrowers in the portfolio;
- (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Rise Eagle Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, Rise Eagle Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks and deposits held at call with banks, other short term high liquidity investments with original maturities of three months or less.

(o) Creditors and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless Rise Eagle Group has an unconditional right to defer settlement of the liability for at least 12 months after the respective reporting date.

(q) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their

intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(r) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Current and deferred income tax

The tax expense for the year/period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the places where Rise Eagle Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax also includes PRC land appreciation tax which is levied on the appreciation of land value, being the proceeds of sales of properties less attributable expenditures including land cost, borrowing costs and all property development expenditures.

Deferred income tax is recognised using the liability method, on temporary differences arising from the difference between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by Rise Eagle Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Provisions

Provisions are recognised when Rise Eagle Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(u) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties in the ordinary course of Rise Eagle Group's activities. Revenue is shown, net of discount and after eliminated sales with the group entities.

Rise Eagle Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of Rise Eagle Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Rise Eagle Group bases its estimates on historical results, taking into consideration the type of customer, and type of transaction and the specifics of each arrangement.

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. To the extent that Rise Eagle Group has to perform further work on the properties already delivered to the purchasers, the relevant expenses shall be recognised simultaneously. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(ii) Rental income

Rental income of property under operating leases is recognised on a straight-line basis over the lease terms.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, Rise Eagle Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continued unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefits*

In accordance with the rules and regulations in the PRC, the PRC based employees of Rise Eagle Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which Rise Eagle Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, Rise Eagle Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of Rise Eagle Group in independently administrated funds managed by the PRC government.

(w) **Financial guarantee liabilities**

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by Rise Eagle Group to the banks for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation of fees recognised.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3 FINANCIAL RISK MANAGEMENT

(a) **Financial risk factors**

Rise Eagle Group is exposed to a variety of financial risks such as foreign currency risk, credit risk, liquidity risk and interest rate risk, which result from its operating, investing and financing activities. According to Rise Eagle Group's risk management policies, the financial risks shall be assessed continuously by the management taken into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. Rise Eagle Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which Rise Eagle Group is exposed to are described below.

(i) *Foreign currency risk*

Rise Eagle mainly operates in the PRC with most of the transactions denominated and settled in RMB, except for the amounts due to/from the then immediate holding company, the then intermediate holding company and the then fellow subsidiaries which are denominated in Hong Kong dollar ("HKD")

As at 30 June 2013, 2014 and 2015 and 31 December 2014 and 2015, if RMB had strengthened/weakened by 5% against HKD, with all other variables held constant, Rise Eagle Group's pre-tax profit for the year ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 would have been RMB61,433,000 higher/lower, RMB60,434,000 higher/lower, RMB58,540,000 higher/lower and RMB59,073,000 higher/lower respectively, pre-tax loss for the six months ended 31 December 2015 would have been RMB59,587,000 lower/higher, respectively, mainly as a result of net foreign exchange gains/losses on translation of HKD denominated amounts due to/from the then immediate holding company, the then intermediate holding company and the then fellow subsidiaries.

(ii) *Credit risk*

Cash transactions are limited to high-credit-quality institutions. The extent of Rise Eagle Group's credit exposure is represented by the aggregate balance of cash at banks, trade and other receivables, and amounts due from the then fellow subsidiaries.

Deposits are only placed with reputable banks.

For credit exposures to customers, credit terms are granted to customers upon obtaining approval from Rise Eagle Group's senior management after assessing the credit history of those customers. Rise Eagle Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. Rise Eagle Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, Rise Eagle Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances.

In addition, Rise Eagle Group regularly reviews the recoverable amount of each individual trade and other receivables and amounts due from the then fellow subsidiaries to ensure that adequate impairment provisions are made for irrecoverable amounts. Rise Eagle Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The credit quality of the amounts due from the then fellow subsidiaries have been assessed with reference to historical information about the counterparty default and financial position of the counterparty. Management does not believe the credit risk in relation to the then fellow subsidiaries are significant, considering these companies do not have defaults in the past and management does not expect any losses from non-performance by these companies.

Rise Eagle Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. Detailed disclosure of these guarantees is made in Note 27. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand Rise Eagle Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, Rise Eagle Group is able to retain the customer's deposit and resell the property to recover any amounts paid by Rise Eagle Group to the bank. In this regard, the directors of Rise Eagle Group consider that Rise Eagle Group's credit risk is significantly reduced.

(iii) *Liquidity risk*

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments.

Rise Eagle Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. Rise Eagle Group will pursue such options based on its assessment of relevant future costs and benefits.

The Company, the ultimate holding company, has also confirmed to provide continuing financial support to Rise Eagle Group so as to enable Rise Eagle Group to meet its liabilities as and when they fall due.

The table below analyses Rise Eagle Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the date of consolidated statements of financial position to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flow.

Rise Eagle Group

	Within 1 year or repayable on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	Total RMB'000
At 30 June 2013				
Creditors and accruals	225,802	—	—	225,802
Amounts due to the then immediate holding company	1,228,652	—	—	1,228,652
Amounts due to the then fellow subsidiaries	375	—	—	375
Amount due to the then related company	15,211	—	—	15,211
Borrowings	<u>247,711</u>	<u>—</u>	<u>—</u>	<u>247,711</u>
	<u>1,717,751</u>	<u>—</u>	<u>—</u>	<u>1,717,751</u>
At 30 June 2014				
Creditors and accruals	125,672	—	—	125,672
Amounts due to the then immediate holding company	1,208,673	—	—	1,208,673
Amount due to the then related company	5,366	—	—	5,366
Borrowings	<u>182,816</u>	<u>91,752</u>	<u>402,022</u>	<u>676,590</u>
	<u>1,522,527</u>	<u>91,752</u>	<u>402,022</u>	<u>2,016,301</u>
At 30 June 2015				
Creditors and accruals	169,267	—	—	169,267
Amounts due to the then immediate holding company	1,170,794	—	—	1,170,794
Amounts due to the then fellow subsidiaries	294	—	—	294
Borrowings	<u>137,470</u>	<u>463,454</u>	<u>—</u>	<u>600,924</u>
	<u>1,477,825</u>	<u>463,454</u>	<u>—</u>	<u>1,941,279</u>

	Within 1 year or repayable on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	Total RMB'000
At 31 December 2015				
Creditors and accruals	126,631	—	—	126,631
Amounts due to the then immediate holding company	1,191,736	—	—	1,191,736
Amounts due to the then fellow subsidiaries	55,450	—	—	55,450
Borrowings	<u>480,363</u>	<u>—</u>	<u>—</u>	<u>480,363</u>
	<u>1,854,180</u>	<u>—</u>	<u>—</u>	<u>1,854,180</u>

Rise Eagle Group was also in cooperation with certain financial institutions and arranged mortgage loan facilities for its purchasers of properties. Details are disclosed in Note 27. Based on expectations at the end of each reporting period, Rise Eagle Group considers that it is more likely than not that no amount will be payable under the arrangement.

Rise Eagle

	Within 1 year or repayable on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	Total RMB'000
At 30 June 2013				
Amounts due to the then immediate holding company	<u>1,228,652</u>	<u>—</u>	<u>—</u>	<u>1,228,652</u>
At 30 June 2014				
Amounts due to the then immediate holding company	<u>1,208,673</u>	<u>—</u>	<u>—</u>	<u>1,208,673</u>
At 30 June 2015				
Amounts due to the then immediate holding company	<u>1,170,794</u>	<u>—</u>	<u>—</u>	<u>1,170,794</u>
At 31 December 2015				
Amounts due to the then immediate holding company	<u>1,191,736</u>	<u>—</u>	<u>—</u>	<u>1,191,736</u>

(iv) Interest rate risk

Rise Eagle Group's interest-bearing assets and liabilities are mainly cash at bank and cash equivalents and borrowings. Rise Eagle Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

Since all borrowings are mainly related to Rise Eagle Group's development projects and all interests, which are directly attributable to the constructions, have been capitalised in properties under development for the years ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 2015. Any significant change in interest rate would not have impact on the profit or loss for the years/periods and therefore, no sensitivity analysis has been presented.

(b) Capital risk management

Rise Eagle Group's objectives when managing capital are to safeguard Rise Eagle Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Rise Eagle Group may adjust the amount of dividends paid to equity owners, issue new shares or sell assets to reduce debt.

Rise Eagle Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts (including amount due to the then immediate holding company and borrowings) divided by total assets, as shown in the consolidated statements of financial position.

The gearing ratios as at 30 June 2013, 2014 and 2015 and 31 December 2015 were as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total debts	<u>1,458,652</u>	<u>1,808,673</u>	<u>1,730,794</u>	<u>1,651,736</u>
Total assets	<u>2,625,031</u>	<u>2,887,976</u>	<u>3,220,706</u>	<u>3,162,490</u>
Gearing ratio	<u>56%</u>	<u>63%</u>	<u>54%</u>	<u>52%</u>

(c) Fair values estimation

The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
3. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Rise Eagle Group's investment properties are recognised under level 3 of the fair value hierarchy and details of the valuation are disclosed in Note 12.

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Rise Eagle Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements used in preparing the Financial Information are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year or period are discussed below:

(a) Estimated fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates. In making the judgement, management considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Rise Eagle Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

(b) Provision for properties under development and completed properties held for sale

Rise Eagle Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(c) PRC corporate income taxes and deferred taxation

Rise Eagle Group's entities that operates in the PRC are subject to income taxes in the PRC. Significant judgement is required in determining the provision for income tax and withholding tax on unremitted earnings of PRC subsidiary. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Rise Eagle Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiary) is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) PRC land appreciation taxes

Rise Eagle Group is subject to land appreciation taxes (“LAT”) in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and Rise Eagle Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its property development projects. Accordingly, significant judgement is required in determining the amount of LAT. Rise Eagle Group recognised the LAT based on management’s best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(e) Estimations for total property construction costs

Rise Eagle Group estimates property construction costs upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management and will be assessed periodically during the construction progress. Should these estimates depart from their actual finalised costs, such differences would affect the accuracy of costs of sales recognised.

5 REVENUE

	Year ended 30 June			Six months ended 31 December	
	2013	2014	2015	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Sales of properties	<u>571,703</u>	<u>545,850</u>	<u>111,727</u>	<u>91,993</u>	<u>334,499</u>

Rise Eagle Group is mainly engaged in property development business and operated mainly in the PRC. The revenue generated from sales of properties represents the only segment revenue of Rise Eagle Group.

6 EXPENSES BY NATURE

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
Auditor's remuneration	58	268	258	129	110
Advertising expenses	8,474	10,012	9,147	5,770	6,939
Commission expenses	1,839	4,173	4,944	1,914	5,045
Costs of properties sold	447,661	405,766	80,102	63,158	267,056
Depreciation of property, plant and equipment (<i>Note 11</i>)	1,002	1,004	1,388	705	673
Direct operating expense arising from investment properties that generates rental income	113	183	102	65	123
Employee benefit expenses:					
— Wages, salaries and welfare	3,370	3,892	5,258	2,143	3,930
— Social security and pension costs	1,112	1,322	1,793	709	1,322
Legal and professional fees	166	255	616	89	1,198
Losses on disposal of property, plant and equipment	8	124	9	—	4
Other tax and charges	13	434	173	140	223
Promotion expenses	14,071	16,427	15,793	7,407	12,553
Others	8,181	7,095	3,903	1,655	1,590
Total	486,068	450,955	123,486	83,884	300,766
Representing:					
— Cost of sales	447,661	405,766	80,102	63,158	267,056
— Selling expenses	25,650	31,620	31,998	16,018	26,593
— Administrative expenses	12,757	13,569	11,386	4,708	7,117
	486,068	450,955	123,486	83,884	300,766

7 DIRECTORS' REMUNERATION AND KEY MANAGEMENT COMPENSATION

(i) Directors' remuneration

During the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015, (i) none of the directors of Rise Eagle receive any fee or other emoluments in respect of their services to Rise Eagle Group; (ii) none of the directors of Rise Eagle waived any emoluments paid or payable by Rise Eagle Group companies; (iii) no emoluments were paid by Rise Eagle Group to the directors as an inducement to join or upon joining the Rise Eagle Group or as compensation for loss of office.

(i) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of Rise Eagle or its subsidiary undertaking during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(ii) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(iii) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of Rise Eagle during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to Rise Eagle Group's business to which Rise Eagle was a party and in which a director of Rise Eagle had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(ii) Five highest paid individuals

Emoluments paid to the five highest paid individuals of Rise Eagle Group are as follows:

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000
Basic salaries, allowance and benefits in kind	1,630	2,050	2,289	903	948

Their emoluments were all within Nil to HKD1,000,000.

8 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
Other income					
Bank interest income	442	4,476	3,238	1,891	938
Rental income	778	1,456	2,217	1,175	1,203
	<u>1,220</u>	<u>5,932</u>	<u>5,455</u>	<u>3,066</u>	<u>2,141</u>
Other gains/(losses), net					
Gains/(losses) on disposals of investment properties	—	71	21	(30)	46
Others	—	—	—	—	236
	<u>—</u>	<u>71</u>	<u>21</u>	<u>(30)</u>	<u>282</u>

9 FINANCE COSTS, NET

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
Finance costs					
Interest expenses of borrowings	19,281	21,078	59,753	36,620	21,940
Interest expenses of amounts due to the then immediate holding company	3,401	12,811	38,302	18,033	18,629
Less: interest capitalised	(22,682)	(33,889)	(98,055)	(54,653)	(40,569)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

For the year ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015, borrowing costs were capitalised at the weighted average rate of 6.7%, 6.3%, 6.3%, 6.3% (unaudited) and 6.5% respectively.

10 INCOME TAX EXPENSES

PRC enterprise income tax have been provided at 25% on the assessable profits for the years ended 30 June 2013, 2014 and 2015 and for the six months ended 31 December 2014 and 2015.

	Year ended 30 June			Six months ended 31 December	
	2013	2014	2015	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current income tax	22,388	23,163	—	4,058	9,969
Land appreciation tax	1,336	6,758	2,530	2,083	18,371
(Over)/under-provision in prior years	(1,450)	—	—	—	542
Deferred taxation (<i>Note21</i>)	4,850	(1,777)	9,668	(200)	2,918
	<u>27,124</u>	<u>28,144</u>	<u>12,198</u>	<u>5,941</u>	<u>31,800</u>

The reconciliation between profit/(loss) before taxation and income tax expense is as follows:

	Year ended 30 June			Six months ended 31 December	
	2013	2014	2015	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) before taxation	<u>150,846</u>	<u>90,702</u>	<u>45,382</u>	<u>34,622</u>	<u>(19,539)</u>
Calculated at PRC enterprise income tax rate of 25%	37,712	22,676	11,346	8,656	(4,885)
Land appreciation tax deductible for income tax purpose	(334)	(1,690)	(633)	(521)	(4,593)
Income not subject to tax	(11,148)	—	(2,776)	(5,870)	—
Expenses not deductible for tax purpose	1,304	1,365	1,409	1,280	21,831
(Over)/under-provision in prior years	(1,450)	—	—	—	542
Others	(296)	(965)	322	313	534
Corporate income tax	25,788	21,386	9,668	3,858	13,429
Land appreciation tax	<u>1,336</u>	<u>6,758</u>	<u>2,530</u>	<u>2,083</u>	<u>18,371</u>
Income tax expenses	<u>27,124</u>	<u>28,144</u>	<u>12,198</u>	<u>5,941</u>	<u>31,800</u>

11 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles <i>RMB'000</i>	Furniture, fixtures and office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 July 2012				
Cost	2,940	2,618	—	5,558
Accumulated depreciation	<u>(977)</u>	<u>(1,700)</u>	<u>—</u>	<u>(2,677)</u>
Net book amount	<u>1,963</u>	<u>918</u>	<u>—</u>	<u>2,881</u>
Year ended 30 June 2013				
Opening net book amount	1,963	918	—	2,881
Additions	884	361	—	1,245
Disposals	—	(8)	—	(8)
Depreciation	<u>(453)</u>	<u>(549)</u>	<u>—</u>	<u>(1,002)</u>
Closing net book amount	<u>2,394</u>	<u>722</u>	<u>—</u>	<u>3,116</u>
At 30 June 2013				
Cost	3,824	2,994	—	6,818
Accumulated depreciation	<u>(1,430)</u>	<u>(2,272)</u>	<u>—</u>	<u>(3,702)</u>
Net book amount	<u>2,394</u>	<u>722</u>	<u>—</u>	<u>3,116</u>
Year ended 30 June 2014				
Opening net book amount	2,394	722	—	3,116
Additions	—	2,647	—	2,647
Disposals	(120)	(4)	—	(124)
Depreciation	<u>(538)</u>	<u>(466)</u>	<u>—</u>	<u>(1,004)</u>
Closing net book amount	<u>1,736</u>	<u>2,899</u>	<u>—</u>	<u>4,635</u>
At 30 June 2014				
Cost	3,468	5,595	—	9,063
Accumulated depreciation	<u>(1,732)</u>	<u>(2,696)</u>	<u>—</u>	<u>(4,428)</u>
Net book amount	<u>1,736</u>	<u>2,899</u>	<u>—</u>	<u>4,635</u>
Year ended 30 June 2015				
Opening net book amount	1,736	2,899	—	4,635
Additions	—	175	34,091	34,266
Disposals	—	(9)	—	(9)
Depreciation	<u>(388)</u>	<u>(1,000)</u>	<u>—</u>	<u>(1,388)</u>
Closing net book amount	<u>1,348</u>	<u>2,065</u>	<u>34,091</u>	<u>37,504</u>

	Motor vehicles <i>RMB'000</i>	Furniture, fixtures and office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 30 June 2015				
Cost	3,468	5,679	34,091	43,238
Accumulated depreciation	<u>(2,120)</u>	<u>(3,614)</u>	<u>—</u>	<u>(5,734)</u>
Net book amount	<u>1,348</u>	<u>2,065</u>	<u>34,091</u>	<u>37,504</u>
Six months ended 31 December 2015				
Opening net book amount	1,348	2,065	34,091	37,504
Additions	—	101	97,980	98,081
Disposals	—	(4)	—	(4)
Depreciation	<u>(193)</u>	<u>(480)</u>	<u>—</u>	<u>(673)</u>
Closing net book amount	<u>1,155</u>	<u>1,682</u>	<u>132,071</u>	<u>134,908</u>
At 31 December 2015				
Cost	3,468	5,737	132,071	141,276
Accumulated depreciation	<u>(2,313)</u>	<u>(4,055)</u>	<u>—</u>	<u>(6,368)</u>
Net book amount	<u>1,155</u>	<u>1,682</u>	<u>132,071</u>	<u>134,908</u>
Six months ended 31 December 2014 (Unaudited)				
Opening net book amount	1,736	2,899	—	4,635
Additions	—	109	—	109
Depreciation	<u>(194)</u>	<u>(511)</u>	<u>—</u>	<u>(705)</u>
Closing net book amount	<u>1,542</u>	<u>2,497</u>	<u>—</u>	<u>4,039</u>
At 31 December 2014 (Unaudited)				
Cost	3,468	5,704	—	9,172
Accumulated depreciation	<u>(1,926)</u>	<u>(3,207)</u>	<u>—</u>	<u>(5,133)</u>
Net book amount	<u>1,542</u>	<u>2,497</u>	<u>—</u>	<u>4,039</u>

12 INVESTMENT PROPERTIES

As at 31 December 2015, Rise Eagle Group held certain car parks and commercial buildings located in Chengdu, the PRC, which are held for long-term rental yields or for capital appreciation. Changes to the carrying amounts of investment properties in the consolidated statements of financial position are summarised as follows:

	Completed <i>RMB'000</i>	Under construction <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 July 2012	194,000	—	194,000
Fair value gain	<u>19,400</u>	<u>—</u>	<u>19,400</u>
At 30 June 2013	<u>213,400</u>	<u>—</u>	<u>213,400</u>
At 1 July 2013	213,400	—	213,400
Disposals	<u>(78,210)</u>	<u>—</u>	<u>(78,210)</u>
At 30 June 2014	<u>135,190</u>	<u>—</u>	<u>135,190</u>
At 1 July 2014	135,190	—	135,190
Additions of land cost and construction costs	—	160,438	160,438
Fair value gain	—	40,562	40,562
Disposals	<u>(20,790)</u>	<u>—</u>	<u>(20,790)</u>
At 30 June 2015	<u>114,400</u>	<u>201,000</u>	<u>315,400</u>
At 1 July 2015	114,400	201,000	315,400
Additions of land cost and construction costs	—	31,975	31,975
Fair value gain	—	12,025	12,025
Disposals	<u>(3,850)</u>	<u>—</u>	<u>(3,850)</u>
At 31 December 2015	<u>110,550</u>	<u>245,000</u>	<u>355,550</u>
At 1 July 2014 (Unaudited)	135,190	—	135,190
Disposals	<u>(8,800)</u>	<u>—</u>	<u>(8,800)</u>
As at 31 December 2014 (Unaudited)	<u>126,390</u>	<u>—</u>	<u>126,390</u>

Rise Eagle Group measures its investment properties at fair value. The investment properties were revalued by Knight Frank Petty Limited, an independent qualified valuer, who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties. As at 30 June 2013, 2014 and 2015, and 31 December 2014 and 2015, the investment properties were valued on an open market value basis. For all investment properties, their current use equates to the highest and best use.

Rise Eagle Group's finance department reviews the valuation performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every year, in line with Rise Eagle Group's reporting date.

At each financial year end, the finance department verifies all major inputs to the independent valuation report; assesses property valuation movements when compared to the prior year valuation report; and holds discussions with the independent valuer.

Direct comparison method is based on comparing the car park to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of commercial properties under development in the PRC is generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

As at 30 June 2013, 2014 and 2015, and 31 December 2015, all investment properties are included in level 3 fair value hierarchy.

There were no changes to the valuation techniques during the years ended 30 June 2013, 2014 and 2015 and six months ended 31 December 2014 and 2015, and there were no transfers between fair value hierarchy during the years/ periods.

Information about fair value measurements using significant unobservable inputs:

As at 30 June 2013:

Completed properties	Valuation technique	Range of significant unobservable inputs Prevailing market price RMB
Carparks	Direct comparison	RMB110,000 per carpark space

As at 30 June 2014:

Completed properties	Valuation technique	Range of significant unobservable inputs Prevailing market price RMB
Carparks	Direct comparison	RMB110,000 per carpark space

As at 30 June 2015:

Completed properties	Valuation technique	Range of significant unobservable inputs Prevailing market price RMB
Carparks	Direct comparison	RMB110,000 per carpark space

		<u>Range of significant unobservable inputs</u>		
Properties under development	Valuation technique	Prevailing market price <i>RMB</i>	Budgeted costs to complete <i>RMB</i>	Estimated developer's profit and risk margins %
Commercial	Residual	RMB16,900– RMB17,800 per square metre	RMB608,400,000– RMB799,400,000	7%

As at 31 December 2015:

Completed properties	Valuation technique	Range of significant unobservable inputs Prevailing market price <i>RMB</i>
Carparks	Direct comparison	RMB110,000 per carpark space

		<u>Range of significant unobservable inputs</u>		
Properties under development	Valuation technique	Prevailing market price <i>RMB</i>	Budgeted costs to complete <i>RMB</i>	Estimated developer's profit and risk margins %
Commercial	Residual	RMB19,200 per square metre	Approximately RMB910,000,000	27.5%

Relationship of unobservable inputs to fair value:

- The higher prevailing market price, the higher fair value;
- The higher budgeted costs to complete, the lower fair value; and
- The higher estimated developer's profit and risk margins, the lower fair value.

13 PROPERTIES UNDER DEVELOPMENT

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Properties under development expected to be completed:				
Non-current	1,487,293	1,582,755	1,257,432	1,174,073
Current	<u>207,644</u>	<u>374,960</u>	<u>734,759</u>	<u>898,259</u>
	<u>1,694,937</u>	<u>1,957,715</u>	<u>1,992,191</u>	<u>2,072,332</u>
Properties under development comprise:				
Construction costs and capitalised expenditures	731,392	942,675	1,001,926	1,080,024
Interest capitalised	62,524	83,271	171,231	190,801
Land use rights	<u>901,021</u>	<u>931,769</u>	<u>819,034</u>	<u>801,507</u>
	<u>1,694,937</u>	<u>1,957,715</u>	<u>1,992,191</u>	<u>2,072,332</u>

Rise Eagle Group's properties under development are located in the PRC.

As at 30 June 2013, 2014 and 2015 and 31 December 2015, properties under development with aggregate net book value of approximately RMB862,526,000 were pledged as securities for bank borrowings made available to Rise Eagle Group (Note 20).

14 PROPERTIES HELD FOR SALE

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Properties held for sale:				
— In the PRC, held on leases of 70 years	<u>450,456</u>	<u>89,167</u>	<u>431,896</u>	<u>158,934</u>

15 TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Trade receivables	453	1,612	4,118	26,559
Prepayments and deposits	28,334	26,189	21,100	105,830
Others	<u>70</u>	<u>318</u>	<u>151</u>	<u>136</u>
	<u>28,857</u>	<u>28,119</u>	<u>25,369</u>	<u>132,525</u>

As at 30 June 2013, 2014 and 2015, and 31 December 2015, the aging analysis of the trade receivables based on invoice dates was as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Within 90 days	—	—	3,959	16,444
Over 90 days and within 180 days	—	—	52	3,714
Over 180 days and within 365 days	—	—	107	6,393
Over 365 days	453	1,612	—	8
	<u>453</u>	<u>1,612</u>	<u>4,118</u>	<u>26,559</u>

As at 30 June 2013, 2014, 2015 and 31 December 2015, trade receivables of RMB453,000, RMB1,612,000, RMB3,420,000 and RMB5,582,000 respectively were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these past due but not impaired trade receivables by overdue date is as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Within 1 month	—	—	2,458	1,612
1 month to 2 months	—	—	475	401
2 months to 3 months	—	—	328	360
Over 3 months	453	1,612	159	3,209
	<u>453</u>	<u>1,612</u>	<u>3,420</u>	<u>5,582</u>

As at 30 June 2013, 2014 and 2015 and 31 December 2015, no trade receivable was impaired.

Rise Eagle Group does not hold any collateral over these balances.

16 BALANCES WITH THE THEN INTERMEDIATE HOLDING COMPANY, THE THEN IMMEDIATE HOLDING COMPANY, THE THEN FELLOW SUBSIDIARIES AND THE THEN RELATED COMPANY

Amounts due to the then immediate holding company are unsecured, denominated in HKD and repayable on demand. The balances included RMB74,000,000, RMB279,000,000, RMB833,000,000 and RMB809,000,000 as at 30 June 2013, 2014 and 2015 and 31 December 2015, respectively, which bear interest at an average rate of 4.6% per annum. The remaining balances are interest-free.

Amounts due from the then intermediate holding company and the then fellow subsidiaries are unsecured, interest-free, denominated in HKD and repayable on demand.

Amount due to the then related company was unsecured, interest-free, denominated in RMB and repayable on demand.

The carrying amounts of these balances approximate their fair values.

17 RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Rise Eagle Group

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Cash at banks	196,993	604,122	329,093	219,851
Cash on hand	167	158	57	59
Restricted bank deposits	—	—	—	3,000
	<u>197,160</u>	<u>604,280</u>	<u>329,150</u>	<u>222,910</u>

Notes:

- (a) The carrying amounts of restricted bank deposits and cash and cash equivalents are mainly denominated in RMB.
- (b) Cash at banks earns interest at floating daily bank deposit rates.
- (c) The conversion of RMB denominated balances into foreign currencies and the remittance of cash out of PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Rise Eagle

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Cash at banks	<u>299</u>	<u>302</u>	<u>302</u>	<u>301</u>

Notes:

- (a) Cash and cash equivalents are mainly denominated in HKD.
- (b) Cash at banks earns interest at floating daily bank deposit rates.

18 SHARE CAPITAL

	No. of ordinary share	Nominal value of ordinary share USD
Authorised at 30 June 2013, 2014 and 2015 and 31 December 2015	<u>50,000</u>	<u>50,000</u>

	No. of ordinary share	Nominal value of ordinary share USD	Equivalent nominal value of ordinary share RMB
Issued and fully paid, of USD1 at 30 June 2013, 2014 and 2015 and 31 December 2015	<u>1</u>	<u>1</u>	<u>8</u>

19 CREDITORS AND ACCRUALS

	As at 30 June			As at 31 December
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Construction fee payables	214,442	101,357	143,085	98,408
Interest payables	234	332	9,492	3,659
Deposit received	10,703	12,873	2,698	7,087
Other payables	<u>11,126</u>	<u>23,983</u>	<u>16,690</u>	<u>24,564</u>
	<u>236,505</u>	<u>138,545</u>	<u>171,965</u>	<u>133,718</u>

The carrying amounts approximate their fair values. Creditors and accruals are due for settlement within one year.

As at 30 June 2013, 2014 and 2015, and 31 December 2015, the aging analysis of the construction fee payables was as follows:

	As at 30 June			As at 31 December
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	<u>214,442</u>	<u>101,357</u>	<u>143,085</u>	<u>98,408</u>

20 BORROWINGS

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Bank borrowings	230,000	600,000	560,000	460,000
— Less: current portion	<u>(230,000)</u>	<u>(140,000)</u>	<u>(100,000)</u>	<u>(460,000)</u>
Non-current portion	<u>—</u>	<u>460,000</u>	<u>460,000</u>	<u>—</u>

The interest rates for bank borrowings are as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	%	%	%	2015
				%
Fixed interest borrowings	7.04%	7.38%	7.38%	7.38%
Floating interest borrowings	<u>—</u>	<u>7.38%</u>	<u>7.2%</u>	<u>6.9%</u>

As at 30 June 2013, 2014 and 2015 and 31 December 2015, properties under development with aggregate net book value of approximately RMB862,526,000 were pledged as securities for bank borrowings made available to Rise Eagle Group.

Borrowings are repayable as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Within one year	230,000	140,000	100,000	460,000
Between one to two years	—	60,000	460,000	—
Between two to five years	<u>—</u>	<u>400,000</u>	<u>—</u>	<u>—</u>
	<u>230,000</u>	<u>600,000</u>	<u>560,000</u>	<u>460,000</u>

The carrying amounts of borrowings are denominated in RMB.

21 DEFERRED TAX LIABILITIES

Rise Eagle Group

Deferred income tax is calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the balance sheet date.

Movement of deferred tax liabilities is as follows:

	Fair value gain on investment properties <i>RMB'000</i>
Year ended 30 June 2013	
At 1 July 2012	—
Charged to profit or loss (<i>Note10</i>)	<u>4,850</u>
At 30 June 2013	<u><u>4,850</u></u>
Year ended 30 June 2014	
At 1 July 2013	4,850
Credited to profit or loss (<i>Note10</i>)	<u>(1,777)</u>
At 30 June 2014	<u><u>3,073</u></u>
Year ended 30 June 2015	
At 1 July 2014	3,073
Charged to profit or loss (<i>Note10</i>)	<u>9,668</u>
At 30 June 2015	<u><u>12,741</u></u>
Six months ended 31 December 2015	
At 1 July 2015	12,741
Charged to profit or loss (<i>Note10</i>)	<u>2,918</u>
At 31 December 2015	<u><u>15,659</u></u>
Six months ended 31 December 2014 (Unaudited)	
At 1 July 2014	3,073
Credited to profit or loss (<i>Note10</i>)	<u>(200)</u>
At 31 December 2014 (Unaudited)	<u><u>2,873</u></u>

No deferred tax liability for withholding tax has been recognised for the undistributed earnings of a subsidiary of RMB75,433,000, RMB95,283,000, RMB95,313,000 and RMB73,943,000 as at 30 June 2013, 2014 and 2015 and 31 December 2015, respectively, because Rise Eagle Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Rise Eagle

As at 30 June 2013, 2014 and 2015, and 31 December 2015, Rise Eagle had no material unprovided deferred tax assets and liabilities.

22 NON-CONTROLLING INTERESTS

The non-controlling interests represent the 40% equity interest of Chengdu Xinyi Real Estate Development Co., Ltd., the subsidiary of the Rise Eagle, which are owned by Hing Pang Petroleum Chemicals (H.K.) Limited and Chengdu Shen Gang Petroleum Co., Ltd. Each of the non-controlling interests owns 20% equity interests of the subsidiary. The total assets, total liabilities and financial performance of Rise Eagle Group are substantially attributable to the subsidiary, except for the amounts due to the then immediate holding company.

The profit for the year ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015 attributable to the non-controlling interests is RMB38,882,000, RMB41,339,000, RMB11,827,000, RMB3,056,000 (unaudited) and RMB13,890,000, respectively.

23 COMMITMENTS**(a) Capital commitment**

As at 30 June 2013, 2014 and 2015 and 31 December 2015, Rise Eagle and Rise Eagle Group had no significant capital commitment. Details of the budgeted costs to complete for investment properties under development are disclosed in Note 12.

(b) Operating lease arrangements

The future aggregate minimum lease rental receivables of Rise Eagle Group under non-cancellable operating leases in respect of properties are as follows:

	As at 30 June		As at 31 December	
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
No later than 1 year	300	303	666	738
Later than 1 year and no later than 5 years	<u>1,563</u>	<u>1,754</u>	<u>3,142</u>	<u>3,179</u>
	<u>1,863</u>	<u>2,057</u>	<u>3,808</u>	<u>3,917</u>

As at 30 June 2013, 2014 and 2015, and 31 December 2015, Rise Eagle had no material operating lease commitment.

24 RELATED PARTY TRANSACTIONS

The following significant related party transactions which, in the opinion of the directors, were in the ordinary course of Rise Eagle Group's business, were entered into between Rise Eagle Group and related parties.

	Year ended 30 June			Six months ended 31 December	
	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (unaudited)	2015 <i>RMB'000</i>
Property management services provided by fellow subsidiaries	11,145	6,007	3,889	1,947	1,560
Construction materials purchased from related companies	1,302	5,507	2,961	504	1,350
Construction services provided by related companies	<u>8,340</u>	<u>19,175</u>	<u>8,988</u>	<u>3,592</u>	<u>12,306</u>

The prices of services provided are based on the prevailing market prices of similar services provided to third parties.

25 INVESTMENT IN A SUBSIDIARY

	As at 30 June			As at 31 December
	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>	2015 <i>RMB'000</i>	2015 <i>RMB'000</i>
Investment in a subsidiary, at cost	<u>747,178</u>	<u>756,636</u>	<u>756,636</u>	<u>789,739</u>
Amount due from a subsidiary	<u>553,982</u>	<u>516,486</u>	<u>455,062</u>	<u>380,857</u>

Amount due from a subsidiary is unsecured, denominated in HKD, bearing interest at an average rate of 4.6% and has no fixed term of repayment.

The following are the details of the principal subsidiary as at 30 June 2013, 2014 and 2015, and 31 December 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the group	Proportion of ordinary shares held by non-controlling interests
Chengdu Xinyi Real Estate Development Co., Ltd. 成都心怡房地產開發有限公司 (Note)	The PRC, limited liability company	Property development in the PRC	USD99,500,000	60%	60%	40%

Note: The statutory financial statements of the subsidiary for each of the years ended 31 December 2012, 2013, 2014 and 2015 were audited by 亞太(集團)會計師事務所(特殊普通合伙)四川分所 (Asia Pacific (Group) CPAs (special general partnership) Sichuan branch).

26 RESERVE — RISE EAGLE

Movement in reserve of Rise Eagle is as follows:

	Retained earnings/ (accumulated losses) RMB'000
As at 1 July 2012	78,456
Loss for the year	<u>(5,649)</u>
As at 30 June 2013	72,807
Loss for the year	<u>(8,056)</u>
As at 30 June 2014	64,751
Loss for the year	<u>(23,545)</u>
As at 30 June 2015	41,206
Loss for the period	<u>(62,045)</u>
As at 31 December 2015	<u><u>(20,839)</u></u>

27 GUARANTEE

	As at 30 June			As at
	2013	2014	2015	31 December
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Guarantee in respect of mortgage facilities for certain purchasers	<u>65,710</u>	<u>154,310</u>	<u>100,735</u>	<u>188,327</u>

Rise Eagle Group was in cooperation with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within four years after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers. As at 30 June 2013, 2014 and 2015 and 31 December 2015, no provision was made in respect of their guarantee.

28 SUBSEQUENT EVENTS

There have been no significant events subsequent to 31 December 2015 up to the date of this report.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Rise Eagle Group in respect of any period subsequent to 31 December 2015 and up to the date of this report. No dividend or distribution has been declared or made by Rise Eagle Group in respect of any period subsequent to 31 December 2015.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
 Hong Kong

The following is the text of a report on Triumph Hero International Limited received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

27 June 2016

The Directors
Evergrande Real Estate Group Limited

Dear Sirs,

We report on the financial information of Triumph Hero International Limited (“Triumph Hero”) and its subsidiaries (together, the “Triumph Hero Group”) which comprises the consolidated statements of financial position of Triumph Hero Group as at 30 June 2013, 2014 and 2015 and 31 December 2015 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of Triumph Hero Group for each of the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2015 (the “Relevant Periods”) and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Evergrande Real Estate Group Limited (the “Company”) and is set out in Sections I to III below for inclusion in Appendix IIB to the circular of the Company dated 27 June 2016 (the “Circular”) in connection with the acquisition of the equity interests of Triumph Hero by the Company.

Triumph Hero was incorporated in the British Virgin Islands on 28 March 2006 as a limited liability company. As at the date of this report, Triumph Hero has direct interests in subsidiaries as set out in Note 28 of Section II below.

The financial statements of Triumph Hero, prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the years ended 30 June 2013 and 2014, were audited by PricewaterhouseCoopers. No audited financial statements have been prepared by Triumph Hero for the year ended 30 June 2015 as there is no statutory requirement under its place of incorporation. The statutory audited financial statements of other group companies as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 28 of Section II.

.....
PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

The directors of Triumph Hero are responsible for the preparation of the consolidated financial statements of Triumph Hero for the Relevant Periods that give a true and fair view in accordance with HKFRSs issued by the HKICPA (the “Underlying Financial Statements”), and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA pursuant to separate terms of engagement.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs and accounting policies adopted by the Company and its subsidiaries (together, the “Group”) as set out in the annual report of the Company for the year ended 31 December 2015.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the financial position of Triumph Hero and Triumph Hero Group as at 30 June 2013, 2014 and 2015 and 31 December 2015 and of Triumph Hero Group's financial performance and cash flows for the Relevant Periods.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to III below included in Appendix IIB to the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of Triumph Hero Group for the six months ended 31 December 2014 and a summary of significant accounting policies and other explanatory information (the “Stub Period Comparative Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below and the accounting policies adopted by the Group as set out in annual report of the Company for the year ended 31 December 2015.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

The following is the financial information of Triumph Hero International Limited (“Triumph Hero”) and its subsidiaries (together “Triumph Hero Group”) as at 30 June 2013, 2014 and 2015 and 31 December 2015, and for each of the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015 (the “Financial Information”):

I FINANCIAL INFORMATION

1. Consolidated Statements of Comprehensive Income

	Note	Year ended 30 June			Six months ended 31 December	
		2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000
					(unaudited)	
Revenue	5	689,945	742,641	171,848	118,592	93,722
Cost of sales	8	<u>(576,693)</u>	<u>(639,302)</u>	<u>(184,081)</u>	<u>(118,605)</u>	<u>(96,488)</u>
Gross profit/(loss)		113,252	103,339	(12,233)	(13)	(2,766)
Other income	6	932	1,406	899	389	578
Other (losses)/gains, net	7	(25)	8,345	1,486	3,814	(415)
Exchange gains/(losses)		109,325	(39,385)	9,308	21,475	(78,368)
Fair value gain/(loss) on investment properties	14	11,388	(4,245)	107,825	83,522	(8,269)
Selling expenses	8	<u>(29,153)</u>	<u>(40,225)</u>	<u>(24,933)</u>	<u>(11,270)</u>	<u>(22,108)</u>
Administrative expenses	8	<u>(21,734)</u>	<u>(40,120)</u>	<u>(103,792)</u>	<u>(59,255)</u>	<u>(53,745)</u>
Operating profit/(loss)		183,985	(10,885)	(21,440)	38,662	(165,093)
Finance costs, net	10	—	—	(18,557)	(10,984)	(5,999)
Share of results of a joint venture	17	<u>685</u>	<u>173</u>	<u>1,275</u>	<u>(469)</u>	<u>(1,719)</u>
Profit/(loss) before income tax		184,670	(10,712)	(38,722)	27,209	(172,811)
Income tax (expense)/credit	11	<u>(29,470)</u>	<u>(18,097)</u>	<u>5,167</u>	<u>(4,992)</u>	<u>9,454</u>
Profit/(loss) and total comprehensive income/(loss) for the year/period		<u>155,200</u>	<u>(28,809)</u>	<u>(33,555)</u>	<u>22,217</u>	<u>(163,357)</u>
Attributable to:						
— Owners of Triumph Hero		155,262	(28,811)	(33,542)	22,244	(163,266)
— Non-controlling interests	25	<u>(62)</u>	<u>2</u>	<u>(13)</u>	<u>(27)</u>	<u>(91)</u>
Profit/(loss) and total comprehensive income/(loss) for the year/period		<u>155,200</u>	<u>(28,809)</u>	<u>(33,555)</u>	<u>22,217</u>	<u>(163,357)</u>

2. Consolidated Statements of Financial Position

		As at 30 June			As at 31 December
		2013	2014	2015	2015
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	430,205	823,804	776,163	745,476
Land use rights	13	1,389	25,645	24,847	24,448
Investment properties	14	334,395	790,900	1,234,800	1,374,200
Properties under development	15	2,120,568	1,924,797	2,120,127	2,353,013
Interests in a joint venture	17	7,210	4,398	2,655	936
		<u>2,893,767</u>	<u>3,569,544</u>	<u>4,158,592</u>	<u>4,498,073</u>
Current assets					
Properties under development	15	497,800	562,418	936,957	1,523,794
Properties held for sale	16	523,581	406,106	309,880	219,404
Inventories		—	—	2,318	2,526
Trade receivables, other receivables, prepayments and deposits	18	24,935	80,371	57,200	104,621
Amounts due from the then fellow subsidiary	19	602	457	530	560
Prepaid tax		31,926	45,545	63,205	59,552
Tax recoverable		33,439	35,408	34,912	34,652
Cash and cash equivalents	20	271,940	207,123	210,155	161,609
		<u>1,384,223</u>	<u>1,337,428</u>	<u>1,615,157</u>	<u>2,106,718</u>
Total assets		<u>4,277,990</u>	<u>4,906,972</u>	<u>5,773,749</u>	<u>6,604,791</u>
EQUITY					
Equity attributable to owners of Triumph Hero					
Share capital	21	62	62	62	62
Retained earnings		<u>515,505</u>	<u>486,694</u>	<u>453,152</u>	<u>289,886</u>
		515,567	486,756	453,214	289,948
Non-controlling interests		<u>800</u>	<u>802</u>	<u>789</u>	<u>698</u>
Total equity		<u>516,367</u>	<u>487,558</u>	<u>454,003</u>	<u>290,646</u>

2. Consolidated Statements of Financial Position (Continued)

	Note	As at 30 June			As at
		2013	2014	2015	31 December
		RMB'000	RMB'000	RMB'000	2015
					RMB'000
LIABILITIES					
Non-current liabilities					
Borrowings	23	495,240	470,279	165,800	155,800
Amounts due to the then					
intermediate holding company	19	158,000	344,935	133,202	—
Amounts due to fellow subsidiaries	19	140,995	99,469	161,668	—
Deferred income tax liabilities	24	<u>20,885</u>	<u>19,801</u>	<u>10,726</u>	<u>—</u>
		<u>815,120</u>	<u>934,484</u>	<u>471,396</u>	<u>155,800</u>
Current liabilities					
Creditors and accruals	22	358,568	537,005	539,544	329,141
Amounts due to the then					
intermediate holding company	19	20,576	233,621	127,114	—
Amounts due to the then immediate					
holding company	19	1,717,649	2,008,515	2,958,136	3,100,510
Amounts due to the then fellow					
subsidiaries	19	55,365	280,462	64,654	1,258,747
Advanced proceeds received from					
customers		173,245	191,327	854,190	1,449,947
Borrowings	23	<u>621,100</u>	<u>234,000</u>	<u>304,712</u>	<u>20,000</u>
		<u>2,946,503</u>	<u>3,484,930</u>	<u>4,848,350</u>	<u>6,158,345</u>
Total liabilities		<u>3,761,623</u>	<u>4,419,414</u>	<u>5,319,746</u>	<u>6,314,145</u>
Total equity and liabilities		<u>4,277,990</u>	<u>4,906,972</u>	<u>5,773,749</u>	<u>6,604,791</u>

3. Statements of Financial Position

		As at 30 June			As at
		2013	2014	2015	31 December
	Note	RMB'000	RMB'000	RMB'000	2015
					RMB'000
ASSETS					
Non-current assets					
Investment in a subsidiary	28	—	—	—	—
Amount due from a subsidiary	28	<u>1,756,752</u>	<u>2,048,090</u>	<u>2,997,194</u>	<u>3,141,772</u>
		<u>1,756,752</u>	<u>2,048,090</u>	<u>2,997,194</u>	<u>3,141,772</u>
Current assets					
Cash and cash equivalents	20	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>
Total assets		<u>1,756,758</u>	<u>2,048,096</u>	<u>2,997,199</u>	<u>3,141,777</u>
EQUITY					
Equity attributable to owners of Triumph Hero					
Share capital	21	62	62	62	62
Retained earnings	29	<u>39,029</u>	<u>39,501</u>	<u>38,981</u>	<u>41,205</u>
Total equity		<u>39,091</u>	<u>39,563</u>	<u>39,043</u>	<u>41,267</u>
Current liabilities					
Other payables		18	18	20	—
Amounts due to the then immediate holding company	19	<u>1,717,649</u>	<u>2,008,515</u>	<u>2,958,136</u>	<u>3,100,510</u>
Total liabilities		<u>1,717,667</u>	<u>2,008,533</u>	<u>2,958,156</u>	<u>3,100,510</u>
Total equity and liabilities		<u>1,756,758</u>	<u>2,048,096</u>	<u>2,997,199</u>	<u>3,141,777</u>

4. Consolidated Statements of Changes in Equity

	Attributable to owners of Triumph Hero			Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Retained earnings (Note) RMB'000	Total RMB'000		
At 1 July 2012	62	360,243	360,305	862	361,167
Profit and total comprehensive income for the year	—	155,262	155,262	(62)	155,200
At 30 June 2013	<u>62</u>	<u>515,505</u>	<u>515,567</u>	<u>800</u>	<u>516,367</u>
At 1 July 2013	62	515,505	515,567	800	516,367
Loss and total comprehensive loss for the year	—	(28,811)	(28,811)	2	(28,809)
At 30 June 2014	<u>62</u>	<u>486,694</u>	<u>486,756</u>	<u>802</u>	<u>487,558</u>
At 1 July 2014	62	486,694	486,756	802	487,558
Loss and total comprehensive loss for the year	—	(33,542)	(33,542)	(13)	(33,555)
At 30 June 2015	<u>62</u>	<u>453,152</u>	<u>453,214</u>	<u>789</u>	<u>454,003</u>
At 1 July 2015	62	453,152	453,214	789	454,003
Loss and total comprehensive loss for the period	—	(163,266)	(163,266)	(91)	(163,357)
At 31 December 2015	<u>62</u>	<u>289,886</u>	<u>289,948</u>	<u>698</u>	<u>290,646</u>
At 1 July 2014	62	486,694	486,756	802	487,558
Profit/(loss) and total comprehensive income/(loss) for the period	—	22,244	22,244	(27)	22,217
At 31 December 2014 (unaudited)	<u>62</u>	<u>508,938</u>	<u>509,000</u>	<u>775</u>	<u>509,775</u>

Note: In accordance with the laws and regulations of the People's Republic of China (the "PRC"), a foreign invested enterprises' income, after the payment of the PRC income taxes, shall be allocated to the statutory reserves. The proportion of allocation for reserve funds is no less than 10 percent of the profit after tax until the accumulated amount of allocation for the statutory surplus reserve funds reaches 50 percent of the registered capital. Such statutory reserve is not distributable.

Up to 30 Jun 2013, 2014 and 2015 and 31 December 2015, the directors of the PRC subsidiaries of the Group have not made any allocation of income to the statutory surplus reserve nor have they declared any dividend of the PRC subsidiaries.

5. Consolidated Statements of Cash Flows

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000
					(Unaudited)
Operating activities					
Profit/(loss) before income tax	184,670	(10,712)	(38,722)	27,209	(172,811)
Depreciation of property, plant and equipment	2,538	2,604	58,417	28,648	32,674
Amortisation of land use rights	37	37	798	399	399
Interest income	(932)	(1,406)	(899)	(389)	(578)
Interest expenses	86,369	107,750	69,847	34,308	60,540
Share of results of a joint venture	(685)	(173)	(1,275)	469	1,719
Fair value (gain)/loss on investment properties	(11,388)	4,245	(107,825)	(83,522)	8,269
(Gains)/losses on disposals of investment properties	—	(8,345)	(1,486)	(3,814)	324
Losses/(gains) on disposals of property, plant and equipment	<u>1</u>	<u>(4)</u>	<u>11</u>	<u>11</u>	<u>2</u>
Operating profit/(loss) before working capital changes	260,610	93,996	(21,134)	3,319	(69,462)
Decrease/(increase) in properties under development	524,920	131,153	(569,869)	(127,919)	(819,723)
Decrease/(increase) in trade receivables, other receivables, prepayments and deposits	29,103	(55,436)	23,171	7,616	(47,421)
(Increase)/decrease in completed properties held for sale	(255,834)	117,475	96,226	101,317	90,476
Increase in inventories	—	—	(2,318)	(2,173)	(208)
(Decrease)/increase in creditors and accruals	(138,193)	148,555	(19,421)	19,111	(239,550)
(Decrease)/increase in advanced proceeds received from customers	<u>(75,849)</u>	<u>18,082</u>	<u>662,863</u>	<u>217,412</u>	<u>595,757</u>
Net cash generated from/(used in) operations	344,757	453,825	169,518	218,683	(490,131)
Corporate income tax paid	(11,123)	(6,847)	(1,107)	—	—
Land appreciation tax (paid)/refunded	(25,136)	(27,922)	(19,965)	(9,587)	2,641
Interest paid	<u>(73,721)</u>	<u>(77,868)</u>	<u>(47,887)</u>	<u>(22,261)</u>	<u>(31,395)</u>
Net cash generated from/(used in) operating activities	<u>234,777</u>	<u>341,188</u>	<u>100,559</u>	<u>186,835</u>	<u>(518,885)</u>

	Year ended 30 June			Six months ended 31 December	
	2013	2014	2015	2014	2015
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Investing activities					
Purchase of property, plant and equipment	(248,801)	(396,205)	(10,787)	(8,268)	(1,989)
Proceeds from disposals of property, plant and equipment	1	6	—	—	—
Additions to investment properties	(122,897)	(482,841)	(352,001)	(257,059)	(148,965)
Proceeds from disposals of investment properties	—	30,436	17,412	16,695	972
Additions to land use rights	—	(24,293)	—	—	—
Interest received	932	1,406	899	389	578
Repayments from a joint venture	4,004	2,985	3,018	18	2
Cash advanced to the then fellow subsidiary	(246)	—	(279)	(206)	(30)
Repayments from the then fellow subsidiary	—	145	206	—	—
Net cash used in investing activities	<u>(367,007)</u>	<u>(868,361)</u>	<u>(341,532)</u>	<u>(248,431)</u>	<u>(149,432)</u>
Financing activities					
Proceeds from borrowings	311,732	248,900	70,712	70,712	—
Repayment of bank loans	(204,760)	(660,961)	(304,479)	(202,317)	(294,712)
Cash advanced from the then immediate holding company	226,856	290,866	949,621	409,973	142,374
Cash advanced from the then intermediate holding company	104,381	399,980	—	—	—
Repayments to the then intermediate holding company	—	—	(318,240)	(85,607)	(260,316)
Cash advanced from the then fellow subsidiaries	—	183,571	—	—	1,032,425
Repayments to the then fellow subsidiaries	<u>(123,698)</u>	<u>—</u>	<u>(153,609)</u>	<u>(15,105)</u>	<u>—</u>
Net cash generated from financing activities	<u>314,511</u>	<u>462,356</u>	<u>244,005</u>	<u>177,656</u>	<u>619,771</u>
Net increase/(decrease) in cash and cash equivalents	182,281	(64,817)	3,032	116,060	(48,546)
Cash and cash equivalents at beginning of the year/period	<u>89,659</u>	<u>271,940</u>	<u>207,123</u>	<u>207,123</u>	<u>210,155</u>
Cash and cash equivalents at end of the year/period	20 <u>271,940</u>	<u>207,123</u>	<u>210,155</u>	<u>323,183</u>	<u>161,609</u>

II NOTES TO THE FINANCIAL INFORMATION OF TRIUMPH HERO

1 GENERAL INFORMATION

Triumph Hero was incorporated in the British Virgin Islands on 28 March 2006 as a limited liability company. The address of Triumph Hero's registered office is Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

Triumph Hero is an investment holding company. The principal activities of its subsidiaries are set out in Note 28.

For the years ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 2015, Triumph Hero's immediate holding company was New World Development (China) Limited ("NWDCL"), a limited liability company established in Hong Kong. The directors also considered that Triumph Hero's ultimate holding company was New World Development Company Limited, a limited liability company established in Hong Kong. On 18 February 2016, NWDCL disposed of its entire interest in Triumph Hero to Shengyu (BVI) Limited ("Shengyu"), a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Evergrande Real Estate Group Limited (the "Company"). After the transaction, Shengyu became the immediate holding company of Triumph Hero and the current directors consider that the Company is the ultimate holding company of Triumph Hero.

The Financial Information is presented in thousands of units of Renminbi ("RMB'000") which is also the functional currency of Triumph Hero.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

The preparation of Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Triumph Hero Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4 to the Financial Information.

As at 31 December 2015, Triumph Hero and Triumph Hero Group had net current liabilities of approximately RMB3,100,505,000 and RMB4,051,627,000 respectively. The current liabilities of Triumph Hero and Triumph Hero Group as at 31 December 2015 mainly comprised the amounts due to the then immediate holding company totaling RMB3,100,510,000 which have been transferred to the Company upon NWDCL disposed of its entire interest in Triumph Hero on 18 February 2016. The Company has confirmed its intention to provide continuing financial support to Triumph Hero Group so as to enable Triumph Hero Group to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations for the foreseeable future. The directors believe that Triumph Hero Group will continue as a going concern and consequently have prepared the Financial Information on the going concern basis.

- (i) New standards and amendments to standards that are not yet effective and have not been early adopted by Triumph Hero Group

Certain new standards and amendments to standards have been published that are mandatory for Triumph Hero Group's accounting periods commencing on or after 1 January 2016.

The following new standards and amendments to standards are relevant and applicable to Triumph Hero Group, however, they have not been early adopted in this Financial Information:

		Effective for accounting periods commencing on or after
HKFRS 9	Financial instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Lease	1 January 2019
Annual Improvements Project	Annual Improvements 2012–2014 Cycle	1 January 2016

Management is in the process of making an assessment on the impact of these new standards and amendments to existing standards and is not yet in a position to conclude whether any substantial changes to Triumph Hero Group's significant accounting policies and presentation of the Financial Information will be resulted in.

(b) Consolidation

Subsidiaries are entities (including a structured entity) over which Triumph Hero Group has control. Triumph Hero Group controls an entity when Triumph Hero Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to Triumph Hero Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with Triumph Hero Group's accounting policies.

(c) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by Triumph Hero on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, being the directors of Triumph Hero, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors that make strategic decisions.

(e) Joint arrangements

Triumph Hero Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Triumph Hero Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise Triumph Hero Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Triumph Hero Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and Triumph Hero Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When Triumph Hero Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of Triumph Hero Group's net investment in the joint ventures), Triumph Hero Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between Triumph Hero Group and its joint ventures are eliminated to the extent of Triumph Hero Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by Triumph Hero Group.

(f) Foreign currency translation**(i) Functional and presentation currency**

Items included in the Financial Information of Triumph Hero Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in RMB, which is Triumph Hero's functional and Triumph Hero Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings denominated in foreign currencies are presented in the profit or loss within "finance costs, net". All other foreign exchange gains and losses are presented in the profit or loss within "administrative expenses".

(iii) Group entities

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the group entities are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement of the group entities are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Triumph Hero Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the profit or loss during the year or period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Hotel	30–40 years
Leasehold improvements	5–10 years
Furniture, fitting and equipment	5–10 years
Motor vehicles	5 years

The assets' residual values and estimated useful lives are reviewed and adjusted if appropriate, at each reporting date.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses), in the profit or loss.

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(h) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by Triumph Hero Group, are classified as investment properties. Property and relevant land use right that are currently being constructed or developed for future use as investment property is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment properties are carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Triumph Hero Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to Triumph Hero Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in the profit or loss during the financial period in which they are incurred.

(i) Land use rights

Land use rights represent upfront operating lease payments made for the land and are stated at cost less amount written off on a straight-line basis over the lease period and impairment loss.

(j) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) Impairment of financial assets

For assets carried at amortised cost, Triumph Hero Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that Triumph Hero Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Triumph Hero Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Triumph Hero Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, Triumph Hero Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

(m) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Development cost of properties comprises mainly construction costs, cost of land use rights, borrowing costs, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in one normal operating cycle.

(n) Properties held for sale

Completed properties remaining unsold at the end of each relevant period are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises mainly the purchase cost of the goods. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(p) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, other short-term high liquidity investment with original maturities of three months or less.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Creditors and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless Triumph Hero Group has an unconditional right to defer settlement of the liability for at least 12 months after the respective reporting period.

(t) Borrowing costs

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

(u) Current and deferred income tax

The tax expense for the year/period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the places where Triumph Hero Group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax also includes PRC land appreciation tax which is levied on the appreciation of land value, being the proceeds of sales of properties less attributable expenditures including land cost, borrowings costs and all properties development expenditures.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by Triumph Hero Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the consolidated statements of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Triumph Hero Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Triumph Hero Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Triumph Hero Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Triumph Hero Group in independently administrated funds managed by the PRC government.

(w) Provisions

Provisions are recognised when: Triumph Hero Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(x) Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by Triumph Hero Group to the banks for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation of fees recognised.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(y) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties in the ordinary course of Triumph Hero Group's activities. Revenue is shown, net of discount and after eliminated sales with the group entities.

Triumph Hero Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of Triumph Hero Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Triumph Hero Group bases its estimates on historical results, taking into consideration the type of customer, and type of transaction and the specifics of each arrangement.

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. To the extent that Triumph Hero Group has to perform further work on the properties already delivered to the purchasers, the relevant expenses shall be recognised simultaneously. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(ii) Rental income

Rental income of property under operating leases is recognised on a straight-line basis over the lease terms.

(iii) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(iv) Hotel operation

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the goods are delivered or services are rendered.

(v) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, Triumph Hero Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continued unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

3 FINANCIAL RISK MANAGEMENT

(a) **Financial risk factors**

Triumph Hero Group's activities exposed it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk, which result from its operating, investing and financing activities. According to Triumph Hero Group's risk management policies, the financial risks shall be assessed continuously by the management taken into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. Triumph Hero Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which Triumph Hero Group is exposed to are described below.

(i) *Foreign currency risk*

Triumph Hero Group mainly operates in the PRC with most of the transactions denominated and settled in RMB, except for certain borrowings and amounts due from the then fellow subsidiary, amounts due to the then immediate holding company, the then intermediate holding company and the then fellow subsidiaries which are denominated in Hong Kong dollar ("HKD").

As at 30 June 2013, 2014 and 2015 and 31 December 2014 and 2015, if RMB had strengthened/weakened by 5% against HKD, with all other variables held constant, Triumph Hero Group's pre-tax profit for the year ended 30 June 2013 and the six months ended 31 December 2014 would have been RMB127,916,000 higher/lower and RMB177,510,000 higher/lower pre-tax loss for the years ended 30 June 2014 and 2015 and the six months ended 31 December 2015 would have been RMB168,543,000 lower/higher, RMB180,078,000 lower/higher and RMB217,935,000 lower/higher, respectively, mainly as a result of net foreign exchange gains/losses on translation of HKD denominated borrowings and amounts due to the then immediate holding company, the then intermediate holding company and the then fellow subsidiaries.

(ii) *Interest rate risk*

Triumph Hero Group's interest-bearing assets and liabilities are mainly cash and cash equivalents, amounts due to the then intermediate holding company and the then fellow subsidiaries and borrowings. Triumph Hero Group's exposure to changes in interest rates is mainly attributable to its the amounts due to the then intermediate holding company and the then fellow subsidiaries and borrowings. The financial liabilities at variable rates expose Triumph Hero Group to cash flow interest-rate risk. The financial liabilities issued at fixed rates expose Triumph Hero Group to fair value interest-rate risk.

For the years ended 30 June 2013 and 2014, since most of Triumph Hero Group's borrowings are mainly related to development projects and constructions of properties, and the related interest, which are directly attributable to the constructions, have been capitalised as properties under development or investment properties under constructions or property, plant and equipment, any significant change in interest rate would not have significant impact on the profit or loss and therefore, no sensitivity analysis has been presented.

For the year ended 30 June 2015 and the six months ended 31 December 2014 and 2015, if interest rates on all interest-bearing amounts due to the then intermediate holding company and the then fellow subsidiaries and borrowings, which were not related to constructions of properties, had been 100 basis-points higher/lower with all other variables held constant, loss for the year ended 30 June 2015, profit for the six

months ended 31 December 2014 and loss for the six months ended 31 December 2015 would have been approximately RMB3,093,000 higher/lower, RMB1,829,000 lower/higher and RMB999,000 higher/lower, respectively.

(iii) *Credit risk*

Cash transactions are limited to high-credit-quality institutions. The extent of Triumph Hero Group's credit exposure is represented by the aggregate balance of cash at bank, trade and other receivables.

Deposits are only placed with reputable banks.

For credit exposures to customers, credit terms are granted to customers upon obtaining approval from Triumph Hero's senior management after assessing the credit history of those customers. Triumph Hero Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. Triumph Hero Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, Triumph Hero Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, Triumph Hero Group regularly reviews the recoverable amount of each individual's trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. Triumph Hero Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

Triumph Hero Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. Detailed disclosure of these guarantees is made in Note 30. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Triumph Hero Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, Triumph Hero Group is able to retain the customer's deposit and resell the property to recover any amounts paid by Triumph Hero Group to the bank. In this regard, the directors of Triumph Hero consider that Triumph Hero Group's credit risk is significantly reduced.

(iv) *Liquidity risk*

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments.

Triumph Hero Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. Triumph Hero Group will pursue such options based on its assessment of relevant future costs and benefits.

The Company, the ultimate holding company, has also confirmed to provide continuing financial support to Triumph Hero Group so as to enable Triumph Hero Group to meet its liabilities as and when they fall due.

The table below analyses Triumph Hero Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the date of consolidated statements of financial statement to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flow.

Triumph Hero Group

	Less than 1 year or repayable on demand RMB'000	Over 1 year but within 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2013				
Creditors and accruals	358,117	—	—	358,117
Amounts due to the then fellow subsidiaries	60,195	149,602	—	209,797
Amounts due to the then immediate holding company	1,717,649	—	—	1,717,649
Amounts due to the then intermediate holding company	23,233	160,416	—	183,649
Borrowings	<u>668,097</u>	<u>525,883</u>	<u>—</u>	<u>1,193,980</u>
	<u>2,827,291</u>	<u>835,901</u>	<u>—</u>	<u>3,663,192</u>
At 30 June 2014				
Creditors and accruals	536,609	—	—	536,609
Amounts due to the then fellow subsidiaries	284,978	102,463	—	387,441
Amounts due to the then immediate holding company	2,008,515	—	—	2,008,515
Amounts due to the then intermediate holding company	253,383	389,469	—	642,852
Borrowings	<u>271,440</u>	<u>349,207</u>	<u>233,697</u>	<u>854,344</u>
	<u>3,354,925</u>	<u>841,139</u>	<u>233,697</u>	<u>4,429,761</u>
At 30 June 2015				
Creditors and accruals	537,301	—	—	537,301
Amounts due to the then fellow subsidiaries	68,956	164,412	—	233,368
Amounts due to the then immediate holding company	2,958,136	—	—	2,958,136
Amounts due to the then intermediate holding company	158,027	192,819	—	350,846
Borrowings	<u>321,838</u>	<u>55,180</u>	<u>195,695</u>	<u>572,713</u>
	<u>4,044,258</u>	<u>412,411</u>	<u>195,695</u>	<u>4,652,364</u>

	Less than 1 year or repayable on demand <i>RMB'000</i>	Over 1 year but within 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2015				
Creditors and accruals	327,126	—	—	327,126
Amounts due to the then fellow subsidiaries	1,258,747	—	—	1,258,747
Amounts due to the then immediate holding company	3,100,510	—	—	3,100,510
Borrowings	<u>33,238</u>	<u>52,951</u>	<u>177,814</u>	<u>264,003</u>
	<u>4,719,621</u>	<u>52,951</u>	<u>177,814</u>	<u>4,950,386</u>

Triumph Hero Group was in cooperation with certain financial institutions and have arranged mortgage loan facilities for its purchasers of properties. Details are disclosed in Note 30. Based on expectations at the end of each reporting period, Triumph Hero Group considers that it is more likely than not that no amount will be payable under the arrangement.

Triumph Hero

	Less than 1 year or repayable on demand <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
At 30 June 2013					
Other payables	18	—	—	—	18
Amounts due to the then immediate holding company	<u>1,717,649</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,717,649</u>
	<u>1,717,667</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,717,667</u>
At 30 June 2014					
Other payables	18	—	—	—	18
Amounts due to the then immediate holding company	<u>2,008,515</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,008,515</u>
	<u>2,008,533</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,008,533</u>
At 30 June 2015					
Other payables	20	—	—	—	20
Amounts due to the then immediate holding company	<u>2,958,136</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,958,136</u>
	<u>2,958,156</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,958,156</u>
At 31 December 2015					
Amounts due to the then immediate holding company	<u>3,100,510</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,100,510</u>

(b) Capital risk management

Triumph Hero Group's objectives when managing capital are to safeguard Triumph Hero Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Triumph Hero Group may adjust the amount of dividends paid to equity owners, issue new shares or sell assets to reduce debt.

Triumph Hero Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts (including amounts due to the then immediate holding company, the then intermediate holding company and the then fellow subsidiaries and borrowings) divided by total assets, as shown in the consolidated statements of financial position.

Triumph Hero Group's gearing ratios at 30 June 2013, 2014 and 2015 and 31 December 2015 were as follows:

	As at 30 June			As at 31 December
	2013	2014	2015	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total debts	3,208,925	3,671,281	3,915,286	4,535,057
Total assets	<u>4,277,990</u>	<u>4,906,972</u>	<u>5,773,749</u>	<u>6,604,791</u>
Gearing ratio	<u>75%</u>	<u>75%</u>	<u>68%</u>	<u>69%</u>

(c) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
3. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Triumph Hero Group's investment properties are recognised under level 3 of the fair value hierarchy and details of the valuation are disclosed in Note 14.

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair values due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Triumph Hero Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments used in preparing the Financial Information are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimated fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, Triumph Hero Group determines the amount within a range of reasonable fair value estimates. In making its judgement, Triumph Hero Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Triumph Hero Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

(b) Provision for properties under development and completed properties held for sale

Triumph Hero Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(c) PRC corporate income taxes and deferred taxation

Triumph Hero Group is subject to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. Triumph Hero Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) PRC land appreciation taxes

Triumph Hero Group is subject to land appreciation taxes (“LAT”) in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and Triumph Hero Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its property development projects. Accordingly, significant judgement is required in determining the amount of the LAT. Triumph Hero Group recognised these LAT based on management’s best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(e) Estimates for total property construction costs

Triumph Hero Group estimates property construction costs upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management and will be assessed periodically during the construction progress. Should these estimates depart from their actual finalised costs, such differences would affect the accuracy of costs of sales recognised.

5 SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) of Triumph Hero Group has been identified as the executive directors of Triumph Hero who are responsible for reviewing Triumph Hero Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. Triumph Hero Group is organised into three business segments; property development and investment, property management services and hotel operation. As the CODM of Triumph Hero Group considers that most of the revenue and results of Triumph Hero Group are attributable to the market in the PRC, no geographical segment information is presented.

The directors of Triumph Hero assess the performance of the operating segments based on a measure of segment results.

Revenue is analysed as follows:

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000
Property development and investment					
— Sales of properties	664,264	715,161	115,279	93,998	50,604
— Rental income of investment properties	9,073	4,964	8,055	3,065	6,029
Property management services	16,608	22,516	24,010	12,374	13,980
Income from hotel operations	—	—	24,504	9,155	23,109
	<u>689,945</u>	<u>742,641</u>	<u>171,848</u>	<u>118,592</u>	<u>93,722</u>

The segment results and other segment items included in the consolidated statements of comprehensive income for the years ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 2015 are as follows:

	Property development and investment <i>RMB'000</i>	Property management services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Group <i>RMB'000</i>
For the year ended 30 June 2013				
Segment revenue	673,361	20,353	—	693,714
Less: Inter-segment revenue	<u>(24)</u>	<u>(3,745)</u>	<u>—</u>	<u>(3,769)</u>
Revenue from external customers	<u>673,337</u>	<u>16,608</u>	<u>—</u>	<u>689,945</u>
Segment results	<u>87,150</u>	<u>(8,662)</u>	<u>(3,828)</u>	74,660
Unallocated — net exchange gain				109,325
Share of profit of a joint venture				<u>685</u>
Profit before income tax				184,670
Income tax expenses				<u>(29,470)</u>
Profit for the year				<u>155,200</u>
Depreciation of property, plant and equipment	2,276	262	—	2,538
Amortisation of land use rights	37	—	—	37
Fair value gain on investment properties	<u>11,388</u>	<u>—</u>	<u>—</u>	<u>11,388</u>
For the year ended 30 June 2014				
Segment revenue	720,149	29,920	—	750,069
Less: Inter-segment revenue	<u>(24)</u>	<u>(7,404)</u>	<u>—</u>	<u>(7,428)</u>
Revenue from external customers	<u>720,125</u>	<u>22,516</u>	<u>—</u>	<u>742,641</u>
Segment results	<u>60,180</u>	<u>(10,652)</u>	<u>(21,028)</u>	28,500
Unallocated — net exchange loss				(39,385)
Share of profit of a joint venture				<u>173</u>
Loss before income tax				(10,712)
Income tax expenses				<u>(18,097)</u>
Loss for the year				<u>(28,809)</u>
Depreciation of property, plant and equipment	1,384	267	953	2,604
Amortisation of land use rights	37	—	—	37
Fair value loss on investment properties	<u>4,245</u>	<u>—</u>	<u>—</u>	<u>4,245</u>

	Property development and investment <i>RMB'000</i>	Property management services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Group <i>RMB'000</i>
For the year ended 30 June 2015				
Segment revenue	123,358	34,621	24,504	182,483
Less: Inter-segment revenue	<u>(24)</u>	<u>(10,611)</u>	<u>—</u>	<u>(10,635)</u>
Revenue from external customers	<u>123,334</u>	<u>24,010</u>	<u>24,504</u>	<u>171,848</u>
Segment results	<u>89,401</u>	<u>(14,213)</u>	<u>(105,936)</u>	(30,748)
Unallocated — net exchange gain				9,308
Share of profit of a joint venture				1,275
Finance costs				<u>(18,557)</u>
Loss before income tax				(38,722)
Income tax credit				<u>5,167</u>
Loss for the year				<u>(33,555)</u>
Depreciation of property, plant and equipment	3,131	200	55,086	58,417
Amortisation of land use rights	111	—	687	798
Fair value gain on investment properties	<u>107,825</u>	<u>—</u>	<u>—</u>	<u>107,825</u>
For six months ended 31 December 2014 (unaudited)				
Segment revenue	97,075	16,682	9,155	122,912
Less: Inter-segment revenue	<u>(12)</u>	<u>(4,308)</u>	<u>—</u>	<u>(4,320)</u>
Revenue from external customers	<u>97,063</u>	<u>12,374</u>	<u>9,155</u>	<u>118,592</u>
Segment results	<u>79,871</u>	<u>(6,067)</u>	<u>(56,617)</u>	17,187
Unallocated — net exchange gain				21,475
Share of loss of a joint venture				(469)
Finance costs				<u>(10,984)</u>
Profit before income tax				27,209
Income tax expenses				<u>(4,992)</u>
Profit for the period				<u>22,217</u>
Depreciation of property, plant and equipment	1,871	55	26,722	28,648
Amortisation of land use rights	56	—	343	399
Fair value gain on investment properties	<u>83,522</u>	<u>—</u>	<u>—</u>	<u>83,522</u>

	Property development and investment <i>RMB'000</i>	Property management services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Group <i>RMB'000</i>
For six months ended 31 December 2015				
Segment revenue	56,656	19,602	23,109	99,367
Less: Inter-segment revenue	<u>(23)</u>	<u>(5,622)</u>	<u>—</u>	<u>(5,645)</u>
Revenue from external customers	<u>56,633</u>	<u>13,980</u>	<u>23,109</u>	<u>93,722</u>
Segment results	<u>(36,396)</u>	<u>(7,957)</u>	<u>(42,372)</u>	(86,725)
Unallocated — net exchange loss				(78,368)
Share of loss of a joint venture				(1,719)
Finance costs				<u>(5,999)</u>
Loss before income tax				(172,811)
Income tax credit				<u>9,454</u>
Loss for the period				<u>(163,357)</u>
Depreciation of property, plant and equipment	1,898	98	30,678	32,674
Amortisation of land use rights	56	—	343	399
Fair value loss on investment properties	<u>8,269</u>	<u>—</u>	<u>—</u>	<u>8,269</u>

Segment assets and liabilities as at 30 June 2013, 2014 and 2015, and 31 December 2015 are as follows:

	Property development and investment <i>RMB'000</i>	Property management services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Group <i>RMB'000</i>
As at 30 June 2013				
Segment assets	<u>3,687,756</u>	<u>4,826</u>	<u>248,103</u>	3,940,685
Unallocated assets				<u>337,305</u>
Total assets				<u>4,277,990</u>
Segment liabilities	<u>521,062</u>	<u>10,050</u>	<u>701</u>	531,813
Unallocated liabilities				<u>3,229,810</u>
Total liabilities				<u>3,761,623</u>
Additions to non-current assets	<u>124,284</u>	<u>228</u>	<u>247,186</u>	<u>371,698</u>

	Property development and investment <i>RMB'000</i>	Property management services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Group <i>RMB'000</i>
As at 30 June 2014				
Segment assets	<u>3,876,075</u>	<u>4,744</u>	<u>738,077</u>	4,618,896
Unallocated assets				<u>288,076</u>
Total assets				<u>4,906,972</u>
Segment liabilities	<u>706,615</u>	<u>12,879</u>	<u>8,838</u>	728,332
Unallocated liabilities				<u>3,691,082</u>
Total liabilities				<u>4,419,414</u>
Additions to non-current assets	<u>498,097</u>	<u>129</u>	<u>405,113</u>	<u>903,339</u>
As at 30 June 2015				
Segment assets	<u>4,726,727</u>	<u>4,747</u>	<u>734,003</u>	5,465,477
Unallocated assets				<u>308,272</u>
Total assets				<u>5,773,749</u>
Segment liabilities	<u>1,361,541</u>	<u>17,187</u>	<u>15,006</u>	1,393,734
Unallocated liabilities				<u>3,926,012</u>
Total liabilities				<u>5,319,746</u>
Additions to non-current assets	<u>355,199</u>	<u>130</u>	<u>7,459</u>	<u>362,788</u>
As at 31 December 2015				
Segment assets	<u>5,579,181</u>	<u>4,668</u>	<u>765,129</u>	6,348,978
Unallocated assets				<u>255,813</u>
Total assets				<u>6,604,791</u>
Segment liabilities	<u>1,749,672</u>	<u>16,738</u>	<u>12,678</u>	1,779,088
Unallocated liabilities				<u>4,535,057</u>
Total liabilities				<u>6,314,145</u>
Additions to non-current assets	<u>149,617</u>	<u>120</u>	<u>1,217</u>	<u>150,954</u>

Revenue between segments is carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statements of comprehensive income.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables and prepayments. They exclude cash and cash equivalents, prepaid tax and tax recoverable.

Segment liabilities consist of operating liabilities and advanced proceeds received from customers. Unallocated liabilities mainly comprise amounts due to the then immediate holding company, the then intermediate holding company and the then fellow subsidiaries, deferred tax liabilities and borrowings.

Unallocated gains and losses mainly represent exchange gains and losses arising from translation of amounts due to the then immediate holding company, the then intermediate holding company and the then fellow subsidiaries.

There is no individual external customers contributed more than 10% revenue of Triumph Hero Group's revenue for the years ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 2015.

Triumph Hero Group's non-current assets are mainly located in the PRC.

6 OTHER INCOME

	Year ended 30 June			Six months ended 31 December	
	2013	2014	2015	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Bank interest income	<u>932</u>	<u>1,406</u>	<u>899</u>	<u>389</u>	<u>578</u>

7 OTHER (LOSSES)/GAINS — NET

	Year ended 30 June			Six months ended 31 December	
	2013	2014	2015	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Gains/(losses) on disposals of investment properties	—	8,345	1,486	3,814	(324)
Others	<u>(25)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(91)</u>
	<u>(25)</u>	<u>8,345</u>	<u>1,486</u>	<u>3,814</u>	<u>(415)</u>

8 EXPENSES BY NATURE

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
Advertising expenses	9,299	16,876	6,596	2,485	8,760
Amortisation expenses	37	37	798	399	399
Auditor's remuneration	171	182	200	4	8
Catering costs	—	—	8,777	4,090	5,016
Cleaning expenses	3,274	4,694	5,264	2,505	2,944
Commission expenses	3,607	7,192	4,775	2,017	7,220
Consultancy fees	137	262	136	10	278
Cost of properties sold	547,798	605,707	93,261	79,306	40,817
Depreciation of property, plant and equipment	2,538	2,604	58,417	28,648	32,674
Direct operating expenses arising from investment properties that generate rental income	385	466	491	273	355
Employee benefit expenses:					
— Wages, salaries and welfare	19,814	37,588	53,663	28,086	28,264
— Social security and pension costs	6,733	12,647	17,697	9,253	9,373
Entertainment expenses	1,981	510	1,362	507	269
Legal and professional fees	327	295	247	145	21
Losses/(gains) on disposals of property, plant and equipment	1	(4)	11	11	2
Other tax and charges	4,650	3,629	11,624	4,897	6,419
Promotion expenses	11,697	15,732	14,310	6,563	9,263
Repairs and maintenance expenses	1,935	2,532	2,285	1,228	1,473
Utilities	3,032	2,231	11,318	5,713	5,136
Others	10,164	6,467	21,574	12,990	13,650
Total	627,580	719,647	312,806	189,130	172,341
Representing:					
— Cost of sales	576,693	639,302	184,081	118,605	96,488
— Selling expenses	29,153	40,225	24,933	11,270	22,108
— Administrative expenses	21,734	40,120	103,792	59,255	53,745
	627,580	719,647	312,806	189,130	172,341

9 DIRECTORS' EMOLUMENTS AND KEY MANAGEMENT COMPENSATION

(i) Directors' remuneration

During the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015, (i) none of the directors of Triumph Hero receive any fee or other emoluments in respect of their services to Triumph Hero Group; (ii) none of the directors of Triumph Hero waived any emoluments paid or payable by Triumph Hero Group companies; (iii) no emoluments were paid by the Triumph Hero Group to the directors as an inducement to join or upon joining the Triumph Hero Group or as compensation for loss of office.

(i) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of Triumph Hero or its subsidiary undertaking during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(ii) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(iii) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of Triumph Hero during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to Triumph Hero Group's business to which Triumph Hero was a party and in which a director of Triumph Hero had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2014 and 2015.

(ii) Five highest paid individuals

Emoluments paid to the five highest paid individuals of Triumph Hero Group during the years ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 2015 are as follows:

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
Basic salaries, allowance and benefits in kind	1,645	1,785	1,920	930	990

Their emoluments were all within Nil to HKD1,000,000.

10 FINANCE EXPENSES

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
Interest expense of borrowings	73,721	77,868	47,887	22,261	31,395
Interest expenses of amounts due to the then intermediate holding company and The then fellow subsidiaries	15,648	29,882	21,960	12,047	29,145
	89,369	107,750	69,847	34,308	60,540
Less: interest capitalised in properties under development	(89,369)	(107,750)	(51,290)	(23,324)	(54,541)
	—	—	18,557	10,984	5,999

For the year ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 31 December 2015, borrowing costs were capitalised at the weighted average rate of 5%, 5%, 4.9%, 4.9% (unaudited) and 6.1% respectively.

11 INCOME TAX EXPENSES/(CREDIT)

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
Current tax					
— PRC corporate income tax	9,070	4,878	1,603	1,588	260
— Land appreciation tax	18,070	14,303	2,305	1,952	1,012
Over-provision in prior years	(2,548)	—	—	—	—
Deferred tax (Note 24)	4,878	(1,084)	(9,075)	1,452	(10,726)
	29,470	18,097	(5,167)	4,992	(9,454)

The income tax on Triumph Hero Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the enacted tax rate of the countries of the group entities as follows:

	Year ended 30 June			Six months ended 31 December	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
Profit/(loss) before income tax	184,670	(10,712)	(38,722)	27,209	(172,811)
Add: Share of results of joint venture	(685)	(173)	(1,275)	469	1,719
	<u>183,985</u>	<u>(10,885)</u>	<u>(39,997)</u>	<u>27,678</u>	<u>(171,092)</u>
Calculated at PRC corporate income tax rate of 25%	45,996	(2,721)	(9,999)	6,920	(42,773)
Income not subject to tax	(27,331)	—	(2,327)	(5,369)	—
Expenses not deductible for tax purposes	894	10,884	4,038	1,483	19,765
Over-provision in prior years	(2,548)	—	—	—	—
PRC land appreciation tax deductible for tax purpose	(4,518)	(3,576)	(576)	(488)	(253)
Tax losses not recognised	—	—	—	—	11,442
Others	(1,093)	(793)	1,392	494	1,353
Corporate income tax	11,400	3,794	(7,472)	3,040	(10,466)
Land appreciation tax	18,070	14,303	2,305	1,952	1,012
Income tax expenses/(credit)	<u>29,470</u>	<u>18,097</u>	<u>(5,167)</u>	<u>4,992</u>	<u>(9,454)</u>

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Hotel RMB'000	Leasehold improve- ments RMB'000	Furniture, fitting and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 July 2012							
Cost	12,431	—	3,108	5,357	12,270	166,361	199,527
Accumulated depreciation	(349)	—	(2,404)	(3,288)	(9,542)	—	(15,583)
Net book amount	<u>12,082</u>	<u>—</u>	<u>704</u>	<u>2,069</u>	<u>2,728</u>	<u>166,361</u>	<u>183,944</u>
Year ended 30 June 2013							
Opening net book amount	12,082	—	704	2,069	2,728	166,361	183,944
Additions	—	—	—	1,196	419	247,186	248,801
Disposals	—	—	—	(1)	—	(1)	(2)
Depreciation	(349)	—	(608)	(840)	(741)	—	(2,538)
Closing net book amount	<u>11,733</u>	<u>—</u>	<u>96</u>	<u>2,424</u>	<u>2,406</u>	<u>413,546</u>	<u>430,205</u>

	Buildings RMB'000	Hotel RMB'000	Leasehold improve- ments RMB'000	Furniture, fitting and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 30 June 2013							
Cost	12,431	—	3,148	6,548	12,689	413,546	448,362
Accumulated depreciation	(698)	—	(3,052)	(4,124)	(10,283)	—	(18,157)
Net book amount	<u>11,733</u>	<u>—</u>	<u>96</u>	<u>2,424</u>	<u>2,406</u>	<u>413,546</u>	<u>430,205</u>
Year ended 30 June 2014							
Opening net book amount	11,733	—	96	2,424	2,406	413,546	430,205
Additions	—	—	72	14,795	518	380,820	396,205
Disposals	—	—	—	—	(2)	—	(2)
Transfer	17,913	328,023	220,964	156,387	—	(723,287)	—
Depreciation	(349)	—	(21)	(1,660)	(574)	—	(2,604)
Closing net book amount	<u>29,297</u>	<u>328,023</u>	<u>221,111</u>	<u>171,946</u>	<u>2,348</u>	<u>71,079</u>	<u>823,804</u>
At 30 June 2014							
Cost	30,344	328,023	224,184	177,730	13,198	71,079	844,558
Accumulated depreciation	(1,047)	—	(3,073)	(5,784)	(10,850)	—	(20,754)
Net book amount	<u>29,297</u>	<u>328,023</u>	<u>221,111</u>	<u>171,946</u>	<u>2,348</u>	<u>71,079</u>	<u>823,804</u>
Year ended 30 June 2015							
Opening net book amount	29,297	328,023	221,111	171,946	2,348	71,079	823,804
Additions	—	—	132	8,119	76	2,460	10,787
Disposals	—	—	—	(11)	—	—	(11)
Depreciation	(734)	(8,433)	(27,683)	(21,003)	(564)	—	(58,417)
Closing net book amount	<u>28,563</u>	<u>319,590</u>	<u>193,560</u>	<u>159,051</u>	<u>1,860</u>	<u>73,539</u>	<u>776,163</u>
At 30 June 2015							
Cost	30,344	328,023	224,316	185,829	13,274	73,539	855,325
Accumulated depreciation	(1,781)	(8,433)	(30,756)	(26,778)	(11,414)	—	(79,162)
Net book amount	<u>28,563</u>	<u>319,590</u>	<u>193,560</u>	<u>159,051</u>	<u>1,860</u>	<u>73,539</u>	<u>776,163</u>
Six months ended 31 December 2015							
Opening net book amount	28,563	319,590	193,560	159,051	1,860	73,539	776,163
Additions	—	—	170	1,162	126	531	1,989
Disposals	—	—	—	(2)	—	—	(2)
Depreciation	(367)	(4,223)	(13,867)	(13,903)	(314)	—	(32,674)
Closing net book amount	<u>28,196</u>	<u>315,367</u>	<u>179,863</u>	<u>146,308</u>	<u>1,672</u>	<u>74,070</u>	<u>745,476</u>

	Buildings	Hotel	Leasehold improve- ments	Furniture, fitting and equipment	Motor vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2015							
Cost	30,344	328,023	224,486	186,962	13,400	74,070	857,285
Accumulated depreciation	(2,148)	(12,656)	(44,623)	(40,654)	(11,728)	—	(111,809)
Net book amount	<u>28,196</u>	<u>315,367</u>	<u>179,863</u>	<u>146,308</u>	<u>1,672</u>	<u>74,070</u>	<u>745,476</u>
Six months ended							
31 December 2014							
(unaudited)							
Opening net book amount	29,297	328,023	221,111	171,946	2,348	71,079	823,804
Additions	—	—	131	6,402	—	1,735	8,268
Disposals	—	—	—	(11)	—	—	(11)
Depreciation	(380)	(2,460)	(15,044)	(10,484)	(280)	—	(28,648)
Closing net book amount	<u>28,917</u>	<u>325,563</u>	<u>206,198</u>	<u>167,853</u>	<u>2,068</u>	<u>72,814</u>	<u>803,413</u>
At 31 December 2014							
(unaudited)							
Cost	30,433	328,023	224,315	184,112	13,198	72,814	852,895
Accumulated depreciation	(1,516)	(2,460)	(18,117)	(16,259)	(11,130)	—	(49,482)
Net book amount	<u>28,917</u>	<u>325,563</u>	<u>206,198</u>	<u>167,853</u>	<u>2,068</u>	<u>72,814</u>	<u>803,413</u>

Depreciation expenses have been charged to administrative expenses.

Triumph Hero Group's hotel and buildings are located in Guiyang, the PRC and held on leases of over 50 years.

As at 30 June 2014 and 2015 and 31 December 2015, property, plant and equipment with an aggregate net book value of approximately RMB705,521,000, RMB648,402,000 and RMB616,409,000 were pledged as securities for bank borrowings made available to Triumph Hero Group (Note 23).

13 LAND USE RIGHTS

	Year ended 30 June			Six months ended	
	2013	2014	2015	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				31 December	
				(unaudited)	
Opening net book amount	1,426	1,389	25,645	25,645	24,847
Additions	—	24,293	—	—	—
Amortisation	(37)	(37)	(798)	(399)	(399)
Closing net book amount	<u>1,389</u>	<u>25,645</u>	<u>24,847</u>	<u>25,246</u>	<u>24,448</u>

Amortisation of land use rights has been charged to administrative expenses.

Triumph Hero Group's land use rights are held on leases over 50 years.

14 INVESTMENT PROPERTIES

As at 31 December 2015, Triumph Hero Group held certain carpark and commercial buildings and a kindergarten located in Guiyang, the PRC. Changes to the carrying amounts of investment properties in the consolidated statements of financial position are summarised as follows:

	Completed <i>RMB'000</i>	Under construction <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 July 2012	104,784	95,326	200,110
Additions	—	122,897	122,897
Fair value gain	3,448	7,940	11,388
Transfer	<u>112,237</u>	<u>(112,237)</u>	<u>—</u>
At 30 June 2013	220,469	113,926	334,395
Additions	—	482,841	482,841
Fair value gain/(loss)	2,095	(6,340)	(4,245)
Disposals	(22,091)	—	(22,091)
Transfer	<u>376,527</u>	<u>(376,527)</u>	<u>—</u>
At 30 June 2014	577,000	213,900	790,900
Additions	—	352,001	352,001
Fair value gain	101,164	6,661	107,825
Disposals	(15,926)	—	(15,926)
Transfer	<u>287,762</u>	<u>(287,762)</u>	<u>—</u>
At 30 June 2015	950,000	284,800	1,234,800
Additions	—	148,965	148,965
Fair value (loss)/gain	(11,651)	3,382	(8,269)
Disposals	(1,296)	—	(1,296)
Transfer	<u>56,947</u>	<u>(56,947)</u>	<u>—</u>
At 31 December 2015	<u><u>994,000</u></u>	<u><u>380,200</u></u>	<u><u>1,374,200</u></u>
At 1 July 2014 (Unaudited)	577,000	213,900	790,900
Additions	—	257,059	257,059
Fair value gain	83,522	—	83,522
Disposals	(12,881)	—	(12,881)
Transfer	<u>204,359</u>	<u>(204,359)</u>	<u>—</u>
As at 31 December 2014	<u><u>852,000</u></u>	<u><u>266,600</u></u>	<u><u>1,118,600</u></u>

Triumph Hero Group measures its investment properties at fair value. The investment properties were revalued by Knight Frank Petty Limited, an independent qualified valuer, who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties being valued. As at 30 June 2013, 2014 and 2015 and 31 December 2014 and 2015, the investment properties were valued on an open market value basis. For all investment properties, their current use equates to the highest and best use.

Triumph Hero Group's finance department includes a team that reviews the valuation performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every year, in line with Triumph Hero Group's reporting date.

At each financial year end, the finance department verifies all major inputs to the independent valuation report; assesses property valuation movements when compared to the prior year valuation report; and holds discussions with the independent valuer.

Fair value of completed commercial properties and kindergarten in the PRC is generally derived using the income capitalisation method and wherever appropriate, by direct comparison method. Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation referenced to recent lettings of the subject properties and other comparable properties.

Direct comparison method for completed properties is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of residential properties under development in the PRC is generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

As at 30 June 2013, 2014 and 2015 and 31 December 2015, all investment properties are included in level 3 fair value hierarchy.

There were no changes to the valuation techniques during the years ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 2015 and there were no transfers between fair value hierarchy during the years/period.

Information about fair value measurements using significant unobservable inputs:

As at 30 June 2013:

		<u>Range of significant unobservable inputs</u>		
Completed properties	Valuation technique	Prevailing market price or rent per month		Rent per month capitalisation rate
		RMB		%
Commercial	Income capitalisation	RMB22–RMB30 per square metre		6%–7%
Kindergarten	Income capitalisation	RMB8 per square metre		4.25%
Car park	Direct comparison	RMB100,000 per carpark space		N/A
		<u>Range of significant unobservable inputs</u>		
Properties under development	Valuation technique	Prevailing market price	Budgeted	Estimated
			construction costs to be incurred	developer's profit and risk margins
		RMB	RMB	%
Commercial	Commercial	RMB7,700–RMB9,500 per square metre	RMB9,500,000–RMB14,600,000	3%

As at 30 June 2014:

Completed properties	Valuation technique	Range of significant unobservable inputs	
		Prevailing market price or rent per month <i>RMB</i>	Rent per month capitalisation rate %
Commercial	Income capitalisation	RMB10–RMB31 per square metre	5%–7%
Kindergarten	Income capitalisation	RMB11 per square metre	4.25%
Car park	Direct comparison	RMB100,000 per carpark space	N/A

Properties under development	Valuation technique	Range of significant unobservable inputs		
		Prevailing market price <i>RMB</i>	Budgeted construction cost to be incurred <i>RMB</i>	Estimated developer's profit and risk margins %
Commercial	Residual	RMB15,900 per square metre	RMB148,500,000	20%
Residential	Residual	RMB13,000 per square metre	RMB104,500,000	11%

As at 30 June 2015:

Completed properties	Valuation technique	Range of significant unobservable inputs	
		Prevailing market price or rent per month <i>RMB</i>	Rent per month capitalisation rate %
Commercial	Income capitalisation	RMB10–RMB150 per square metre	5%–7%
Kindergarten	Income capitalisation	RMB11 per square metre	4.25%
Car park	Direct comparison	RMB100,000 per carpark space	N/A

Properties under development	Valuation technique	Range of significant unobservable inputs		
		Prevailing market price <i>RMB</i>	Budgeted construction cost to be incurred <i>RMB</i>	Estimated developer's profit and risk margins %
Commercial	Residual	RMB13,900 per square metre	RMB47,900,000	12%
Residential	Residual	RMB11,500 per square metre	RMB84,800,000	7%

As at 31 December 2015:

Completed properties	Valuation technique	Range of significant unobservable inputs	
		Prevailing market price or rent per month <i>RMB</i>	Rent per month capitalisation rate %
Commercial	Income capitalisation	RMB38–88 per square meter	5.5%
Kindergarten	Income capitalisation	RMB16 per square meter	4.25%
Car park	Direct comparison	RMB116,770 per carpark space	N/A

Properties under development	Valuation technique	Range of significant unobservable inputs		
		Prevailing market price <i>RMB</i>	Budgeted construction cost to be incurred <i>RMB</i>	Estimated developer's profit and risk margins %
Commercial	Residual	RMB19,400 per square meter	Approximately RMB163,000,000	20%
Residential	Residual	RMB5,660 per square meter	Approximately RMB50,000,000	20%

Relationship of unobservable inputs to fair value:

- The higher prevailing market price, the higher fair value;
- The higher rents per month capitalisation, the lower fair value;
- The higher prevailing market rents per month, the higher fair value;
- The higher budgeted construction costs to be incurred, the lower fair value; and
- The higher estimated developer's profit and risk margins, the lower fair value.

15 PROPERTIES UNDER DEVELOPMENT

	As at 30 June		As at 31 December	
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development expected to be completed:				
Non-current	2,120,568	1,924,797	2,120,127	2,353,013
Current	<u>497,800</u>	<u>562,418</u>	<u>936,957</u>	<u>1,523,794</u>
	<u>2,618,368</u>	<u>2,487,215</u>	<u>3,057,084</u>	<u>3,876,807</u>
Properties under development comprise:				
Construction costs and capitalized expenditure	1,069,617	981,490	1,508,841	2,278,036
Interest capitalised	192,584	215,657	258,250	308,778
Land use rights	<u>1,356,167</u>	<u>1,290,068</u>	<u>1,289,993</u>	<u>1,289,993</u>
	<u>2,618,368</u>	<u>2,487,215</u>	<u>3,057,084</u>	<u>3,876,807</u>

Triumph Hero Group's properties under development are located in the PRC.

16 PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC.

17 INTERESTS IN A JOINT VENTURE

	As at 30 June		As at 31 December	
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	381	1,066	1,239	2,514
Share of profit/(loss)	<u>685</u>	<u>173</u>	<u>1,275</u>	<u>(1,719)</u>
At end of the year/period	1,066	1,239	2,514	795
Amount due from a joint venture	<u>6,144</u>	<u>3,159</u>	<u>141</u>	<u>141</u>
	<u>7,210</u>	<u>4,398</u>	<u>2,655</u>	<u>936</u>

Details of the joint venture are as follows:

Name of entity	Place of business/ country of establishment	Percentage of ownership interest held indirectly/ voting rate ratio	Principal activities	Measurement method
Guiyang New World International School	The PRC	95%/50%	Provision of educational services	Equity

The amount due from a joint venture is unsecured, interest-free and has no fixed terms of repayment.

18 TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 June			As at 31 December
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	2,518	48,093	10,789	14,957
Deposits and prepayments	20,280	29,899	44,466	88,078
Others	<u>2,137</u>	<u>2,379</u>	<u>1,945</u>	<u>1,586</u>
	<u>24,935</u>	<u>80,371</u>	<u>57,200</u>	<u>104,621</u>

As at 30 June 2013, 2014 and 2015, and 31 December 2015, the aging analysis of the trade receivables based on invoice dates were as follows:

	As at 30 June			As at 31 December
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	—	13,114	—	9,160
Over 90 days and within 180 days	—	9,444	—	1,041
Over 180 days	<u>2,518</u>	<u>25,535</u>	<u>10,789</u>	<u>4,756</u>
	<u>2,518</u>	<u>48,093</u>	<u>10,789</u>	<u>14,957</u>

As at 30 June 2013, 2014 and 2015, and 31 December 2015, trade receivables of RMB2,518,000, RMB31,557,000, RMB10,789,000 and RMB5,797,000 respectively were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these past due but not impaired trade receivables by overdue date is as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Within 1 month	—	3,483	—	—
1 month to 2 months	—	2,539	—	—
2 months to 3 months	—	—	—	1,041
Over 3 months	<u>2,518</u>	<u>25,535</u>	<u>10,789</u>	<u>4,756</u>
	<u>2,518</u>	<u>31,557</u>	<u>10,789</u>	<u>5,797</u>

As at 30 June 2013, 2014 and 2015, and 31 December 2015, no trade receivable was impaired.

Triumph Hero Group does not hold any collateral over these balances.

19 AMOUNTS DUE FROM/TO THE THEN FELLOW SUBSIDIARIES AND THE THEN HOLDING COMPANIES

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Amount due from the then fellow subsidiary	602	457	530	560
Amount due to the then intermediate holding company	178,576	578,566	260,316	—
Amount due to the then immediate holding company	1,717,649	2,008,515	2,958,136	3,100,510
Amounts due to the then fellow subsidiaries	<u>196,360</u>	<u>379,961</u>	<u>226,322</u>	<u>1,258,747</u>

The amount due from the then fellow subsidiary is unsecured, interest-free, denominated in HKD and repayable on demand.

The amounts due to the then intermediate holding company are unsecured, denominated in HKD and bearing an average interest at 4.6% per annum. Included in the balances as at 30 June 2013, 2014 and 2015, the amounts of RMB158,000,000, RMB344,935,000 and RMB133,202,000, respectively, were repayable within 5 years. The remaining balances are repayable on demand.

The amounts due to the then immediate holding company are unsecured, interest-free, denominated in HKD and repayable on demand.

The amounts due to the then fellow subsidiaries are unsecured, denominated in HKD and bearing an average interest at 4.6% per annum. Included in the balances as at 30 June 2013, 2014 and 2015, the amounts of RMB140,995,000, RMB99,469,000 and RMB161,668,000, respectively, were repayable within 5 years. The remaining balances are repayable on demand.

20 CASH AND CASH EQUIVALENTS

Triumph Hero Group

	As at 30 June		As at 31 December	
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks	271,654	206,584	209,728	161,341
Cash on hand	<u>286</u>	<u>539</u>	<u>427</u>	<u>268</u>
	<u>271,940</u>	<u>207,123</u>	<u>210,155</u>	<u>161,609</u>

- (a) Cash and cash equivalents are mainly denominated in RMB.
- (b) Cash at banks earns interest at floating daily bank deposit rates.
- (c) The conversion of RMB denominated balances into foreign currencies and the remittance of cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Triumph Hero

	As at 30 June		As at 31 December	
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>

- (a) Cash and cash equivalents are mainly denominated in HKD.
- (b) Cash at banks earns interest at floating daily bank deposit rates.

21 SHARE CAPITAL

	No. of ordinary shares	Nominal value of ordinary share USD	Equivalent
			nominal value of ordinary share RMB
Authorised, issued and fully paid, of USD1 at 30 June 2013, 2014, 2015 and 31 December 2015	<u>10,000</u>	<u>1</u>	<u>62,000</u>

22 CREDITORS AND ACCRUALS

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
Construction fee payables	287,219	454,772	441,661	256,394
Trade payables	30,220	46,178	42,862	44,010
Deposits received	451	396	2,243	2,015
Other payables	40,678	35,659	52,778	26,722
	<u>358,568</u>	<u>537,005</u>	<u>539,544</u>	<u>329,141</u>

The carrying amounts approximate their fair values. Creditors and accruals are due for settlement within one year.

As at 30 June 2013, 2014 and 2015, and 31 December 2015, trade and construction fee payables were as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
Within 1 year	<u>317,439</u>	<u>500,950</u>	<u>484,523</u>	<u>300,404</u>

23 BORROWINGS

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
Bank borrowings	1,116,340	704,279	470,512	175,800
— Less: current position	<u>(621,100)</u>	<u>(234,000)</u>	<u>(304,712)</u>	<u>(20,000)</u>
Non-current position	<u>495,240</u>	<u>470,279</u>	<u>165,800</u>	<u>155,800</u>

The interest rate for bank borrowings are as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	%	%	%	2015
Fixed interest borrowings	6.23%	7.23%	7.53%	7.53%
Floating interest borrowings	<u>3.67%</u>	<u>3.71%</u>	<u>3.57%</u>	<u>—</u>

As at 30 June 2014 and 2015 and 31 December 2015, property, plant and equipment with an aggregate net book value of approximately RMB705,521,000, RMB648,402,000 and RMB616,409,000 were pledged as securities for bank borrowings made available to Triumph Hero Group.

Bank borrowings are repayable as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Within one year	621,100	234,000	304,712	20,000
Between one to two years	218,500	284,279	—	—
Between two to five years	276,740	—	—	—
Over five years	—	186,000	165,800	155,800
	<u>1,116,340</u>	<u>704,279</u>	<u>470,512</u>	<u>175,800</u>

The carrying amounts of the borrowings are denominated in the following currencies:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
RMB	650,000	300,000	183,200	175,800
HKD	466,340	404,279	287,312	—
	<u>1,116,340</u>	<u>704,279</u>	<u>470,512</u>	<u>175,800</u>

The carrying amounts of the borrowings approximate their fair values, the weighted average interest rates are 5.2%, 5.2%, 5.1% and 7.5% as at 30 June 2013, 2014 and 2015, and 31 December 2015, respectively.

24 DEFERRED INCOME TAX

Triumph Hero Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off and the deferred income taxes relate to the same tax jurisdiction.

The movement on the net deferred income tax is as follows:

	<i>RMB'000</i>
As at 1 July 2012	(16,007)
Charged to profit or loss	<u>(4,878)</u>
As at 30 June 2013	(20,885)
Credited to profit or loss	<u>1,084</u>
As at 30 June 2014	(19,801)
Credited to profit or loss	<u>9,075</u>
As at 30 June 2015	(10,726)
Credited to profit or loss	<u>10,726</u>
As at 31 December 2015	<u>—</u>
As at 1 July 2014 (Unaudited)	(19,801)
Charged to profit or loss	<u>(1,452)</u>
As at 31 December 2014 (Unaudited)	<u>(21,253)</u>

The movement on deferred income tax assets (to be recovered after more than one year), without taking into consideration the offsetting of balances, is as follows:

	<i>Tax losses RMB'000</i>
At 1 July 2012, 30 June 2013 and 30 June 2014	—
Credited to profit or loss	<u>35,270</u>
At 30 June 2015	35,270
Credited to profit or loss	<u>8,587</u>
At 31 December 2015	<u>43,857</u>
At 30 June 2014 (Unaudited)	—
Credited to profit or loss	<u>18,864</u>
At 31 December 2014 (Unaudited)	<u>18,864</u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Triumph Hero Group did not have any unrecognised deferred income tax assets as at 30 June 2013, 2014 and 2015. As at 31 December 2015, Triumph Hero Group had unrecognised tax losses of approximately RMB45,768,000 which will be expired within five years.

The movement on deferred income tax liabilities (to be settled after more than one year), without taking into consideration the offsetting of balances, are as follows:

Deferred income tax liabilities	Fair value gain on investment properties <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 July 2012	14,836	1,171	16,007
Charged to profit or loss	<u>4,878</u>	<u>—</u>	<u>4,878</u>
As at 30 June 2013	19,714	1,171	20,885
Credited to profit or loss	<u>(1,084)</u>	<u>—</u>	<u>(1,084)</u>
As at 30 June 2014	18,630	1,171	19,801
Charged to profit or loss	<u>26,195</u>	<u>—</u>	<u>26,195</u>
As at 30 June 2015	44,825	1,171	45,996
Credited to profit or loss	<u>(2,139)</u>	<u>—</u>	<u>(2,139)</u>
As at 31 December 2015	<u><u>42,686</u></u>	<u><u>1,171</u></u>	<u><u>43,857</u></u>
As at 1 July 2014 (Unaudited)	18,630	1,171	19,801
Charged to profit or loss	<u>20,316</u>	<u>—</u>	<u>20,316</u>
As at 31 December 2014 (Unaudited)	<u><u>38,946</u></u>	<u><u>1,171</u></u>	<u><u>40,117</u></u>

No deferred tax liability has been recorded on temporary difference of RMB28,099,000, RMB32,679,000, RMB42,120,000 and RMB30,194,000 as at 30 June 2013, 2014 and 2015 and 31 December 2015, respectively, relating to the undistributed earnings of a subsidiary because Triumph Hero Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Triumph Hero

As at 30 June 2013, 2014 and 2015, and 31 December 2015, Triumph Hero had no material unprovided deferred tax assets and liabilities.

25 NON-CONTROLLING INTERESTS

The profit/(loss) for the years ended 30 June 2013, 2014 and 2015, and the six months ended 31 December 2014 and 2015 attributable to non-controlling interests are RMB(62,000), RMB2,000, RMB(13,000), RMB26,000 and RMB(91,000), respectively, which are attributable to three individual shareholders.

26 COMMITMENTS

(a) Capital commitment

As at 30 June 2013, 2014 and 2015 and 31 December 2015, Triumph Hero Group had the following capital commitments:

	As at 30 June		As at 31 December	
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for				
— Property, plant and equipment	207,065	32,610	32,610	30,874
— Investment properties	<u>30,597</u>	<u>429,466</u>	<u>165,595</u>	<u>61,830</u>
	<u>237,662</u>	<u>462,076</u>	<u>198,205</u>	<u>92,704</u>

As at 30 June 2013, 2014 and 2015 and 31 December 2015, Triumph Hero had no significant capital commitment.

(b) Operating lease arrangements

The future aggregate minimum lease rental receivables under non-cancellable operating leases are as follows:

	As at 30 June		As at 31 December	
	2013	2014	2015	2015
	RMB'000	RMB'000	RMB'000	RMB'000
No later than 1 year	7,578	7,637	9,824	9,389
Later than 1 year and no later than				
5 years	39,533	23,296	29,569	26,300
Over 5 years	<u>5,703</u>	<u>16,111</u>	<u>14,057</u>	<u>9,891</u>
	<u>52,814</u>	<u>47,044</u>	<u>53,450</u>	<u>45,580</u>

As at 30 June 2013, 2014 and 2015, and 31 December 2015, Triumph Hero had no material operating lease commitment.

27 TRANSACTIONS WITH RELATED PARTIES

Other than those transactions disclosed elsewhere in the Financial Information, no other material transactions were carried out with related companies in the normal course of Triumph Hero Group business.

28 INTERESTS IN SUBSIDIARIES

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
Investment in a subsidiary, at cost	—	—	—	—
Amount due from a subsidiary	1,756,752	2,048,090	2,997,194	3,141,772

Amount due from a subsidiary is unsecured, denominated in HKD, bearing interest at an average rate of 4.6% and has no fixed terms of repayment.

The following is the details of the principal subsidiaries as at 30 June 2013, 2014 and 2015, and 31 December 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by Triumph Hero Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Spread Glory Investments Limited	Hong Kong, limited liability company	Investment holding	HKD1	100%	100%	—
Guiyang New World Real Estate Co., Ltd. (貴陽新世界房地產有限公司) (Note (i))	The PRC, limited liability company	Property development and hotel operation in the PRC	US\$301,350,000	—	100%	—
Guiyang Jinyang New Living Property Management Co., Ltd. (貴陽金陽新生活物業管理有限公司) (Note (i))	The PRC, limited liability company	Property Management in the PRC	RMB5,010,000	—	100%	—
Guiyang Jinyang Heng Thai Food Catering Investment Co., Ltd. (貴陽金陽恆泰食品投資有限公司) (Note (i))	The PRC, limited liability company	Restaurant services in the PRC	RMB6,000,000	—	83.33%	16.67%

Note:

- (i) The statutory financial statements for these subsidiaries for each of the years ended 31 December 2012, 2013, 2014 and 2015, where applicable, were audited by Guangzhou Zhengda Zhongxin Certified Public Accountants.
- (ii) The names of certain of the companies referred to in Financial Information represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available.

29 RESERVE — TRIUMPH HERO

Movement in reserve of Triumph Hero is as follows:

	Retained earnings RMB'000
As at 1 July 2012	39,052
Loss for the year	<u>(23)</u>
As at 30 June 2013	39,029
Profit for the year	<u>472</u>
As at 30 June 2014	39,501
Loss for the year	<u>(520)</u>
As at 30 June 2015	38,981
Profit for the period	<u>2,224</u>
As at 31 December 2015	<u><u>41,205</u></u>

30 GUARANTEE

	As at 30 June			As at
	2013	2014	2015	31 December
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Guarantee in respect of mortgage facilities for certain purchasers	<u>554,452</u>	<u>888,959</u>	<u>850,053</u>	<u>1,156,287</u>

Triumph Hero Group was in cooperation with certain financial institutions and arranged mortgage loan facilities for its purchasers of properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within four years after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers. As at 30 June 2013, 2014 and 2015 and 31 December 2015, no provision was made in respect of their guarantee.

31 SUBSEQUENT EVENTS

There have been no significant events subsequent to 31 December 2015 up to the date of this report.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Triumph Hero or any of its subsidiaries in respect of any period subsequent to 31 December 2015 and up to the date of this report. No dividend or distribution has been declared or made by Triumph Hero or any of its subsidiaries in respect of any period subsequent to 31 December 2015.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The following is an illustrative and unaudited pro forma financial information (“Unaudited Pro Forma Financial Information”), comprising the unaudited pro forma statement of assets and liabilities of the Enlarged Group which have been prepared on the basis of the notes set out below and in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effects of the First Acquisition and the Second Acquisition on the Group as they had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Group for the year ended 31 December 2015.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information contained in this circular and the accountant’s reports on Rise Eagle and Triumph Hero and set out in Appendix IIA and IIB to this circular.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates and currency available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the financial position of the Enlarged Group had the First Acquisition and Second Acquisition been completed at 31 December 2015 or any future date.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF ASSETS AND
LIABILITIES OF THE ENLARGED GROUP

	Pro forma adjustments						Unaudited pro forma consolidated statements of assets and liabilities of the Enlarged Group RMB'000
	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2015 RMB'000 (Note 1)	Audited consolidated statement of assets and liabilities of Rise Eagle Group as at 31 December 2015 RMB'000 (Note 2)	Audited consolidated statement of assets and liabilities of Triumph Hero Group as at 31 December 2015 RMB'000 (Note 2)	Other pro forma adjustments			
				RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)	
ASSETS							
Non-current assets							
Property, plant and equipment	16,720,000	134,908	745,476	—	—	—	17,600,384
Land use rights	3,625,000	—	24,448	—	—	—	3,649,448
Investment properties	97,146,000	355,550	1,374,200	—	—	—	98,875,750
Properties under development	248,000	1,174,073	2,353,013	745,993	1,729,987	—	6,251,066
Interest in a joint venture	—	—	936	—	—	—	936
Trade and other receivables	10,730,000	—	—	—	—	—	10,730,000
Prepayments	1,038,000	—	—	—	—	—	1,038,000
Intangible assets	372,000	—	—	—	—	—	372,000
Investments accounted for using the equity method	8,580,000	—	—	—	—	—	8,580,000
Available-for-sale financial assets	2,595,000	—	—	—	—	—	2,595,000
Deferred income tax assets	2,752,000	—	—	—	—	—	2,752,000
Goodwill	885,000	—	—	—	3,013	—	888,013
	<u>144,691,000</u>	<u>1,664,531</u>	<u>4,498,073</u>	<u>745,993</u>	<u>1,733,000</u>	<u>—</u>	<u>153,332,597</u>
Current assets							
Inventories	1,311,000	1,234	2,526	—	—	—	1,314,760
Properties under development	329,610,000	898,259	1,523,794	367,741	798,206	—	333,198,000
Properties held for sale	54,118,000	158,934	219,404	36,066	260,596	—	54,793,000
Trade receivables, other receivables and prepayment	58,845,000	132,525	104,621	—	—	—	59,082,146
Amounts due from the then fellow subsidiaries	—	26,831	—	—	—	—	26,831
Amount due from the then related company	—	—	560	—	—	—	560
Prepaid tax	—	57,266	59,552	—	—	—	116,818
Income tax recoverable	4,131,000	—	34,652	—	—	—	4,165,652
Financial assets at fair value through profit or loss	307,000	—	—	—	—	—	307,000
Restricted cash	60,932,000	3,000	—	—	—	—	60,935,000
Cash and cash equivalents	<u>103,090,000</u>	<u>219,910</u>	<u>161,609</u>	<u>(2,000,000)</u>	<u>(5,300,000)</u>	<u>—</u>	<u>96,171,519</u>
	<u>612,344,000</u>	<u>1,497,959</u>	<u>2,106,718</u>	<u>(1,596,193)</u>	<u>(4,241,198)</u>	<u>—</u>	<u>610,111,286</u>
Total assets	<u>757,035,000</u>	<u>3,162,490</u>	<u>6,604,791</u>	<u>(850,200)</u>	<u>(2,508,198)</u>	<u>—</u>	<u>763,443,883</u>

	Pro forma adjustments						Unaudited pro forma consolidated statements of assets and liabilities of the Enlarged Group
	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2015 RMB'000 (Note 1)	Audited consolidated statement of assets and liabilities of Rise Eagle Group as at 31 December 2015 RMB'000 (Note 2)	Audited statement of assets and liabilities of Triumph Hero Group as at 31 December 2015 RMB'000 (Note 2)	Other pro forma adjustments			
			RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)	RMB'000	
LIABILITIES							
Non-current liabilities							
Borrowings	138,162,000	—	155,800	—	—	—	138,317,800
Loan from ultimate holding company	2,481,000	—	—	—	—	—	2,481,000
Deferred tax liabilities	17,569,000	15,659	—	341,004	882,260	—	18,807,923
	<u>158,212,000</u>	<u>15,659</u>	<u>155,800</u>	<u>341,004</u>	<u>882,260</u>	<u>—</u>	<u>159,606,723</u>
Current liabilities							
Borrowings	158,744,000	460,000	20,000	—	—	—	159,224,000
Trade and other payables	191,309,000	133,718	329,141	—	—	6,000	191,777,859
Amount due to the then immediate holding company	—	1,191,736	3,100,510	(1,191,736)	(3,100,510)	—	—
Amounts due to the then fellow subsidiaries	—	55,450	1,258,747	—	—	—	1,314,197
Advanced proceeds received from customers	—	447,810	1,449,947	—	—	—	1,897,757
Receipt in advance from customers	83,061,000	—	—	—	—	—	83,061,000
Current income tax liabilities	23,567,000	51,249	—	—	—	—	23,618,249
	<u>456,681,000</u>	<u>2,339,963</u>	<u>6,158,345</u>	<u>(1,197,736)</u>	<u>(3,100,510)</u>	<u>6,000</u>	<u>460,893,062</u>
Total liabilities	<u>614,893,000</u>	<u>2,355,622</u>	<u>6,314,145</u>	<u>(850,732)</u>	<u>(2,218,250)</u>	<u>6,000</u>	<u>620,499,785</u>

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

- The amounts are extracted from the audited consolidated balance sheet of the Group as set out in the annual report of the Group for the year ended 31 December 2015.
- The amounts are extracted from the audited consolidated statement of financial position of Rise Eagle Group and Triumph Hero Group as at 31 December 2015 as set out in Appendix IIA and IIB to this circular.
- Upon completion of the First Acquisition, the Company will own 100% equity interest in Rise Eagle. The identifiable assets and liabilities of Rise Eagle will be accounted for in the consolidated financial statements of the Enlarged Group at their fair value under the acquisition method of accounting in accordance with Hong Kong Financial Reporting Standard (“HKFRS”) 3 “Business Combination”.
 - This adjustment represents the recognition of the excess of the fair value of identifiable assets acquired, and the liabilities assumed over the book value of the assets and the liabilities in Rise Eagle Group. The fair value of identifiable assets acquired and liabilities assumed in Rise Eagle Group is determined in accordance

HKFRS 3, “Business Combination”. For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the directors have assessed the fair values of the identifiable assets and liabilities of Rise Eagle Group as at 31 December 2015 by taking reference of the valuation as at 31 December 2015 carried out by Crowe Horwath (HK) Consulting & Valuation Limited.

- (b) The adjustment relating to goodwill arises from the acquisition of Rise Eagle. Pursuant to the Agreement, the consideration for acquisition of 100% equity interest in Rise Eagle amounted to approximately RMB2,000 million.

The fair value adjustment of the assets and liabilities of Rise Eagle Group as at 31 December 2015 was mainly contributed by properties under development and properties held for sales of approximately RMB1,114 million and RMB36 million respectively, net of the deferred income tax liabilities recognised as a result of the fair value adjustment of approximately RMB341 million.

Goodwill is determined as the excess of the consideration paid for the First Acquisition, taking into account the loans to be transferred from the Vendor to the Group, and the amount of non-controlling interests in Rise Eagle Group over the fair values of the identifiable assets acquired and liabilities assumed of Rise Eagle Group as at 31 December 2015 as follows:

	<i>RMB'000</i>
Consideration	2,000,000
Loans transfer to the Group from Vendor (<i>see note(c) below</i>)	(1,191,736)
Non-controlling interests	807,400
Fair value of net identifiable assets	<u>(1,615,664)</u>
Goodwill	<u> —</u>

Since the fair values of the consideration and the assets and liabilities of Rise Eagle Group at the actual completion date may substantially different from the fair values used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identifiable net assets (including intangible assets) and goodwill to be recognised in connection with the First Acquisition may be different from the amounts presented here and the differences may be significant. The Directors have assessed whether there is any indication of impairment in respect of property, plant and equipment, investment properties, properties under development and goodwill with reference to Hong Kong Accounting Standard 36 “Impairment of Assets”.

The directors are of the view that Rise Eagle Group is a growing business and there are no significant changes with an adverse effect on Rise Eagle Group that will take place in the near future.

- (c) The amount due to the then immediate holding company (i.e. the Vendor) which will be transferred to the Group upon the completion of the First Acquisition. The balance has been eliminated in the pro forma statement of assets and liabilities of the Enlarged Group.
- (d) The Directors expect that the consideration of RMB2,000 million will be financed by the proceeds from the issues of perpetual securities by the Company to New World completed in 2015 and cash on hand. Therefore, for the purpose of preparing the Unaudited Pro Forma Financial Information of the Enlarged Group, it is assumed that the consideration will be paid by cash and a deduction of RMB2,000 million in cash and cash equivalents will be recognised to reflect the payment of the consideration.

4. Upon completion of the Second Acquisition, the Company will own 100% equity interest in Triumph Hero. The net identifiable assets and liabilities of Triumph Hero will be accounted for in the consolidated financial statements of the Company at their fair value under the acquisition method of accounting in accordance with HKFRS 3 “Business Combination”.

- (a) This adjustment represents the recognition of the excess of the fair value of identifiable assets acquired, and the liabilities assumed over the book value of the assets and the liabilities in Triumph Hero Group. The fair value of identifiable assets acquired and liabilities assumed in Triumph Hero Group is determined in accordance HKFRS 3, “Business Combination”. For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the directors have assessed the fair values of the identifiable assets and liabilities of Triumph Hero Group as at 31 December 2015 by taking reference of the valuation as at 31 December 2015 carried out by Crowe Horwath (HK) Consulting & Valuation Limited.
- (b) The adjustment relating to goodwill arises from the acquisition of Triumph Hero. Pursuant to the Agreement, the consideration for acquisition of 100% equity interest in Triumph Hero amounted to approximately RMB5,300 million.

The fair value adjustment of the assets and liabilities of Triumph Hero Group as at 31 December 2015 was mainly contributed by properties under development and properties held for sales of approximately RMB2,528 million and RMB261 million respectively, net of the deferred income tax liabilities recognised as a result of the fair value adjustments of approximately RMB882 million.

Goodwill is determined as the excess of the consideration paid for the Second Acquisition, taking into account the loans to be transferred from the Vendor to the Group, and the amount of non-controlling interests in Triumph Hero Group over the fair values of the identifiable assets acquired and liabilities assumed of Triumph Hero Group as at 31 December 2015 as follows:

	<i>RMB'000</i>
Consideration	5,300,000
Loans transfer to the Group from Vendor	(3,100,510)
Non-controlling interests	698
Fair value of net identifiable assets	<u>(2,197,175)</u>
Goodwill	<u><u>3,013</u></u>

Since the fair values of the consideration and the assets and liabilities of Triumph Hero Group at the actual completion date may substantially different from the fair values used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identifiable net assets (including intangible assets) and goodwill to be recognised in connection with the Second Acquisition may be different from the amounts presented here and the differences may be significant. The Directors have assessed whether there is any indication of impairment in respect of goodwill with reference to Hong Kong Accounting Standard 36 “Impairment of Assets”.

The directors are of the view that Triumph Hero Group is a growing business and there are no significant changes with an adverse effect on Triumph Hero Group that will take place in the near future. Based on the above assessment, the directors consider that there is no indication of impairment in the value of goodwill for the purpose of this Unaudited Pro Forma Financial Information.

- (c) The amount due to the then immediate holding company (i.e. the Vendor) which will be transferred to the Group upon the completion of the Second Acquisition. The balance will be eliminated in the pro forma statement of assets and liabilities of the Enlarged Group.

- (d) The Directors expect that the consideration of RMB5,300 million will be financed by the proceeds from the issues of perpetual securities by the Company to New World completed in 2015 and cash on hand. Therefore, for the purpose of preparing the Unaudited Pro Forma Financial Information of the Enlarged Group, it is assumed that the consideration will be paid by cash and a deduction of RMB5,300 million in cash and cash equivalents will be recognized to reflect the payment of the consideration.
- 5. The amount represents the estimated amounts for legal and professional fees and other expenses payable by the Group related to the First Acquisition and Second Acquisition.
- 6. Apart from the First Acquisition and Second Acquisition, no other adjustments have been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions entered into by the Group, Rise Eagle Group or Triumph Hero Group subsequent to 31 December 2015.

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



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED
IN A CIRCULAR**

TO THE DIRECTORS OF EVERGRANDE REAL ESTATE GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Evergrande Real Estate Group Limited (the "Company") and its subsidiaries (collectively the "Group"), and Rise Eagle Worldwide Limited and its subsidiary ("Rise Eagle Group") and Triumph Hero International Limited and its subsidiaries ("Triumph Hero Group") (the "Target Companies") (collectively the "Enlarged Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2015, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 116 to 121 of the Company's circular dated 27 June 2016, in connection with the acquisition of Rise Eagle Group and Triumph Hero Group (the "Transaction") by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described on pages 117 to 121.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2015 as if the Transaction had taken place at 31 December 2015. As part of this process, information about the Group's consolidated financial position at 31 December 2015 has been extracted by the directors from the annual report of the Company for the year ended 31 December 2015, on which an annual report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

.....
PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

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

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

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

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

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 27 June 2016

This appendix summarizes the business and financial results and other financial information of the Targets for the three years ended 30 June 2015 and the six months ended 31 December 2015.

(A) RISE EAGLE

Business and financial results of Rise Eagle

Rise Eagle is a company incorporated in the British Virgin Islands on 28 December 2005. Rise Eagle holds a 60% equity interest in the Chengdu Project Company, which in turn holds a piece of urban land with a net land area of 950,072.10 square meters for mixed commercial and residential use located at Guangfu Community, Huayang Street, Tianfu New Area, Chengdu City, Sichuan Province, the PRC.

As at the Latest Practicable Date, Rise Eagle and its subsidiary is involved in property investment and property development in the PRC.

Revenue and gross profit

Revenue and gross profits of the Rise Eagle for the three years ended 30 June 2015 and the six months ended 31 December 2015 are as follows:

	For the year ended 30 June			For the six months ended	
	2013	2014	2015	31 December	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Revenue	571,703	545,850	111,727	91,993	334,499
Gross profit	124,042	140,084	31,625	28,835	67,443

During the three years ended 30 June 2015, Rise Eagle has recorded annual revenue ranging from approximately RMB111.7 million to RMB571.7 million. For the year ended 30 June 2015, revenue decreased significantly to RMB111.7 million due to the austerity measures against the property sector in the PRC. With the gradual relaxation of the austerity measures, revenue of Rise Eagle rebound in the six months ended 31 December 2015 to RMB334.5 million.

Cost of sales

	For the year ended 30 June			For the six months ended	
	2013	2014	2015	31 December	
	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)
Cost of sales	447,661	405,766	80,102	63,158	267,056

The cost of sales remains fairly stable and matches with the revenue of Rise Eagle.

Other operating expenses and income tax

	For the year ended 30 June			For the six months ended	
	2013	2014	2015	31 December	
	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)
Selling expenses	25,650	31,620	31,998	16,018	26,593
Administrative expenses	12,757	13,569	11,386	4,708	7,117
Finance costs, net	—	—	—	—	—
Income tax expenses	27,124	28,144	12,198	5,941	31,800

Selling expenses

Selling expenses primarily consist of promotional expenses and overhead. The selling expenses remain at a high level in 2015 despite lower revenue primarily as an effort to continue to promote the properties during the down property market.

Administrative and other expenses

Administrative expenses primarily consist of salaries and office expenses, which remain fairly stable during the period.

Finance costs, net

The finance costs of the Rise Eagle included mainly interest expenses in relation to borrowings which were charged at variable interest rates. Since all borrowings are related to the development of Rise Eagle's projects, all interests, which are directly attributable to the constructions, have been capitalised in the properties under development for the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2015.

Income tax expense

Rise Eagle's entities that operate in the PRC are subject to income tax in the PRC. There had been no tax credit paid back to Rise Eagle during the period.

Profit/(loss) for the year/period

	For the year ended 30 June			For the six months ended	
	2013	2014	2015	31 December	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Profit/(loss) before income tax	150,846	90,702	45,382	34,622	(19,539)
Income tax expenses	(27,124)	(28,144)	(12,198)	(5,941)	(31,800)
Profit/(loss) and total comprehensive income for the year/period	123,722	62,558	33,184	28,681	(51,339)

Rise Eagle recorded a profit for each of the three years ended 30 June 2013, 2014 and 2015 but recorded a loss before tax of RMB19.5 million for the six months ended 31 December 2015, which together with the income tax expenses of RMB31.8 million, increased the loss to RMB51.3 million for the six months ended 31 December 2015.

Financial position and other financial information of Rise Eagle*Financial resources and gearing ratio*

Rise Eagle generally finances its operations with cash flows generated internally from its operating activities and from borrowings from its immediate holding company and other financial institutes. Rise Eagle and its subsidiary were also in cooperation with certain financial institutes and arranged mortgage loans for purchasers of its properties.

As at 30 June 2013, 2014 and 2015 and 31 December 2015, Rise Eagle's borrowings from its then immediate holding company and other financial institutes were as follows:

(i) *From the then immediate holding company*

	Within 1 year or repayable on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	Total RMB'000
At 30 June 2013				
Amounts due to the then immediate holding company	<u>1,228,652</u>	<u>—</u>	<u>—</u>	<u>1,228,652</u>
At 30 June 2014				
Amounts due to the then immediate holding company	<u>1,208,673</u>	<u>—</u>	<u>—</u>	<u>1,208,673</u>
At 30 June 2015				
Amounts due to the then immediate holding company	<u>1,170,794</u>	<u>—</u>	<u>—</u>	<u>1,170,794</u>
At 31 December 2015				
Amounts due to the then immediate holding company	<u>1,191,736</u>	<u>—</u>	<u>—</u>	<u>1,191,736</u>

Amounts due to the then immediate holding company are unsecured, denominated in HKD and repayable on demand. The balances included RMB74,000,000, RMB279,000,000, RMB833,000,000 and RMB809,000,000 as at 30 June 2013, 2014 and 2015 and 31 December 2015, respectively, which bear interest at an average rate of 4.6% per annum. The remaining balances are interest-free.

(ii) *Bank borrowings*

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
Bank borrowings	230,000	600,000	560,000	460,000
— Less: current portion	<u>(230,000)</u>	<u>(140,000)</u>	<u>(100,000)</u>	<u>(460,000)</u>
Non-current portion	<u>—</u>	<u>460,000</u>	<u>460,000</u>	<u>—</u>

The interest rates for bank borrowings are as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	%	%	%	2015
Fixed interest borrowings	7.04%	7.38%	7.38%	7.38%
Floating interest borrowings	<u>—</u>	<u>7.38%</u>	<u>7.2%</u>	<u>6.9%</u>

As at 30 June 2013, 2014 and 2015 and 31 December 2015, properties under development with aggregate net book value of approximately RMB862,526,000 were pledged as securities for bank borrowings made available to Rise Eagle Group.

Borrowings are repayable as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
Within one year	230,000	140,000	100,000	460,000
Between one to two years	—	60,000	460,000	—
Between two to five years	<u>—</u>	<u>400,000</u>	<u>—</u>	<u>—</u>
	<u>230,000</u>	<u>600,000</u>	<u>560,000</u>	<u>460,000</u>

The carrying amounts of borrowings are denominated in RMB.

Rise Eagle's gearing ratio as at 30 June 2013, 2014 and 2015 and 31 December 2015 was 56%, 63%, 54% and 52%, respectively.

Contingent liabilities

As at 30 June 2013, 2014, 2015 and 31 December 2015, Rise Eagle had no contingent liability.

Charge on assets

As at 30 June 2013, 2014 and 2015 and 31 December 2015, properties under development with aggregate net book value of approximately RMB862,526,000 were pledged as securities for bank borrowings made available to Rise Eagle and its subsidiary.

Foreign currencies

The main market of Rise Eagle and its subsidiary is in the PRC. Except for the balances with the intermediate holding company, immediate holding company, fellow subsidiaries and related company, which are denominated in HKD, Rise Eagle is not exposed to other material foreign exchange risks and Rise Eagle has not used any hedging instrument to meditate foreign exchange exposures.

Employees' remuneration and policy

The aggregate amount of remuneration paid to the employees of Rise Eagle for the three years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2015 were RMB3,370,000, RMB3,892,000, RMB5,258,000 and RMB3,930,000, respectively. The employees are paid in accordance with their performance. In addition to salary, Rise Eagle also contributed to various defined contribution benefit plans organised by the relevant municipal and provincial governments in the PRC.

Segmental analysis

Rise Eagle and its subsidiary is engaged in property investment and property development in the PRC.

Significant investments held

During the three years ended 30 June 2015 and the six months ended 31 December 2015, Rise Eagle did not hold any significant investments except for its interest in the Chengdu Project Company.

Material acquisitions and disposals of subsidiaries and associated companies

During the three years ended 30 June 2015 and the six months ended 31 December 2015, Rise Eagle did not have any material acquisitions or disposals.

Prospects of the Rise Eagle

Rise Eagle is involved in property investment and property development in the PRC. It is expected that it will continue with the development of the Chengdu Riverside Project. Upon Completion, it will enhance the Company's land bank and augment the Company's developments in the Tier II cities and create a synergy effect for the Company's future development. Save for the development of the Chengdu Riverside Project, Rise Eagle has no other investment plan.

(B) TRIUMPH HERO

Business and financial results of Triumph Hero

Triumph Hero is a company incorporated in the British Virgin Islands on 28 March 2006. Triumph Hero holds the entire equity interest in the Guiyang Project Company, which in turn holds the real estate development project located to the east of Jinxi North Road, to the south of Longtan Road, to the west of Jinyang North Road and to the north of Jinzhu Road, Jinyang District, Guiyang City, the PRC. The Guiyang Project Company also holds the entire equity interest in Guiyang New Life Property Service Company Limited, a 83.33% equity interest in Guiyang Jinyang Hengtai Food Investment Company Limited and a 95% equity interest in Guiyang New World International School.

As at the Latest Practicable Date, Triumph Hero and its subsidiaries (the "Triumph Hero Group") is involved in property development and investment, property management services and hotel operation in the PRC.

Revenue and gross profit

Revenue and gross profits of the Triumph Hero Group for the three years ended 30 June 2015 and the six months ended 31 December 2014 and 2015 are as follows:

	For the year ended 30 June			For the six months ended	
	2013	2014	2015	31 December	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Revenue	689,945	742,641	171,848	118,592	93,722
Gross profit/(loss)	113,252	103,339	(12,233)	(13)	(2,766)

During the three years ended 30 June 2015, Triumph Hero has recorded annual revenue ranging from approximately RMB171.8 million to RMB742.6 million. For the year ended 30 June 2015, revenue decreased significantly to RMB171.8 million due to the austerity measures

against the property sector in the PRC. With the gradual relaxation of the austerity measures, revenue of Triumph Hero has rebound slightly to RMB93.7 million for the six months ended 31 December 2015.

Cost of sales

	For the year ended 30 June			For the six months ended	
				31 December	
	2013	2014	2015	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Cost of sales	576,693	639,302	184,081	118,605	96,488

The cost of sales remains fairly stable and matches with the revenue of Triumph Hero.

Other operating expenses and income tax

	For the year ended 30 June			For the six months ended	
				31 December	
	2013	2014	2015	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Selling expenses	29,153	40,225	24,933	11,270	22,108
Administrative expenses	21,734	40,120	103,792	59,255	53,745
Finance costs, net	—	—	18,577	10,984	5,999
Income tax expenses/ (credits)	29,470	18,097	(5,167)	4,992	(9,454)

Selling expenses

Selling expenses primarily consist of promotional expenses and overhead and was fairly stable and corresponding to the revenue of Triumph Hero during the period.

Administrative and other expenses

Administrative expenses primarily consist of salaries and office expenses. Administrative expenses see a significant increase in 2015 to RMB103.8 million from RMB40.1 million in 2014, primarily due to the increased staff and other expenses attributable to the commencement of the hotel operations.

Finance costs, net

The finance costs of the Triumph Hero included mainly interest expenses in relation to borrowings which were charged at variable interest rates. Since most of the borrowings of Triumph Hero are related to the development costs, such interests which are attributable to the constructions have been capitalised in the properties under development for the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2015.

Income tax expense/(credit)

Triumph Hero obtained tax credits in the amount of RMB5.2 million for the year ended 30 June 2015 and obtained further tax credits of RMB9.5 million for the six months ended 31 December 2015.

Profit/(loss) for the year/period

	For the year ended 30 June			For the six months ended	
	2013	2014	2015	31 December	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Profit/(loss) before income tax	184,670	(10,712)	(38,722)	27,209	(172,811)
Income tax expenses/credits	(29,470)	(18,097)	5,167	(4,992)	9,454
Profit/(loss) and total comprehensive income for the year/period	155,200	(28,809)	(33,555)	22,217	(163,357)

Triumph Hero returned a profit for the year ended 30 June 2013 but recorded losses for the two years ended 30 June 2014 and 2015, and for the six months ended 31 December 2015.

Financial position and other financial information of Triumph Hero*Financial resources and gearing ratio*

Triumph Hero generally finances its operations with cash flows generated internally from its operating activities and from borrowings from its immediate holding company and other financial institutes. Triumph Hero Group was also in cooperation with certain financial institutes and arranged mortgage loans for purchasers of its properties.

As at 30 June 2013, 2014 and 2015 and 31 December 2015, Triumph Hero's borrowings from its then immediate holding company and other financial institutes were as follows:

(i) *From the then immediate holding company*

Triumph Hero

	Less than 1 year or repayable on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2013					
Amounts due to the then immediate holding company	<u>1,717,649</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,717,649</u>
At 30 June 2014					
Amounts due to the then immediate holding company	<u>2,008,515</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,008,515</u>
At 30 June 2015					
Amounts due to the then immediate holding company	<u>2,958,136</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,958,136</u>
At 31 December 2015					
Amounts due to the then immediate holding company	<u>3,100,510</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,100,510</u>

The amounts due to the then immediate holding company are unsecured, interest-free, denominated in HKD and repayable on demand.

(ii) *Bank borrowings*

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
Bank borrowings	1,116,340	704,279	470,512	175,800
— Less: current position	<u>(621,100)</u>	<u>(234,000)</u>	<u>(304,712)</u>	<u>(20,000)</u>
Non-current position	<u>495,240</u>	<u>470,279</u>	<u>165,800</u>	<u>155,800</u>

The interest rate for bank borrowings are as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	%	%	%	2015
Fixed interest borrowings	6.23%	7.23%	7.53%	7.53%
Floating interest borrowings	<u>3.67%</u>	<u>3.71%</u>	<u>3.57%</u>	<u>—</u>

As at 30 June 2014 and 2015 and 31 December 2015, property, plant and equipment with an aggregate net book value of approximately RMB705,521,000, RMB648,402,000 and RMB616,409,000 were pledged as securities for bank borrowings made available to Triumph Hero Group.

Bank borrowings are repayable as follows:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
Within one year	621,100	234,000	304,712	20,000
Between one to two years	218,500	284,279	—	—
Between two to five years	276,740	—	—	—
Over five years	—	186,000	165,800	155,800
	<u>1,116,340</u>	<u>704,279</u>	<u>470,512</u>	<u>175,800</u>

The carrying amounts of the borrowings are denominated in the following currencies:

	As at 30 June			As at
	2013	2014	2015	31 December
	RMB'000	RMB'000	RMB'000	2015
RMB	650,000	300,000	183,200	175,800
HKD	<u>466,340</u>	<u>404,279</u>	<u>287,312</u>	<u>—</u>
	<u>1,116,340</u>	<u>704,279</u>	<u>470,512</u>	<u>175,800</u>

The carrying amounts of the borrowings approximate their fair values, the weighted average interest rates are 5.2%, 5.2%, 5.1% and 7.5% as at 30 June 2013, 2014 and 2015, and 31 December 2015, respectively.

Triumph Hero's gearing ratio as at 30 June 2013, 2014 and 2015 and 31 December 2015 was 75%, 75%, 68% and 59%, respectively.

Contingent liabilities

As at 30 June 2013, 2014 and 2015 and 31 December 2015, Triumph Hero had no contingent liability.

Charge on assets

As at 30 June 2013, 2014 and 2015 and 31 December 2015, property, plant and equipment with an aggregate net book value of approximately RMB705,521,000 were pledged as securities for bank borrowings made available to the Triumph Hero Group.

Foreign currencies

The main market of Triumph Hero and its subsidiaries is in the PRC. Except for the balances with the then fellow subsidiaries intermediate holding company and immediate holding company, which are denominated in HKD, Triumph Hero is not exposed to other material foreign exchange risks and Triumph Hero has not used any hedging instrument to meditate foreign exchange exposures.

Employees' remuneration and policy

The aggregate amount of remuneration paid to the employees of Triumph Hero for the three years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2015 were RMB19,814,000, RMB37,588,000, RMB53,663,000 and RMB28,264,000, respectively. The employees are paid in accordance with their performance. In addition to salary, Triumph Hero also contributed to various defined contribution benefit plans organised by the relevant municipal and provincial governments in the PRC.

Segmental analysis

Triumph Hero and its subsidiaries are engaged in property development and investment, property management services and hotel operations in the PRC. An analysis on the revenue generated by each of the segments is set out below:

	For the year ended 30 June			For the six months ended	
	2013	2014	2015	31 December	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Property development and investment					
— Sales of properties	664,264	715,161	115,279	93,998	50,604
— Rental income	9,073	4,964	8,055	3,065	6,029
Property management services	16,608	22,516	24,010	12,374	13,980
Hotel operations	—	—	24,594	9,155	23,109
	<u>689,945</u>	<u>742,641</u>	<u>171,848</u>	<u>118,592</u>	<u>93,722</u>

Significant investments held

During the three years ended 30 June 2015 and the six months ended 31 December 2015, Triumph Hero did not hold any significant investments except for its interest in its subsidiaries.

Material acquisitions and disposals of subsidiaries and associated companies

During the three years ended 30 June 2015 and the six months ended 31 December 2015, Triumph Hero did not have any material acquisitions or disposals.

Prospects of the Triumph Hero

Triumph Hero is involved in property development and investment, property management services and hotel operations in the PRC. It is expected that it will continue with such business endeavours. The properties owed by the Guiyang Project Company will enhance the Company's land bank and augment the Company's developments in the Tier II and Tier III cities and create a synergy effect for the Company's future development. Save for the development of the Guiyang Project, Triumph Hero has no other investment plan.

The following is the text of a letter, summary of valuation and valuation certificate prepared by Crowe Horwath (HK) Consulting & Valuation Limited in connection with the valuation of the property interest held by the Targets as at 30 April 2016 for the purpose of incorporation in this circular.



國富浩華(香港)諮詢評估有限公司
Crowe Horwath (HK) Consulting &
Valuation Limited
Member Crowe Horwath International

香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong
電話 Main +852 2894 6888
傳真 Fax +852 2895 3752
www.crowehorwath.hk

27 June 2016

The Board of Directors
Evergrande Real Estate Group Limited
Suites 1501–1507, One Pacific Place,
88 Queensway, Hong Kong

Dear Sirs,

RE: VALUATION SERVICES IN RELATION TO ACQUISITION OF REAL ESTATE PROJECTS OF NEW WORLD DEVELOPMENT (CHINA) LIMITED BY EVERGRANDE REAL ESTATE GROUP LIMITED (THE “COMPANY”) IN THE PEOPLE’S REPUBLIC OF CHINA (THE “PRC”) (ACTUAL EXTENT AS SET OUT IN THE ANNOUNCEMENT IN RELATION TO THE TRANSACTION PUBLISHED BY THE COMPANY ON THE HONG KONG STOCK EXCHANGE ON 29 DECEMBER 2015) (THE “TARGET PROJECT”)

In accordance with the instruction of **Evergrande Real Estate Group Limited** (the “Company”) for us to perform valuation in relation to the acquisition of the real estate projects of New World Development (China) Limited by the Company and its subsidiaries (the “Group”) in the People’s Republic of China (the “PRC”) (the “Properties”), we confirm that we have carried out inspections, made relevant inquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the property interests of the Properties as at **30 April 2016** (the “Valuation Date”) for the purpose of public circular in respect of the acquisition.

BASIS OF VALUATION

Our valuation was 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 where the parties had each acted knowledgeably, prudently and without compulsion”.

This valuation is complied with the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors (“HKIS”), the RICS Valuation — Professional Standards published by the Royal Institute of Chartered Surveyors (“RICS”) and International Valuation Standards (“IVS”) published by International Valuation Standards Council. We have also complied with all the requirements set out in chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Properties on the open market without the benefit or burden of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of the Properties. No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

VALUATION METHODOLOGY

In valuing the property interests of Properties that are completed (Group I and Group III), we have made an assumption that the properties interests could be sold in its existing state. We valued each property interest by direct comparison approach. The property interests valued by direct comparison approach consist of comparisons based on prices realized or current asking prices of comparable properties. Comparable properties of similar size, characteristics and location are selected and then analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

We have also valued the properties interests by direct capitalisation approach (Group II). The direct capitalisation approach takes into account the current rental rates and the reversionary income potential of the property interests. We capitalized the existing leases over the remaining lease terms into term interest and assembled it with the reversionary interest, which was derived by discounting the market value on vacant possession basis as assessed by the comparison method with an appropriate property yield. We reconciled the two approaches and determined the conclusive value.

In valuing the property interests of properties under development and for future development (Group IV), we have valued on the basis that the Properties would be developed and completed in accordance with the latest development plans provided to us by the Group. We have assumed that all consents, approvals and licences from the relevant government authorities have been obtained or would be obtained for the development plans, without onerous conditions or delays. We have also assumed that the design and construction of the development plans were in compliance with the

local planning and other relevant regulations, and have been or would be approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach and made reference to comparable sales evidence available in the relevant market. We have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

SOURCE OF INFORMATION

In the course of our valuation, we have been provided with certain title documents relating to interests in the Properties by the Group. We have not, however, searched the original documents to verify ownership or to ascertain any amendment which did not appear on the copies handed to us. All documents have been used for reference only. We have relied to a considerable extent on information given by the Group and/or the legal opinion provided by the Group's PRC legal advisor, in particular, but not limited to, historical sales record, planning approvals, statutory notices, easements, occupancy/leases, number of hotel rooms, site areas and gross floor area etc. We have no reason to doubt the truth and the accuracy of the information provided by the Group which is material to the valuation. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries.

Site inspections of the Properties were carried out by Miss Yue Xiao and Mr. Yeung Chung Chiu (valuers from Crowe Horwath (HK) Consulting & Valuation Limited, who have 2 years and 5 years of experience in property valuation respectively) in December 2015. We have inspected the exterior and, whenever possible, the interior of the Properties. We have not inspected those parts of the Properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Properties but have assumed that the title documents and actual site areas handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspections, we did not notice any serious defects. However, we have not carried out any structural survey or any test on the building services. Therefore, we are not able to report whether the Properties are free from rot, infestation or any other structural defect. We have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for any future development. We have not carried out any investigation into past or present uses, either of the Properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the Properties from these uses or sites, and have therefore assumed that none exists.

In valuing the Properties situated in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the Properties for respective specific terms have been granted and that any land premium payables have already been fully paid, and the annual land use fees (if any) would also be a nominal amount only. Unless otherwise stated, we have also assumed that the Group has enforceable titles to the Properties and has free and uninterrupted rights to occupy, use, transfer, lease or assign the Properties for the whole of the respective unexpired terms as granted.

LEVEL OF RESPONSIBILITIES

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 Company 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.

All monetary amounts are stated in Renminbi (“RMB”).

Our findings or conclusion of values of the Properties in this report are valid only for the stated purpose and at the Valuation Date, and for the sole use of the Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Company contractual undertakings in respect of their services and shall be deemed to have paid to the Company such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding ten times of the amount of our agreed fee(s) for this engagement or HK\$500,000, whichever the lower. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt, our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney’s fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, wilful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
Crowe Horwath (HK) Consulting & Valuation Limited
Leo M Y Lo
MRICS MHKIS RPS(GP)
Director

Note: Mr. Leo M Y Lo is a member of The Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and a qualified valuer who has over 12 years of experience in valuation of properties in Hong Kong and the People's Republic of China.

SUMMARY OF VALUATION

Group I — Properties held for Investment

<u>Property Interests</u>	<u>Market value in existing state as at 30 April 2016</u>
1. Retail, Kindergarten and Car Parking Portions of Guiyang Jinyang Sunny Town 1 Jinzhu Road Jinyang New District Guiyang Guizhou Province The PRC	RMB1,201,000,000
2. Car Parking Portion of Chengdu New World Riverside Guang Fu Village Hua Yang Town Shuangliu County Chengdu Sichuan Province The PRC	RMB105,000,000
Sub-total:	<u>RMB1,306,000,000</u>

Group II — Property held for Operation

<u>Property Interests</u>	<u>Market value in existing state as at 30 April 2016</u>
3. New World Guiyang Hotel Block G of West Commercial Buildings Guiyang Jinyang Sunny Town 1 Jinzhu Road Jinyang District Guiyang Guizhou Province The PRC	RMB480,000,000
Sub-total:	<u>RMB480,000,000</u>

Group III — Properties held for Sale

<u>Property Interests</u>	<u>Market value in existing state as at 30 April 2016</u>
4. Guiyang Jinyang Sunny Town 1 Jinzhu Road Jinyang New District Guiyang Guizhou Province The PRC	RMB479,000,000
5. Chengdu New World Riverside Guang Fu Village Hua Yang Town Shuangliu County Chengdu Sichuan Province The PRC	RMB330,000,000
Sub-total:	<u>RMB809,000,000</u>

Group IV — Properties held for Development

<u>Property Interests</u>	<u>Market value in existing state as at 30 April 2016</u>
6. Guiyang Jinyang Sunny Town 1 Jinzhu Road Jinyang New District Guiyang Guizhou Province The PRC	RMB6,507,000,000
7. Chengdu New World Riverside Guang Fu Village Hua Yang Town Shuangliu County Chengdu Sichuan Province The PRC	RMB3,477,000,000
Sub-total:	<u>RMB9,984,000,000</u>

VALUATION CERTIFICATE

Group I — Properties held for Investment

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 30 April 2016</u>												
1. Retail, Kindergarten and Car Parking Portions of Guiyang Jinyang Sunny Town, 1 Jinzhu Road, Jinyang New District, Guiyang, Guizhou Province, the PRC	<p>Guiyang Jinyang Sunny Town (the “Development”) is a commercial/residential composite development located at the center of Guanshanhu District, which is the core area of Guiyang, with a total site area of approximately 2,149,849.30 sqm and a planned total gross floor area of approximately 4,070,000 sqm.</p> <p>The property comprises various portions of retail area, kindergarten and car parking portion of the Development completed from 2010 to 2014. Details of which are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area (sqm)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">89,455.33</td> </tr> <tr> <td>Kindergarten</td> <td style="text-align: right;">2,681.39</td> </tr> <tr> <td>Non-saleable ancillary facilities</td> <td style="text-align: right;"><u>210.09</u></td> </tr> <tr> <td>Subtotal:</td> <td style="text-align: right;"><u><u>92,346.81</u></u></td> </tr> <tr> <td>Car park</td> <td style="text-align: right;">1,824 lots</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted to Guiyang New World Real Estate Co., Ltd. for commercial/composite/residential and commercial/office use. The term for commercial use, composite use and residential use will be expired on 19 May 2046, 19 May 2056 and 19 May 2076 respectively. The term for office use will be expired on 11 July 2057.</p>	Use	Approximate Gross Floor Area (sqm)	Retail	89,455.33	Kindergarten	2,681.39	Non-saleable ancillary facilities	<u>210.09</u>	Subtotal:	<u><u>92,346.81</u></u>	Car park	1,824 lots	<p>As at the Valuation Date, the property is completed. The kindergarten portion of the property is subject to a tenancy for a term expiring in June 2023, yielding a total monthly rental of approximately RMB30,000, exclusive of management fees.</p> <p>The remaining portion of the property is currently vacant.</p>	<p>RMB1,201,000,000</p> <p>(RENMINBI ONE BILLION TWO HUNDRED AND ONE MILLION)</p>
Use	Approximate Gross Floor Area (sqm)														
Retail	89,455.33														
Kindergarten	2,681.39														
Non-saleable ancillary facilities	<u>210.09</u>														
Subtotal:	<u><u>92,346.81</u></u>														
Car park	1,824 lots														

Note:

- (a) Pursuant to the following 2 State-owned Land Use Rights Grant Contract, the land use rights of the Development was granted to Triumph Hero International Limited and Guiyang New World Real Estate Co., Ltd. by the Bureau of the Land and Resources of Guiyang National Hi-Tech Industrial Development Zone of Guizhou Land and Resources Department. Details of which are as follows:

i: Contract No.: Qian Zhu Gao Xin (Jin Gua) 2006002

Date of Contract: 19 May 2006

Site Area: 1,670,089.26 sqm

Location: East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road

Land Use: Commercial, residential and office composite use

Term: 40 years (commercial use), 50 years (composite use) and 70 years (residential use) from the date of the contract

Land premium: RMB1,254,000,000

Plot ratio: 1.7 on average

Building density: Not higher than 25%

ii: Contract No.: Qian Zhu Gao Xin (Jin Gua) [2007] 007

Date of Contract: 11 July 2007

Site Area: 195,921 sqm

Location: Between Jinyang Road and Jinxi Road, on the two sides of Chengxin Road and south of Jinzhu Road

Land Use: Commercial, financial, office and non-municipal office use

Term: 50 years from the date of the contract

Land premium: RMB211,600,000

Plot ratio: 3.6, 2.9

Building density: 40%

- (b) Pursuant to the Comprehensive Fee Collection Agreement of Allocated Land and Land Acquisition and Relocation for Jinyang New District entered into between Jinyang New District Branch of Guiyang Land Reserve Center and Triumph Hero International Limited on 19 May 2006, 430 mu of land in Lot 2006-02 in Jinyang New District shall be allocated, including 187 mu for school site and 243 mu for Jiangjunshan park site. The total cost of allocated land was approximately RMB92,550,000.
- (c) Guiyang New World Real Estate Co., Ltd. has obtained 6 State-owned Land Use Right Certificates. Details of the State-owned Land Use Right Certificates are as follows:

Location	Certificate No.	Site Area (sqm)	Land Use	Expiry Date
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin Guo Yong (2010) Di 0098	368,161.10	Commercial	19 May 2046
			Composite	19 May 2056
			Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin Guo Yong (2010) Di 0099	368,682.70	Commercial	19 May 2046
			Composite	19 May 2056
			Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin Guo Yong (2010) Di 0100	491,598.60	Commercial	19 May 2046
			Composite	19 May 2056
			Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin Guo Yong (2011) Di 5486	439,131.30	Commercial	19 May 2046
			Composite	19 May 2056
			Residential	19 May 2076
South side of Jinzhu West Road, Jinyang New District	Qian Zhu Gao Xin Guo Yong (2009) Di 1843	84,771.30	Commercial/office	11 July 2057
South side of Jinzhu West Road, Jinyang New District	Qian Zhu Gao Xin Guo Yong (2010) Di 0101	110,836.20	Commercial/office	11 July 2057

- (d) Pursuant to the Building Ownership Certificate No. Zhu Fang Quan Zheng Jin Yang Xin Zi Di 010286873 issued by Guiyang Real Estate Title Supervision Bureau dated 30 December 2011, the building ownership of the portion of the property with a total gross floor area of 2,681.39 sqm was vested in Guiyang New World Real Estate Co., Ltd..
- (e) Pursuant to 12 Construction Works Completion Certificates issued by Guiyang Housing and Urban-Rural Development Committee, the portion of the Development with a total construction scale of 591,288.48 sqm was completed.
- (f) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:
- (i) Guiyang New World Real Estate Co., Ltd. has legally obtained the state-owned land use rights under the State-owned Land Use Right Certificates in note (c);
- (ii) Guiyang New World Real Estate Co., Ltd. is entitled to transfer, lease, mortgage or in other legal ways dispose of the land use rights in accordance with laws;

- (iii) for leased properties, Guiyang New World Real Estate Co., Ltd. is entitled to lease the properties and the lease agreement is lawful and valid; the non-registration and non-filing of lease agreements of certain properties will not affect the validity of such lease agreements or cause any substantial legal obstacles to the leasing of such properties by Guiyang New World Real Estate Co., Ltd.; and
- (iv) The lands are not subject to seizure, mortgage and other forms of rights restriction.

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 30 April 2016</u>
2. Car Parking Portion of Chengdu New World Riverside, Guang Fu Village, Hua Yang Town, Shuangliu County, Chengdu, Sichuan Province, the PRC	<p>Chengdu Riverside New World (the “Development”) is located at the core area of Tianfu New Area with a total site area of approximately 950,072.10 sqm and a planned total gross floor area of approximately 3,040,000 sqm.</p> <p>The planned property patterns of the project include: villas, small high-rise, medium high-rise and super-high-rise residential buildings, large commercial center, hotel, school and other ancillary facilities.</p> <p>The property comprises 1,010 car parking spaces of the Development completed in 2010.</p> <p>The land use rights of the property have been granted to Chengdu Xinyi Real Estate Development Co., Ltd. for commercial and residential use. The term for commercial use and residential use will be expired on 26 January 2046 and 26 January 2076 respectively.</p>	As at the Valuation Date, the property is for short-term lease.	RMB105,000,000 (RENMINBI ONE HUNDRED FIVE MILLION)

Note:

- (a) Pursuant to the following State-owned Land Use Rights Grant Contract, supplementary contract and 2 amendment agreements, the land use rights of the Development was granted to Chengdu Xinyi Real Estate Development Co., Ltd. by Sichuan Shuangliu Land Resources Bureau. Details of the land are as follows:

Contract No.:	51-01-06 (2006) Grant Contract No. 3 Supplementary Contract to Grant Contract [2006] No. 13 Amendment Agreement to Grant Contract [2007] No. 88 Amendment Agreement to Grant Contract [2014] No. 1
Date of Contract:	27 January 2006 27 January 2006 12 June 2007 26 June 2014
Site Area:	950,072.1 sqm
Location:	Guangfu Community, Hua Yang Street Office, Tianfu New Area
Land Use:	Mixed commercial and residential use
Term:	40 years (commercial use) and 70 years (residential use) from the date of the contract
Land premium:	RMB1,067,828,296

Plot ratio: Not higher than 1.8 for low-rise units and not higher than 4.0 for high-rise units

Building density: Not higher than 30%

- (b) Chengdu Xinyi Real Estate Development Co., Ltd. has obtained 2 State-owned Land Use Right Certificates. Details of which are stated as follows:

Location	Certificate No.	Site Area (sqm)	Land Use	Expiry Date
Guangfu Community, Hua Yang Street Office, Shuangliu	Shuang Guo Yong (2006) Di 01024	186,478.77	Commercial	26 January 2046
			Residential	26 January 2076
Guangfu Community, Hua Yang Street, Tianfu New Area, Chengdu	Cheng Tian Guo Yong (2014) Di 1945	763,593.33	Mixed commercial and residential use	26 January 2076

- (c) Pursuant to 2 other ownership certificates issued by the Land Resources and Housing Authority of the Management Committee of Chengdu Pianqu, Tianfu New Area, Chengdu, Sichuan on 4 August 2014 (Cheng Tian Ta Xiang (2014) Di 173 and Cheng Tian Ta Xiang (2014) Di 174), the land use rights of the property with a total site area of 763,593.33 sqm (Cheng Tian Guo Yong (2014) Di 1945) was pledged to the Chengdu Branch of China Guangfa Bank Co., Ltd. and the Chengdu Yizhou Avenue Branch of China Merchants Bank Co., Ltd. with a term from 25 July 2013 to 24 July 2016. The pledged amount totalled RMB720,000,000.

- (d) Pursuant to 2 Building Lists issued by Shuangliu Property Administration Bureau, the building ownership of the portion of the Development with a total gross floor area of 38,001.04 sqm were vested in Chengdu Xinyi Real Estate Development Co., Ltd.. Details of the Building Lists are as follows:

Certificate No.	Gross Floor Area (sqm)	Land Use	Date of Issuance
Jian Zheng 1255511	7,992.17	Car parking	3 July 2013
Jian Zheng 1250764	30,008.87	Car parking	19 June 2013

- (e) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:

- (i) Chengdu Xinyi Real Estate Development Co., Ltd. has legally obtained the state-owned land use rights under the State-owned Land Use Right Certificates in note (b);
- (ii) Chengdu Xinyi Real Estate Development Co., Ltd. is entitled to transfer, lease, mortgage or in other legal ways dispose of the land use rights in accordance with laws;
- (iii) Except as disclosed in note (c), the lands are not subject to seizure, mortgage and other forms of rights restriction; and
- (iv) Chengdu Xinyi Real Estate Development Co., Ltd. has to obtain the mortgagee's prior consent for the transfer, leasing, mortgage or disposal in other legal ways of the abovementioned mortgaged land.

Group II — Property held for Operation

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 30 April 2016</u>
3.	<p>New World Guiyang Hotel Block G of West Commercial Buildings, Guiyang Jinyang Sunny Town, 1 Jinzhu Road, Jinyang District, Guiyang, Guizhou Province, the PRC</p> <p>Guiyang Jinyang Sunny Town (the “Development”) is a commercial/residential composite development located at the center of Guanshanhu District, which is the core area of Guiyang, with a total site area of approximately 2,149,849.30 sqm and a planned total gross floor area of approximately 4,070,000 sqm.</p> <p>The property comprises a hotel with a gross floor area of approximately 39,521.00 sqm completed in 2014. The hotel has 306 rooms, including 281 luxurious rooms and 25 suites. Ancillary facilities comprises bar, Chinese restaurant, commercial center, gym, conference and banquet facilities and others.</p> <p>The land use rights of the property have been granted to Guiyang New World Real Estate Co., Ltd. for commercial/composite/residential and commercial/office use. The term for commercial use, composite use and residential use will be expired on 19 May 2046, 19 May 2056 and 19 May 2076. The term for office use will be expired on 11 July 2057.</p>	<p>As at the Valuation Date, the property is completed and operates as a hotel.</p>	<p>RMB480,000,000 (RENMINBI FOUR HUNDRED EIGHTY MILLION)</p>

Note:

- (a) Pursuant to the following 2 State-owned Land Use Rights Grant Contract, the land use rights of the Development was granted to Triumph Hero International Limited and Guiyang New World Real Estate Co., Ltd. by the Bureau of the Land and Resources of Guiyang National Hi-Tech Industrial Development Zone of Guizhou Land and Resources Department. Details of which are as follows:

i:	Contract No.: Qian Zhu Gao Xin (Jin Gua) 2006002		
Date of Contract:	19 May 2006		
Site Area:	1,670,089.26 sqm		
Location:	East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road		
Land Use:	Commercial, residential and office composite use		

- | | |
|-------------------|--|
| Term: | 40 years (commercial use), 50 years (composite use) and 70 years (residential use) from the date of the contract |
| Land premium: | RMB1,254,000,000 |
| Plot ratio: | 1.7 on average |
| Building density: | Not higher than 25% |
- ii: Contract No.: Qian Zhu Gao Xin (Jin Gua) [2007] 007
- | | |
|-------------------|---|
| Date of Contract: | 11 July 2007 |
| Site Area: | 195,921 sqm |
| Location: | Between Jinyang Road and Jinxi Road, on the two sides of Chengxin Road and south of Jinzhu Road |
| Land Use: | Commercial, financial, office and non-municipal office use |
| Term: | 50 years from the date of the contract |
| Land premium: | RMB211,600,000 |
| Plot ratio: | 3.6, 2.9 |
| Building density: | 40% |
- (b) Pursuant to the Comprehensive Fee Collection Agreement of Allocated Land and Land Acquisition and Relocation for Jinyang New District entered into between Jinyang New District Branch of Guiyang Land Reserve Center and Triumph Hero International Limited on 19 May 2006, 430 mu of land in Lot 2006-02 in Jinyang New District shall be allocated, including 187 mu for school site and 243 mu for Jiangjunshan park site. The total cost of allocated land was approximately RMB92,550,000.

- (c) Guiyang New World Real Estate Co., Ltd. has obtained 6 State-owned Land Use Right Certificates. Details of which are as follows:

Location	Certificate No.	Site Area (sqm)	Land Use	Expiry Date
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	368,161.10	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	Di 0098		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	368,682.70	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	Di 0099		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	491,598.60	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	Di 0100		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	439,131.30	Commercial	19 May 2046
	Guo Yong (2011)		Composite	19 May 2056
	Di 5486		Residential	19 May 2076
South side of Jinzhu West Road, Jinyang New District	Qian Zhu Gao Xin Guo Yong (2009) Di 1843	84,771.30	Commercial/office	11 July 2057
South side of Jinzhu West Road, Jinyang New District	Qian Zhu Gao Xin Guo Yong (2010) Di 0101	110,836.20	Commercial/office	11 July 2057

- (d) Pursuant to Construction Works Completion Certificates issued by Guiyang Housing and Urban-Rural Development Committee on 25 June 2014 (Jian 2014-59), construction work of the property with a total construction scale of 70,584.50 sqm was completed.

- (e) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:

- i) Guiyang New World Real Estate Co., Ltd. has legally obtained the state-owned land use rights under the State-owned Land Use Right Certificates in note (c);
- ii) Guiyang New World Real Estate Co., Ltd. is entitled to transfer, lease, mortgage or in other legal ways dispose of the land use rights in accordance with laws;
- iii) The lands are not subject to seizure, mortgage and other forms of rights restriction.

Group III — Properties held for Sale

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 30 April 2016</u>
4. Guiyang Jinyang Sunny Town, 1 Jinzhu Road, Jinyang New District, Guiyang, Guizhou Province, The PRC	Guiyang Jinyang Sunny Town (the “Development”) is a commercial/residential composite development located at the center of Guanshanhu District, which is the core area of Guiyang, erected upon two parcels of land with a total site area of approximately 2,149,849.30 sqm, and its gross floor area planned to be approximately 4,070,000 sqm.	As at the Valuation Date, the unsold completed portion is currently vacant and held for sale.	RMB479,000,000 (RENMINBI FOUR HUNDRED SEVENTY-NINE MILLION)

The planned property patterns of the project include: villas, cottages, small high-rise residential buildings, high-rise residential buildings, commercial facilities, office buildings, hotel, school and other ancillary facilities.

The property comprises the unsold completed portion of the Development completed from 2008 to 2013, portion which are under construction and the planned remaining phase. The unsold completed portion is detailed as follows:

Use	Approximate Gross Floor Area (sqm)
Retail	13,704.33
Residential	<u>5,398.69</u>
Sub-total:	<u><u>19,103.02</u></u>
Car-parking spaces	2005 lots

The land use rights of the Development have been granted to Guiyang New World Real Estate Co., Ltd. for commercial/composite/residential and commercial/office use. The term for commercial, composite and residential use expires on 19 May 2046, 19 May 2056 and 19 May 2076 respectively, and that for office use expires on 11 July 2057.

Notes:

- (a) Pursuant to the following 2 state-owned land use right grant contracts, the land use rights of the Development have been granted by the Guiyang Land and Resources Bureau for State New and High-tech Industry Development Zone, the Department of Land and Resources of Guiyang Province to Triumph Hero International Limited (勝雄國際有限公司) and Guiyang New World Real Estate Co., Ltd. respectively. The details are as follows:

i: Contract No.: Qian Zhu Gao Xin (Jin Gua) 2006002

Date of Contract:	19 May 2006
Area granted:	1,670,089.26 sqm
Location:	East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road
Use of land:	Land for commercial, residential and office composite use
Term of use:	40 years (commercial), 50 years (composite) and 70 years (residential) from the date of the contract
Premium:	RMB1,254,000,000
Plot ratio:	1.7 in average
Density:	Not higher than 25%

ii: Contract No.: Qian Zhu Gao Xin (Jin Gua) [2007] 007

Date of Contract:	11 July 2007
Area granted:	195,921 sqm
Location:	Between Jinyang Avenue and Jinxi Avenue, both sides along Chengxin Road and south of Jinzhu Road
Use of land:	Commercial, financial, office and non-municipal office use
Term of use:	50 years from the date of the contract
Premium:	RMB211,600,000
Plot ratio:	3.6, 2.9
Density:	40%

- (b) Pursuant to the Comprehensive Fee Collection Agreement of Allocated Land and Land Acquisition and Relocation for Jinyang New District entered into between Jinyang New District Branch of Guiyang Land Reserve Center and Triumph Hero International Limited on 19 May 2006, 430 mu of land in Lot 2006-02 in Jinyang New District shall be allocated, including 187 mu for school site and 243 mu for Jiangjunshan park site. The total cost of allocated land was approximately RMB92,550,000.

- (c) 6 certificates of land use right have been granted to Guiyang New World Real Estate Co., Ltd., particulars of which are as follows:

Address	Certificate No.	Site Area (sqm)	Land Use	Expiry Date
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	368,161.10	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	No.0098		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	368,682.70	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	No.0099		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	491,598.60	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	No.0100		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	439,131.30	Commercial	19 May 2046
	Guo Yong (2011)		Composite	19 May 2056
	No.5486		Residential	19 May 2076
South of Jinzhu West Road, Jinyang New District	Qian Zhu Gao Xin Guo Yong (2009) No.1843	84,771.30	Commercial/office	11 July 2057
South of Jinzhu West Road, Jinyang New District	Qian Zhu Gao Xin Guo Yong (2010) No.0101	110,836.20	Commercial/office	11 July 2057

- (d) Pursuant to 2 Construction Land Use Planning Permits issued by Guiyang Planning Bureau, portion of the Development is permitted to be developed. Details of Construction Land Use Planning Permits are stated as follows:

Date of Issuance	Permit No.	Site Area
9 August 2006	Jin Yang (2006)-36	2,935.13 mu
22 February 2008	Jin Yang (2008)-02	245,322 sqm

- (e) Pursuant to 10 Construction Engineering Planning Permits issued by Guiyang Planning Bureau, portion of the property was permitted to be constructed. Details of Construction Planning Permits are stated as follows:

Title of Construction	Permit No.	Gross floor area (<i>sqm</i>)
Jin Yang New World Yu Ling Area 1 Lot 3A	Jian Zi Di 520000201024693 Zhu Gui Jian Zi 2010 (Jin Yang) 033	55,253.62
Jin Yang New World Bitan Park Lot 2A2C (Long Yue Cluster)	Jian Zi Di 520000201334668 Zhu Gui Jian Zi 2013 (Guan Shan Hu) 041	477,739.35
Jin Yang New World 5A Lot Basements (3 levels underground)	Jian Zi Di 520000201429771 Zhu Gui Jian Zi 2014-0207	168,434
Jin Yang New World 4F Mansion	Jian Zi Di 520000201425148 Zhu Gui Jian Zi 2014-0609	11,688.59
Jin Yang New World 4F Supporting Centre to Community Public Buildings	Jian Zi Di 520000201425219 Zhu Gui Jian Zi 2014-0610	12,805.99
Guiyang New World 4A Lot	Jian Zi Di 520000201432569 Zhu Gui Jian Zi 2015-0051	92,853.46
Jin Yang New World 2E Lot 1-14# and 16-26# Buildings	Jian Zi Di 520000201432651 Zhu Gui Jian Zi 2015-0117	313,090.24
Jin Yang New World 5A Lot Commercial Office and Public Buildings	Jian Zi Di 520000201432804 Zhu Gui Jian Zi 2015-0324	469,092.68
Jin Yang New World 2E Lot 15 Buildings, Kindergarten	Jian Zi Di 520000201503223 Zhu Gui Jian Zi 2015-0344	3,241.43
Jin Yang New World 4B Lot Commercial Residential and Public Buildings	Jian Zi Di 52000020150322 Zhu Gui Jian Zi 2015-0351	77,260.74

- (f) Pursuant to 9 Construction Works Commencement Permits issued by Guiyang Housing and Urban-Rural Development Committee, construction works of portion of the property was permitted to be commenced. Details of the Construction Works Commencement Permits are stated as follows:

Title of Construction	Permit No.	Gross floor area (sqm)
Jin Yang New World Bitan Park Lots 2A and 2C (Long Yue Cluster) (Blocks 6, 7, 8, 11, G6 and G7)	520101201312091501 (Guan)	133,477.90
Jin Yang New World Bitan Park Lots 2A and 2C (Long Yue Cluster) (Blocks 1, 9, 10, G1 and G8)	520101201312091401 (Guan)	102,396.00
Jin Yang New World Bitan Park Lots 2A and 2C (Long Yue Cluster) (Blocks 4, 5 and G5)	520101201312091301 (Guan)	104,608.00
Jin Yang New World Bitan Park Lots 2A and 2C (Long Yue Cluster) (Blocks 2, 3, G2, G3, G4, G9 and G10)	520101201312091201 (Guan)	137,257.00
Jin Yang New World Lot 2E Section 2E1 (Blocks 5, 6, 7, 8, 9, 10, 17, 18, 18, 20 and 21 and basements)	520115201506260101	147,607.98
Jin Yang New World Lot 2E Section 2E2 (Blocks 1, 2, 3, 4, 11, 12, 13, 14, 16, 22, 23, 24 and 25 and basements)	520115201506260201	165,482.26
Jin Yang New World Yu Ling Area 1 Lot 3A (3A-G-1 to 3A-G-2)	520101201012270101 (Yi Bu)	51,156.27
Jin Yang New World Yu Ling Area 1 Lot 3A (3A-1 to 3A-24)	520101201012270201	27,264.97
Guiyang New World Lot 4A (Blocks 1-41 and basements)	520115201503250101	92,853.46

- (g) Pursuant to 22 Construction Works Completion Certificates issued by Guiyang Housing and Urban-Rural Development Committee, portion of the Development with a total construction scale of 923,073.31 sqm was completed.
- (h) Pursuant to 6 Commodity Housing Pre-sale Permits issued by Guiyang Housing and Urban-Rural Development Bureau, portion of the property with a gross floor area of 423,524.24 sqm was permitted to pre-sell.
- (i) According to the information provided by the Group, portion of the Portion Under Construction with a total gross floor area of approximately 12,805.99 sqm (9,745.65 sqm above ground and 3,060.34 sqm below ground) was planned to construct as ancillary facilities. After completing the construction, the ownership and use rights of such portion should be handed over to the public. In the course of our valuation, we have not given any commercial value to such portions of the property.
- (j) As advised by the Group, portion of the property with a total gross floor area of 472,788.73 sqm have been pre-sold at a total consideration of RMB2,970,983,777. According to the Company's instruction, the pre-sold units are included in this valuation. We have also taken this into consideration in the course of our valuation.

- (k) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:
- (i) Guiyang New World Real Estate Co., Ltd. has legally obtained the state-owned land use rights under the state-owned land use certificates set out in note (c) and is entitled to transfer, lease, mortgage or otherwise lawfully dispose of the land use rights;
 - (ii) For the purposes of such state-owned land use rights under the state-owned land use certificates obtained and the properties relating to such valid construction approval and permits, Guiyang New World Real Estate Co., Ltd. legally owns the work under construction relating such properties and is entitled to transfer, mortgage or otherwise lawfully dispose of such work under construction;
 - (iii) For the purposes of such properties with pre-sale permits obtained, Guiyang New World Real Estate Co., Ltd. is entitled to pre-sell such properties under construction; for the purposes of such properties with sale permits obtained, Guiyang New World Real Estate Co., Ltd. is entitled to sell such completed properties;
 - (iv) For the purposes of such properties contracted for sale but with transfer procedures to be completed, Guiyang New World Real Estate Co., Ltd. is required to transfer the ownership of and deliver the properties to relevant purchasers for their use upon relevant parties have satisfied terms and the purchasers have settled consideration as stipulated in the property purchase contracts; prior to the registration of the property transfer with relevant authorities, the ownership thereof remain in the possession of Guiyang New World Real Estate Co., Ltd., which, however, does not entitle Guiyang New World Real Estate Co., Ltd. to transfer, lease, mortgage or otherwise lawfully dispose of such properties without the consent of the purchasers and the cancellation of the above contracts; and
 - (v) Such land is not subject to restriction of any seizure, mortgage or any other encumbrances.

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 30 April 2016</u>
5. Chengdu New World Riverside, Guang Fu Village, Hua Yang Town, Shuangliu County, Chengdu, Sichuan Province, the PRC	<p>Chengdu New World Riverside (the "Development") is erected upon a parcel of irregular-shaped sites with a total site area of approximately 950,072.10 sqm, and its gross floor area planned to be approximately 3,040,000 sqm.</p>	As at the Valuation Date, the unsold completed portion is currently vacant and held for sale.	RMB330,000,000 (RENMINBI THREE HUNDRED THIRTY MILLION)

The planned property patterns of the project include: villas, small high-rise, medium high-rise and super-high-rise residential buildings, large commercial center, hotel, school and other ancillary facilities.

The property comprises the unsold completed portion of the Development completed from 2012 to 2015, portion which are under construction and the planned remaining phase.

The unsold completed portion is detailed as follows:

Use	Approximate Gross Floor Area (sqm)
Residential	36,251.94
Club house	6,908.00
Kindergarten	<u>4,818.00</u>
Sub-total:	<u><u>47,977.94</u></u>

The land use rights of the Development have been granted to Chengdu Xinyi Real Estate Development Co., Ltd. for commercial and residential use. The term for commercial and residential use expires on 26 January 2046 and 26 January 2076 respectively.

Notes:

- (a) Pursuant to the following state-owned land use right grant contract, 2 amendment agreements and a supplemental agreement, the land use rights of the Development have been granted by the Sichuan Shuangliu Land Resources Bureau to Chengdu Xinyi Real Estate Development Co., Ltd. The details of the land are as follows:

Contract No.:	51-01-06 (2006) Grant Contract No.3 Amendment Contract to the Grant Contract [2006] No.13 Supplemental Agreement to the Grant Contract [2007] No.88 Supplemental Agreement to the Grant Contract [2014] No.1
Date of Contract:	27 January 2006 27 January 2006 12 June 2007 26 June 2014
Area granted:	950,072.1 sqm
Location:	Guangfu Community, Huayang Road Office, Tianfu New District
Use of land:	Urban composite residence
Term of use:	40 years (commercial) and 70 years (residential) from the date of the contract
Premium:	RMB1,067,828,296
Plot ratio:	Not higher than 1.8 for multi-leveled buildings and not higher than 4.0 for high rises
Density:	Not higher than 30%

- (b) 2 certificates of land use right have been granted to Chengdu Xinyi Real Estate Development Co., Ltd., particulars of which are as follows:

Address	Certificate No.	Site Area (sqm)	Land Use	Expiry Date
Guangfu Community, Huayang Road Office, Shuangliu County	Shuang Guo Yong (2006) No.01024	186,478.77	Commercial Residential	26 January 2046 26 January 2076
Guangfu Community, Huayang Road, Tianfu New District, Chengdu	Cheng Tian Guo Yong (2014) No.1945	763,593.33	Urban composite residence	26 January 2076

- (c) Pursuant to 2 encumbrance certificates (Cheng Tian Ta Xiang (2014) No. 173 and Cheng Tian Ta Xiang (2014) No. 174) issued by the Chengdu Administrative Committee of Land Resources Bureau and Building Administration Bureau of Tianfu New District, Chengdu, Sichuan on 4 August 2014, the land use right of a piece of land of the property with a gross floor area of 763,593.33 sqm (Cheng Tian Guo Yong (2014) No. 1945) has been pledged to China Guanfa Bank Co., Ltd., Chengdu Branch and China Merchants Bank Co., Ltd, Chengdu Yizhou Road Branch from 25 July 2013 to 24 July 2016 amounting to RMB720,000,000 in aggregate.
- (d) Pursuant to a building breakdown (Jian Zheng 1250763) issued by Shuangliu Real Estate Management and Trading Centre on 19 June 2013, the building ownership of a gross floor area of 6,908.17 sqm in the Development for commercial use is held by Chengdu Xinyi Real Estate Development Co., Ltd.
- (e) Pursuant to a building ownership certificate (Shuang Fang Quan Zheng Jian Zheng Zi No. 1271885) issued by Shuangliu Real Estate Management and Trading Centre on 26 June 2013, the building ownership of a gross floor area of 4,817.97 sqm in the Development for kindergarten use is held by Chengdu Xinyi Real Estate Development Co., Ltd.
- (f) Pursuant to the Construction Land Use Planning Permit No. (2006) Di 085 issued by Shuangliu Planning Administration Bureau dated 31 May 2006, the Development with a site area of approximately 1,425 mu was permitted to be developed.
- (g) Pursuant to 6 Construction Engineering Planning Permits issued by Chengdu Planning Management Bureau and Shuangliu Planning Management Bureau, portion of the Development with a total construction scale of 970,505.43 sqm is permitted to be developed.

Title of Construction	Permit No.	Gross floor area (sqm)
Da Phase II Commercial Cluster Block 2 Unit 1 and Commercial Basements	Jian Zi No. 510122201532024	167,575.45
Da Phase II Commercial Cluster Block 2 Unit 2	Jian Zi No. 510122201532025	71,834.46
Da Phase II Commercial Cluster Block 2 Unit 3	Jian Zi No. 510122201532026	20,205.87
Da Phase II Commercial Cluster Block 1 and Basements	Jian Zi No. 510122201532023	40,716.82
Da Phase II Cluster I (1#, 3#, 7#–22# and Basements)	Jian Zi No. 510122201231129	568,470.99
Da Phase II Cluster I Levels 3–6# and Basements	Jian Zi No. 510122201532017	101,701.84

- (h) Pursuant to 4 Construction Works Commencement Permits issued by Shuangliu Urban-Rural Construction Bureau, construction works of the Development was permitted to be commenced. Details of the Construction Works Commencement Permits are stated as follows:

Title of Construction	Permit No.	Gross floor area (sqm)
Chengdu New World Riverside (Chengdu) Da Phase II Cluster I District A Levels 11#, 12# and Basement Construction	Shuang Shi [2013] No.154	73,507.96
Chengdu New World Riverside (Chengdu) Da Phase II Cluster I District A Levels 13#–16# and Basement Construction	Shuang Shi [2013] No.159	117,284.39
Chengdu New World Riverside (Chengdu) Da Phase II Cluster I District A Residences 21, 22 and Basement	Shuang Shi [2013] No.164	60,527.56
Chengdu New World Riverside (Chengdu) Da Phase II Cluster I District A Deep Excavation	Shen Ji Keng [2013] No.004	42,411.8

- (i) Pursuant to 6 Construction Works Completion Certificates issued by Chengdu Development Administration Committee, portion of the Development with a total gross floor area of 137,653.61 sqm was completed.
- (j) Pursuant to 8 Commodity Housing Pre-sale Permits issued by Chengdu Urban-Rural Building Administration Bureau, portion of the property with a gross floor area of 217,106.50 sqm was permitted to pre-sell.
- (k) As advised by the Group, portion of the property with a total gross floor area of 178,757.74 sqm have been pre-sold at a total consideration of RMB1,212,522,987. According to the Company's instruction, the pre-sold units are included in this valuation. We have also taken this into consideration in the course of our valuation.
- (l) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:
- (i) Chengdu Xinyi Real Estate Development Co., Ltd. has legally obtained the state-owned land use rights under the state-owned land use certificates set out in note (b) and is entitled to transfer, lease, mortgage or otherwise lawfully dispose of the land use rights;
 - (ii) Save as disclosed in note (c), such land is not subject to restriction of any seizure, mortgage or any other encumbrances; any transfer, leasing, mortgage or other lawful disposal of the above land pledged by Chengdu Xinyi Real Estate Development Co., Ltd. shall be made with the prior consent of pledgees;
 - (iii) For the purposes of such state-owned land use rights under the state-owned land use certificates obtained and the properties relating to such valid construction approval and permits, Chengdu Xinyi Real Estate Development Co., Ltd. legally owns the work under construction relating such properties and is entitled to transfer, lease, mortgage or otherwise lawfully dispose of such work under construction;
 - (iv) For the purposes of such properties with pre-sale permits obtained, Chengdu Xinyi Real Estate Development Co., Ltd. is entitled to pre-sell such properties under construction;
 - (v) For the purposes of such properties contracted for sale but with transfer procedures to be completed, Chengdu Xinyi Real Estate Development Co., Ltd. is required to transfer the ownership of and deliver the properties to relevant purchasers for their use upon relevant parties have satisfied terms and the

purchasers have settled consideration as stipulated in the property purchase contracts; prior to the registration of the property transfer with relevant authorities, the ownership thereof remain in the possession of Chengdu Xinyi Real Estate Development Co., Ltd., which, however, does not entitle Chengdu Xinyi Real Estate Development Co., Ltd. to transfer, lease, mortgage or otherwise lawfully dispose of such properties without the consent of the purchasers and the cancellation of the above contracts; and

- (vi) For the purposes of the properties under lease, Chengdu Xinyi Real Estate Development Co., Ltd. is entitled to lease such properties and any leasing contract entered into in relating thereto are valid; any registration and filing procedures of the leasing of such properties does not affect the validity of such leasing contracts and does not pose any substantial legal impediment to the leasing of such properties by Chengdu Xinyi Real Estate Development Co., Ltd.

Group IV — Properties held for Development

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 30 April 2016</u>																
6. Guiyang Jinyang Sunny Town, 1 Jinzhu Road, Jinyang New District, Guiyang, Guizhou Province, The PRC	<p>Guiyang Jinyang Sunny Town (the “Development”) is a commercial/residential composite development located at the center of Guanshanhu District, which is the core area of Guiyang. The Development is erected upon two land parcels with a total site area of approximately 2,149,849.30 sqm, and its gross floor area planned to be approximately 4,070,000 sqm.</p> <p>The planned property patterns of the project include: villas, cottages, small high-rise residential buildings, high-rise residential buildings, commercial facilities, office buildings, hotel, school and other ancillary facilities.</p> <p>The property comprises the unsold completed portion of the Development completed from 2008 to 2013, portion which are under construction and the planned remaining phase.</p> <p>The portion under construction is detailed as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area (sqm)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">25,217.16</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">640,565.03</td> </tr> <tr> <td>Serviced apartments</td> <td style="text-align: right;">16,209.81</td> </tr> <tr> <td>Hotel</td> <td style="text-align: right;">10,203.00</td> </tr> <tr> <td>Ancillary facilities (saleable)</td> <td style="text-align: right;">5,540.63</td> </tr> <tr> <td>Ancillary facilities (non-saleable)</td> <td style="text-align: right;"><u>17,399.19</u></td> </tr> <tr> <td>Sub-total:</td> <td style="text-align: right;"><u><u>715,134.82</u></u></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sqm)	Retail	25,217.16	Residential	640,565.03	Serviced apartments	16,209.81	Hotel	10,203.00	Ancillary facilities (saleable)	5,540.63	Ancillary facilities (non-saleable)	<u>17,399.19</u>	Sub-total:	<u><u>715,134.82</u></u>	As at the Valuation Date, the portion under construction is currently under construction and is scheduled to complete in July 2018, while the remaining phase is pending for future development.	RMB6,507,000,000 (RENMINBI SIX BILLION FIVE HUNDRED SEVEN MILLION)
Use	Approximate Gross Floor Area (sqm)																		
Retail	25,217.16																		
Residential	640,565.03																		
Serviced apartments	16,209.81																		
Hotel	10,203.00																		
Ancillary facilities (saleable)	5,540.63																		
Ancillary facilities (non-saleable)	<u>17,399.19</u>																		
Sub-total:	<u><u>715,134.82</u></u>																		

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 30 April 2016</u>
	The planned remaining phase is detailed as follows:		
	Use	Approximate Gross Floor Area (sqm)	
	Retail	290,688.34	
	Residential	1,620,308.00	
	Office	466,090.00	
	Ancillary facilities (saleable)	21,160.00	
	Ancillary facilities (non-saleable)	<u>20,687.74</u>	
	Sub-total:	<u><u>2,418,934.08</u></u>	
	Car-parking spaces	22,691 lots	

The land use rights of the Development have been granted to Guiyang New World Real Estate Co., Ltd. for commercial/composite/residential and commercial/office use. The term for commercial, composite and residential use expires on 19 May 2046, 19 May 2056 and 19 May 2076 respectively, and that for office use expires on 11 July 2057.

Notes:

- (a) Pursuant to the following 2 state-owned land use right grant contracts, the land use rights of the Development have been granted by the Guiyang Land and Resources Bureau for State New and High-tech Industry Development Zone, the Department of Land and Resources of Guiyang Province to Triumph Hero International Limited (勝雄國際有限公司) and Guiyang New World Real Estate Co., Ltd. respectively. The details are as follows:

i: Contract no.: Qian Zhu Gao Xin (Jin Gua) 2006002

Date of Contract: 19 May 2006

Area granted: 1,670,089.26 sqm

Location:	East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road
Use of land:	Land for commercial, residential and office composite use
Term of use:	40 years (commercial), 50 years (composite) and 70 years (residential) from the date of the contract
Premium:	RMB1,254,000,000
Plot ratio:	1.7 in average
Density:	Not higher than 25%
ii: Contract no.:	Qian Zhu Gao Xin (Jin Gua) [2007] 007
Date of Contract:	11 July 2007
Area granted:	195,921 sqm
Location:	Between Jinyang Avenue and Jinxi Avenue, both sides along Chengxin Road and south of Jinzhu Road
Use of land:	Commercial, financial, office and non-municipal office use
Term of use:	50 years from the date of the contract
Premium:	RMB211,600,000
Plot ratio:	3.6, 2.9
Density:	40%

- (b) Pursuant to the Comprehensive Fee Collection Agreement of Allocated Land and Land Acquisition and Relocation for Jinyang New District entered into between Jinyang New District Branch of Guiyang Land Reserve Center and Triumph Hero International Limited on 19 May 2006, 430 mu of land in Lot 2006-02 in Jinyang New District shall be allocated, including 187 mu for school site and 243 mu for Jiangjunshan park site. The total cost of allocated land was approximately RMB92,550,000.

- (c) 6 certificates of land use right have been granted to Guiyang New World Real Estate Co., Ltd., particulars of which are as follows:

Address	Certificate no.	Site Area (sqm)	Land Use	Expiry Date
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	368,161.10	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	No.0098		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	368,682.70	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	No.0099		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	491,598.60	Commercial	19 May 2046
	Guo Yong (2010)		Composite	19 May 2056
	No.0100		Residential	19 May 2076
East of Jinxi North Road, south of Longtan Road, west of Jinyang North Road and north of Jinzhu Road	Qian Zhu Gao Xin	439,131.30	Commercial	19 May 2046
	Guo Yong (2011)		Composite	19 May 2056
	No.5486		Residential	19 May 2076
South of Jinzhu West Road, Jinyang New District	Qian Zhu Gao Xin Guo Yong (2009) No.1843	84,771.30	Commercial/office	11 July 2057
South of Jinzhu West Road, Jinyang New District	Qian Zhu Gao Xin Guo Yong (2010) No.0101	110,836.20	Commercial/office	11 July 2057

- (d) Pursuant to 2 Construction Land Use Planning Permits issued by Guiyang Planning Bureau, portion of the Development is permitted to be developed. Details of Construction Land Use Planning Permits are stated as follows:

Date of Issuance	Permit No.	Site Area
9 August 2006	Jin Yang (2006)-36	2,935.13 mu
22 February 2008	Jin Yang (2008)-02	245,322 sqm

- (e) Pursuant to 10 Construction Engineering Planning Permits issued by Guiyang Planning Bureau, portion of the property was permitted to be constructed. Details of Construction Planning Permits are stated as follows:

Title of Construction	Permit No.	Gross floor area (<i>sqm</i>)
Jin Yang New World Yu Ling Area 1 Lot 3A	Jian Zi Di 520000201024693 Zhu Gui Jian Zi 2010 (Jin Yang) 033	55,253.62
Jin Yang New World Bitan Park Lot 2A2C (Long Yue Cluster)	Jian Zi Di 520000201334668 Zhu Gui Jian Zi 2013 (Guan Shan Hu) 041	477,739.35
Jin Yang New World 5A Lot Basements (3 levels underground)	Jian Zi Di 520000201429771 Zhu Gui Jian Zi 2014-0207	168,434
Jin Yang New World 4F Mansion	Jian Zi Di 520000201425148 Zhu Gui Jian Zi 2014-0609	11,688.59
Jin Yang New World 4F Supporting Centre to Community Public Buildings	Jian Zi Di 520000201425219 Zhu Gui Jian Zi 2014-0610	12,805.99
Guiyang New World 4A Lot	Jian Zi Di 520000201432569 Zhu Gui Jian Zi 2015-0051	92,853.46
Jin Yang New World 2E Lot 1-14# and 16-26# Buildings	Jian Zi Di 520000201432651 Zhu Gui Jian Zi 2015-0117	313,090.24
Jin Yang New World 5A Lot Commercial Office and Public Buildings	Jian Zi Di 520000201432804 Zhu Gui Jian Zi 2015-0324	469,092.68
Jin Yang New World 2E Lot 15 Buildings, Kindergarten	Jian Zi Di 520000201503223 Zhu Gui Jian Zi 2015-0344	3,241.43
Jin Yang New World 4B Lot Commercial Residential and Public Buildings	Jian Zi Di 52000020150322 Zhu Gui Jian Zi 2015-0351	77,260.74

- (f) Pursuant to 9 Construction Works Commencement Permits issued by Guiyang Housing and Urban-Rural Development Committee, construction works of portion of the property was permitted to be commenced. Details of the Construction Works Commencement Permits are stated as follows:

Title of Construction	Permit No.	Gross floor area (sqm)
Jin Yang New World Bitan Park Lots 2A and 2C (Long Yue Cluster) (Blocks 6, 7, 8, 11, G6 and G7)	520101201312091501 (Guan)	133,477.90
Jin Yang New World Bitan Park Lots 2A and 2C (Long Yue Cluster) (Blocks 1, 9, 10, G1 and G8)	520101201312091401 (Guan)	102,396.00
Jin Yang New World Bitan Park Lots 2A and 2C (Long Yue Cluster) (Blocks 4, 5 and G5)	520101201312091301 (Guan)	104,608.00
Jin Yang New World Bitan Park Lots 2A and 2C (Long Yue Cluster) (Blocks 2, 3, G2, G3, G4, G9 and G10)	520101201312091201 (Guan)	137,257.00
Jin Yang New World Lot 2E Section 2E1 (Blocks 5, 6, 7, 8, 9, 10, 17, 18, 18, 20 and 21 and basements)	520115201506260101	147,607.98
Jin Yang New World Lot 2E Section 2E2 (Blocks 1, 2, 3, 4, 11, 12, 13, 14, 16, 22, 23, 24 and 25 and basements)	520115201506260201	165,482.26
Jin Yang New World Yu Ling Area 1 Lot 3A (3A-G-1 to 3A-G-2)	520101201012270101 (Yi Bu)	51,156.27
Jin Yang New World Yu Ling Area 1 Lot 3A (3A-1 to 3A-24)	520101201012270201	27,264.97
Guiyang New World Lot 4A (Blocks 1-41 and basements)	520115201503250101	92,853.46

- (g) Pursuant to 22 Construction Works Completion Certificates issued by Guiyang Housing and Urban-Rural Development Committee, portion of the Development with a total construction scale of 923,073.31 sqm was completed.
- (h) Pursuant to 6 Commodity Housing Pre-sale Permits issued by Guiyang Housing and Urban-Rural Development Bureau, portion of the property with a gross floor area of 423,524.24 sqm was permitted to pre-sell.
- (i) According to the information provided by the Group, portion of the Portion Under Construction with a total gross floor area of approximately 12,805.99 sqm (9,745.65 sqm above ground and 3,060.34 sqm below ground) was planned to construct as ancillary facilities. After completing the construction, the ownership and use rights of such portion should be handed over to the public. In the course of our valuation, we have not given any commercial value to such portions of the property.

- (j) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the Portion Under Construction and the Planned Remaining Phase as at the valuation date were approximately RMB1,919,446,000 and RMB10,319,704,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the Portion Under Construction and the Planned Remaining Phase, assuming they were completed as at the valuation date, was estimated approximately as RMB24,374,000,000.
- (k) As advised by the Group, portion of the property with a total gross floor area of 472,788.73 sqm have been pre-sold at a total consideration of RMB2,970,983,777. According to the Company's instruction, the pre-sold units are included in this valuation. We have also taken this into consideration in the course of our valuation.
- (l) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:
- (i) Guiyang New World Real Estate Co., Ltd. has legally obtained the state-owned land use rights under the state-owned land use certificates set out in note (c) and is entitled to transfer, lease, mortgage or otherwise lawfully dispose of the land use rights;
 - (ii) For the purposes of such state-owned land use rights under the state-owned land use certificates obtained and the properties relating to such valid construction approval and permits, Guiyang New World Real Estate Co., Ltd. legally owns the work under construction relating such properties and is entitled to transfer, mortgage or otherwise lawfully dispose of such work under construction;
 - (iii) For the purposes of such properties with pre-sale permits obtained, Guiyang New World Real Estate Co., Ltd. is entitled to pre-sell such properties under construction; for the purposes of such properties with sale permits obtained, Guiyang New World Real Estate Co., Ltd. is entitled to sell such completed properties;
 - (iv) For the purposes of such properties contracted for sale but with transfer procedures to be completed, Guiyang New World Real Estate Co., Ltd. is required to transfer the ownership of and deliver the properties to relevant purchasers for their use upon relevant parties have satisfied terms and the purchasers have settled consideration as stipulated in the property purchase contracts; prior to the registration of the property transfer with relevant authorities, the ownership thereof remain in the possession of Guiyang New World Real Estate Co., Ltd., which, however, does not entitle Guiyang New World Real Estate Co., Ltd. to transfer, lease, mortgage or otherwise lawfully dispose of such properties without the consent of the purchasers and the cancellation of the above contracts;
 - (v) Such land is not subject to restriction of any seizure, mortgage or any other encumbrances.

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 30 April 2016</u>																				
7. Chengdu New World Riverside, Guang Fu Village, Hua Yang Town, Shuangliu County, Chengdu, Sichuan Province, the PRC	<p>Chengdu New World Riverside (the "Development") is erected upon a parcel of irregular-shaped sites with a total site area of approximately 950,072.10 sqm, and its gross floor area planned to be approximately 3,040,000 sqm.</p> <p>The planned property patterns of the project include: villas, small high-rise, medium high-rise and super-high-rise residential buildings, large commercial center, hotel, school and other ancillary facilities.</p> <p>The property comprises the unsold completed portion of the Development completed from 2012 to 2015, portion which are under construction and the planned remaining phase.</p> <p>The portion under construction is detailed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sqm)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>394,002.00</td> </tr> <tr> <td>Retail</td> <td>120,663.00</td> </tr> <tr> <td>Hotel</td> <td>59,995.00</td> </tr> <tr> <td>Sub-total:</td> <td><u>574,660.00</u></td> </tr> </tbody> </table> <p>The planned remaining phase is detailed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sqm)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>1,934,500.00</td> </tr> <tr> <td>Retail</td> <td>13,234.00</td> </tr> <tr> <td>Ancillary facilities (non-saleable)</td> <td><u>45,000.00</u></td> </tr> <tr> <td>Sub-total:</td> <td><u>1,992,734.0</u></td> </tr> </tbody> </table> <p>Car-parking spaces 29,257 lots</p> <p>The land use rights of the Development have been granted to Chengdu Xinyi Real Estate Development Co., Ltd. for commercial and residential use. The term for commercial and residential use expires on 26 January 2046 and 26 January 2076 respectively.</p>	Use	Approximate Gross Floor Area (sqm)	Residential	394,002.00	Retail	120,663.00	Hotel	59,995.00	Sub-total:	<u>574,660.00</u>	Use	Approximate Gross Floor Area (sqm)	Residential	1,934,500.00	Retail	13,234.00	Ancillary facilities (non-saleable)	<u>45,000.00</u>	Sub-total:	<u>1,992,734.0</u>	<p>As at the Valuation Date, the unsold completed portion is currently vacant and held for sale.</p> <p>The portion under construction is currently under construction and is scheduled to complete in July 2018, while the remaining phase is pending for future development.</p>	<p>RMB3,477,000,000</p> <p>(RENMINBI THREE BILLION FOUR HUNDRED SEVENTY-SEVEN MILLION)</p>
Use	Approximate Gross Floor Area (sqm)																						
Residential	394,002.00																						
Retail	120,663.00																						
Hotel	59,995.00																						
Sub-total:	<u>574,660.00</u>																						
Use	Approximate Gross Floor Area (sqm)																						
Residential	1,934,500.00																						
Retail	13,234.00																						
Ancillary facilities (non-saleable)	<u>45,000.00</u>																						
Sub-total:	<u>1,992,734.0</u>																						

Notes:

- (a) Pursuant to the following state-owned land use right grant contract, 2 amendment agreements and a supplemental agreement, the land use rights of the Development have been granted by the Sichuan Shuangliu Land Resources Bureau to Chengdu Xinyi Real Estate Development Co., Ltd. The details of the land are as follows:

Contract no.:	51-01-06 (2006) Grant Contract No.3 Amendment Contract to the Grant Contract [2006] No.13 Supplemental Agreement to the Grant Contract [2007] No.88 Supplemental Agreement to the Grant Contract [2014] No.1
Date of Contract:	27 January 2006 27 January 2006 12 June 2007 26 June 2014
Area granted:	950,072.1 sqm
Location:	Guangfu Community, Huayang Road Office, Tianfu New District
Use of land:	Urban composite residence
Term of use:	40 years (commercial) and 70 years (residential) from the date of the contract
Premium:	RMB1,067,828,296
Plot ratio:	Not higher than 1.8 for multi-leveled buildings and not higher than 4.0 for high rises
Density:	Not higher than 30%

- (b) 2 certificates of land use right have been granted to Chengdu Xinyi Real Estate Development Co., Ltd., particulars of which are as follows:

Address	Certificate no.	Site Area (sqm)	Land Use	Expiry Date
Guangfu Community, Huayang Road Office, Shuangliu County	Shuang Guo Yong (2006) No.01024	186,478.77	Commercial Residential	26 January 2046 26 January 2076
Guangfu Community, Huayang Road, Tianfu New District, Chengdu	Cheng Tian Guo Yong (2014) No.1945	763,593.33	Urban composite residence	26 January 2076

- (c) Pursuant to two encumbrance certificates (Cheng Tian Ta Xiang (2014) No. 173 and Cheng Tian Ta Xiang (2014) No. 174) issued by the Chengdu Administrative Committee of Land Resources Bureau and Building Administration Bureau of Tianfu New District, Chengdu, Sichuan on 4 August 2014, the land use right of a piece of land of the property with a gross floor area of 763,593.33 sqm (Cheng Tian Guo Yong (2014) No. 1945) has been pledged to China Guanfa Bank Co., Ltd., Chengdu Branch and China Merchants Bank Co., Ltd, Chengdu Yizhou Road Branch from 25 July 2013 to 24 July 2016 amounting to RMB720,000,000 in aggregate.

- (d) Pursuant to a building breakdown (Jian Zheng 1250763) issued by Shuangliu Real Estate Management and Trading Centre on 19 June 2013, the building ownership of a gross floor area of 6,908.17 sqm in the Development for commercial use is held by Chengdu Xinyi Real Estate Development Co., Ltd.
- (e) Pursuant to a building ownership certificate (Shuang Fang Quan Zheng Jian Zheng Zi No. 1271885) issued by Shuangliu Real Estate Management and Trading Centre on 26 September 2013, the building ownership of a gross floor area of 4,817.97 sqm in the Development for kindergarten use is held by Chengdu Xinyi Real Estate Development Co., Ltd.
- (f) Pursuant to the Construction Land Use Planning Permit No. (2006) Di 085 issued by Shuangliu Planning Administration Bureau dated 31 May 2006, the Development with a site area of approximately 1,425 mu was permitted to be developed.
- (g) Pursuant to 6 Construction Engineering Planning Permits issued by Chengdu Planning Management Bureau and Shuangliu Planning Management Bureau, portion of the Development with a total construction scale of 970,505.43 sqm is permitted to be developed.

Title of Construction	Permit No.	Gross floor area (sqm)
Da Phase II Commercial Cluster Block 2 Unit 1 and Commercial Basements	Jian Zi No. 510122201532024	167,575.45
Da Phase II Commercial Cluster Block 2 Unit 2	Jian Zi No. 510122201532025	71,834.46
Da Phase II Commercial Cluster Block 2 Unit 3	Jian Zi No. 510122201532026	20,205.87
Da Phase II Commercial Cluster Block 1 and Basements	Jian Zi No. 510122201532023	40,716.82
Da Phase II Cluster I (1#, 3#, 7#-22# and Basements)	Jian Zi No. 510122201231129	568,470.99
Da Phase II Cluster I Levels 3-6# and Basements	Jian Zi No. 510122201532017	101,701.84

- (h) Pursuant to 4 Construction Works Commencement Permits issued by Shuangliu Urban-Rural Construction Bureau, construction works of the Development was permitted to be commenced. Details of the Construction Works Commencement Permits are stated as follows:

Title of Construction	Permit No.	Gross floor area (sqm)
Chengdu New World Riverside (Chengdu) Da Phase II Cluster I District A Levels 11#, 12# and Basement Construction	Shuang Shi [2013] No.154	73,507.96
Chengdu New World Riverside (Chengdu) Da Phase II Cluster I District A Levels 13#-16# and Basement Construction	Shuang Shi [2013] No.159	117,284.39
Chengdu New World Riverside (Chengdu) Da Phase I Cluster I District A Residences 21, 22 and basement	Shuang Shi [2013] No.164	60,527.56
Chengdu New World Riverside (Chengdu) Da Phase II Cluster I District A Deep Excavation	Shen Ji Keng [2013] No.004	42,411.8

- (i) Pursuant to 6 Construction Works Completion Certificates issued by Chengdu Development Administration Committee, portion of the Development with a total gross floor area of 137,653.61 sqm was completed.
- (j) Pursuant to 8 Commodity Housing Pre-sale Permits issued by Chengdu Urban-Rural Building Administration Bureau, portion of the property with a gross floor area of 217,106.50 sqm was permitted to pre-sell.
- (k) As advised by the Group, the construction cost incurred and the projected outstanding construction cost of the Portion Under Construction and the Planned Remaining Phase as at the valuation date were approximately RMB852,385,000 and RMB9,210,397,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the Portion Under Construction and the Planned Remaining Phase, assuming they were completed as at the valuation date, was estimated approximately as RMB20,550,000,000.
- (l) As advised by the Group, portion of the property with a total gross floor area of 178,757.74 sqm have been pre-sold at a total consideration of RMB1,212,522,987. According to the Company's instruction, the pre-sold units are included in this valuation. We have also taken this into consideration in the course of our valuation.
- (m) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the followings:
- (i) Chengdu Xinyi Real Estate Development Co., Ltd. has legally obtained the state-owned land use rights under the state-owned land use certificates set out in note (b) and is entitled to transfer, lease, mortgage or otherwise lawfully dispose of the land use rights;
 - (ii) Save as disclosed in note (c), such land is not subject to restriction of any seizure, mortgage or any other encumbrances; any transfer, leasing, mortgage or other lawful disposal of the above land pledged by Chengdu Xinyi Real Estate Development Co., Ltd. shall be made with the prior consent of pledgees;
 - (iii) For the purposes of such state-owned land use rights under the state-owned land use certificates obtained and the properties relating to such valid construction approval and permits, Chengdu Xinyi Real Estate Development Co., Ltd. legally owns the work under construction relating such properties and is entitled to transfer, mortgage or otherwise lawfully dispose of such work under construction;

- (iv) For the purposes of such properties with pre-sale permits obtained, Chengdu Xinyi Real Estate Development Co., Ltd. is entitled to pre-sell such properties under construction;
- (v) For the purposes of such properties contracted for sale but with transfer procedures to be completed, Chengdu Xinyi Real Estate Development Co., Ltd. is required to transfer the ownership of and deliver the properties to relevant purchasers for their use upon relevant parties have satisfied terms and the purchasers have settled consideration as stipulated in the property purchase contracts; prior to the registration of the property transfer with relevant authorities, the ownership thereof remain in the possession of Chengdu Xinyi Real Estate Development Co., Ltd., which, however, does not entitle Chengdu Xinyi Real Estate Development Co., Ltd. to transfer, lease, mortgage or otherwise lawfully dispose of such properties without the consent of the purchasers and the cancellation of the above contracts; and
- (vi) For the purposes of the properties under lease, Chengdu Xinyi Real Estate Development Co., Ltd. is entitled to lease such properties and any leasing contract entered into in relating thereto are valid; any registration and filing procedures of the leasing of such properties does not affect the validity of such leasing contracts and does not pose any substantial legal impediment to the leasing of such properties by Chengdu Xinyi Real Estate Development Co., Ltd.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “Model Code”) were as follows:

(i) Interest in Shares

Names of Directors	Nature of interest	Number of Shares	Approximate percentage of shareholding
Hui Kai Yan (<i>Note 1</i>)	Interest in controlled corporation	10,162,119,735(L)	74.33%
Tse Wai Wah	Beneficial owner	3,000,000(L)	0.02%

Note:

- (1) Of the 10,162,119,735 Shares held, 9,370,871,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr. Hui Ka Yan, and 791,248,238 Shares were held by Even Honour Holdings Limited, a company wholly owned by Dr. Hui Ka Yan’s spouse, Ms. Ding Yumei. The interest of Even Honour Holdings Limited in the Company is also deemed to be held by Dr. Hui pursuant to the SFO.

(ii) *Interests in shares, underlying shares of the Company*

Share Option Scheme

Names of Director	Outstanding share option as at the Latest Practicable Date	Date of grant	Exercise price HK\$
Xia Haijun	100,000,000	9 October 2014 (<i>Note 1</i>)	3.05
He Miaoling	2,335,000	18 May 2010 (<i>Note 2</i>)	2.40
	10,000,000	9 October 2014 (<i>Note 1</i>)	3.05
Tse Wai Wah	8,000,000	9 October 2014 (<i>Note 1</i>)	3.05
Xu Wen	8,000,000	9 October 2014 (<i>Note 1</i>)	3.05
Huang Xiangui	5,000,000	9 October 2014 (<i>Note 1</i>)	3.05
Chau Shing Yim, David	1,000,000	9 October 2014 (<i>Note 1</i>)	3.05
He Qi	1,000,000	9 October 2014 (<i>Note 1</i>)	3.05
Xie Hongxi	1,000,000	9 October 2014 (<i>Note 1</i>)	3.05

Notes:

1. The exercise period is from 9 October 2015 to 8 October 2024.
2. The exercise period is from 18 May 2010 to 13 October 2019.

(iii) *Interest in associated corporations of the Company*

Names of Director	Name of associated corporation	Number of securities	Approximate percentage of shareholding
Hui Kai Yan	Xin Xin (BVI) Limited	100 shares	100%
	Even Honour Holdings Limited (<i>Note</i>)	1 share	100%

Note: Note: Even Honour Holdings Limited is a company wholly owned by Ms. Ding Yumei, the spouse of Dr. Hui Ka Yan, and is deemed to be an associated corporation of the Company pursuant to the SFO.

(iv) *Interest in debentures of the Company*

Names of Director	Currency of debentures	Amount of debenture held	Amount of debentures in same class in issue
Xia Haijun	US\$	10,000,000	1,000,000,000
Tse Wai Wah	CNY	1,500,000	3,700,000,000

(b) Substantial Shareholders

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company

Name of shareholder	Nature of interest held	Interest in the shares	Approximate percentage of shareholding
Ding Yumei	Interest of controlled company	10,162,119,735(L)	74.33%
Xin Xin (BVI) Limited	Beneficial owner	9,370,871,497(L)	68.54%
Yaohua Limited	Interest of controlled company	791,248,238(L)	5.79%
Even Honour Holdings Limited	Beneficial owner	791,248,238(L)	5.79%

Notes:

1. Of the 10,162,119,735 Shares held, 791,248,238 Shares were held by a company wholly owned by Ms. Deng Yumei, and 9,370,871,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr Hui Ka Yan, the spouse of Ms. Ding Yumei. The interest of Xin Xin (BVI) Limited in the Company is also deemed to be held by Ms. Ding pursuant to the SFO.
2. Xin Xin (BVI) Limited is beneficially owned by Dr. Hui Ka Yan.
3. Even Honour Holdings Limited is wholly owned by Ms. Ding Yumei.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Mr. Hui Ka Yan is a director of Xin Xin (BVI) Limited. Save as disclosed, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which should fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

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

4. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. MATERIAL ADVERSE CHANGE

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

6. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Enlarged Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and is or may be material:

- (a) On 7 October 2014, the Company, Guocang Group Limited (“Guocang”) and Solar Power, Inc. (“SPI”) entered into a memorandum of understanding under which Guocang agreed to allot and issue 30,813,397,130 shares to the Company, and 7,464,114,830 shares to SPI, each at HK\$0.03135 per share; the memorandum of understanding has subsequently expired;

- (b) On 14 November 2014, the Company and Albert Yeung Holdings Limited entered into a memorandum of understanding with regard to the possible sale of 647,950,000 shares in New Media Group Holdings Limited by Albert Yeung Holdings Limited to the Company at approximately HK\$1.466 per share;
- (c) On 25 November 2014, the Company and Acelin Global Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Albert Yeung Holdings Limited under which Albert Yeung Holdings Limited agreed to sell its 647,950,000 shares in New Media Group Holdings Limited at HK\$1.467 per share;
- (d) On 28 May 2015, the Company, Xin Xin (BVI) Limited, Credit Suisse (Hong Kong) Limited, CLSA Limited, Haitong International Securities Company Limited and Jeffries Hong Kong Limited entered into a placing and subscription agreement regarding a top-up placing of 820,000,000 Shares of the Company at HK\$5.67 per Share;
- (e) On 14 July 2015, Shengyu (BVI) Limited (“Shengyu”), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with Evergo Holdings (China) Company Limited pursuant to which Shengyu agreed to acquire the equity interests in and debts receivables of Lucky Benefit Limited and Rising Sheen Limited for an aggregate consideration of HK\$6,500 million;
- (f) On 12 November 2015, Shengyu and Great System Investment Limited entered into a sale and purchase agreement in relation to the acquisition by Shengyu of Pioneer Time Investment Limited, which hold the property known as Mass Mutual Tower located at No. 38 Gloucester Road, Hong Kong for HK\$12,500,000,000;
- (g) On 20 November 2015, the agreement entered into between Evergrande Real Estate Group (Nanchang) Co., Ltd. and Chongqing City Construction Investment (Group) Co., Ltd. and Chongqing Land Group with respect to the transfer of the 50% equity interest in Great Eastern Life Assurance (China) Co., Ltd. for RMB3,939,110,600 was approved by the China Insurance Regulatory Commission and became effective;
- (h) On 2 December 2015, Shengyu and New World Development (China) Limited entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of and loan to Best Wealth Investments Limited, which hold the right to a property project in Haikou for RMB8,600,000,000;
- (i) On 2 December 2015, Shengyu and New World Development (China) Limited entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of and loan to Dragon Joy (China) Limited, White Heron Limited and Superb Capital Enterprises Limited, which hold the right to a property project in Huizhou, for RMB1,100,000,000;

- (j) On 2 December 2015, Shengyu and New World Development (China) Limited entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of and loan to Hinto Development Limited, which hold 60% of the right to a property project in Wuhan for RMB3,800,000,000;
- (k) On 29 December 2015, Shengyu and Chow Tai Fook Enterprises Limited entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Baojun Limited, which hold 50% of Qingdao Golden Bay Properties Limited (the “Qingdao Project Company”) for RMB600,000,000;
- (l) On 29 December 2015, Hengdda (Jinan) Real Estate Group Co. Ltd., a subsidiary of the Company, and Tibet Lin Zhi Hui Fu Investment Co., Ltd. entered into a sale and purchase agreement in relation to the acquisition of 50% of the Qingdao Project Company for RMB1,400,000,000;
- (m) On 29 December 2015, Shengyu and Chow Tai Fook Enterprises Limited entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Charisma City Limited, for RMB1,800,000,000;
- (n) On 29 December 2015, Shengyu and Chow Tai Fook Enterprises Limited entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Ace Score Holdings Limited, for RMB1,700,000,000;
- (o) On 29 December 2015, Shengyu and Sino Asset Property Limited entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Marche Limited, for RMB7,600,000,000;
- (p) the First Acquisition Agreement; and
- (q) the Second Acquisition Agreement.

8. EXPERTS AND CONSENT

The following are the qualifications of the experts who have been named in this circular or have given opinion or letter contained in this circular:

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants
Crowe Horwath (HK) Consulting & Valuation Limited	Property valuer

As at the Latest Practicable Date, PricewaterhouseCoopers and Crowe Horwath (HK) Consulting & Valuation Limited have given and have not withdrawn their written consent to the issue of this circular with the inclusion therein of their letters and references to their names, in the form and context in which they are included.

As at the Latest Practicable date, PricewaterhouseCoopers and Crowe Horwath (HK) Consulting & Valuation Limited did not have any shareholding in any member of the Enlarged Group and did not have the right to subscribe for or to nominate persons to subscribe for shares in any members of the Enlarged Group.

As at the Latest Practicable Date, PricewaterhouseCoopers and Crowe Horwath (HK) Consulting & Valuation Limited did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group, or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 30 June 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Enlarged Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group, which was subsisting and was significant in relation to the business of the Enlarged Group.
- (c) The company secretary of the Company is Mr. Fong Kar Chun, Jimmy. Mr. Fong is a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 2001.
- (d) The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong.
- (f) The branch share registrars of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The principal share registrars of the Company is Royal Bank of Canada Trust Company (Cayman) Limited.

- (h) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including 12 July 2016;

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for years ended 31 December 2013, 2014 and 2015;
- (c) the accountant's reports on the Rise Eagle and Triumph Hero, the text of which is set out in Appendix IIA and IIB to this circular;
- (d) the report on the unaudited pro forma financial information of the Enlarged Group upon the completion of the First and Second Acquisitions, the text of which is set out in Appendix III to this circular;
- (e) the property valuation report of the properties held by the Target, the text of which is set out in Appendix V to this circular;
- (f) the material contracts referred to in the section headed "Material Contracts" of this appendix;
- (g) the written consents of the experts referred to in the section headed "Experts and Consents" of this appendix;
- (h) the Acquisition Agreements; and
- (i) this circular.