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If you have sold or transferred all your shares in Greentown China Holdings Limited, you should at once hand this circular 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.

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**GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

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

**(Stock Code: 03900)**

**MAJOR TRANSACTION  
FRAMEWORK AGREEMENT  
WITH SUNAC CHINA HOLDINGS LIMITED  
AND  
RE-ELECTION OF DIRECTORS**

A notice convening an extraordinary general meeting of Greentown China Holdings Limited to be held at Hangzhou Rose Garden Resort & Spa, 128 Zhijiang Road, West Lake District, Hangzhou, Zhejiang Province, the PRC on 15 July 2015 (Wednesday) at 2:30 p.m. (the "Extraordinary General Meeting") is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for appointing proxy to attend the Extraordinary General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.greentownchina.com](http://www.greentownchina.com)).

Whether or not you are able to attend the Extraordinary General Meeting, you should complete and sign the form of proxy in accordance with the instructions stated thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof.

Completion and delivery of the form of proxy shall not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof should you so wish, and in which case, the form of proxy shall be deemed to be revoked.

\* For identification purposes only

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## DEFINITIONS

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

“Acquisitions”	the acquisition of (i) the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund by Greentown Real Estate from Shanghai Sunac Greentown; (ii) 45% equity interests in, and shareholder’s loan of, Beijing Xingye Wanfa by Greentown Real Estate from Sunac Construction; and (iii) 50% equity interests in Zhejiang Jinying from Shanghai Forest Golf and shareholder’s loan of Zhejiang Jinying from Sunac Zhidi by Greentown Real Estate
“Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed to it in the Listing Rules
“Beijing Xingye Wanfa”	Beijing Xingye Wanfa Real Estate Development Co., Ltd.* (北京興業萬發房地產開發有限公司), a company established under the laws of the PRC with limited liability
“Board”	the board of Directors
“CCCC”	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
“CCCCG”	China Communication Construction Group (Limited), a company incorporated in the PRC with limited liability
“CCCCG Real Estate”	CCCCG Real Estate Group Limited* (中交房地產集團有限公司), a company incorporated in the PRC with limited liability
“Company”	Greentown China Holdings Limited (stock code: 03900), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules

## DEFINITIONS

“CRBC”	China Road and Bridge Corporation (中國路橋工程有限責任公司), formerly known as China Road and Bridge (Group) Company (中國路橋(集團)總公司)
“Director(s)”	the director(s) of the Company
“DTZ”	DTZ Debenham Tie Leung Limited
“Effective Date”	the date on which the transactions contemplated under the Framework Agreement and the relevant underlying agreements are approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM (whichever is later)
“EGM”	the extraordinary general meeting to be convened by the Company on 15 July 2015 (Wednesday) at 2:30 p.m. for the purpose of considering, and if thought fit, approving (i) the Framework Agreement and the transactions contemplated thereunder; and (ii) the re-election of Mr Cao and Mr Li as executive Directors and Mr Liu as a non-executive Director
“Enlarged Group”	the Group as enlarged by the acquisition of Shanghai Huazhe Bund (which will become a non-wholly owned subsidiary of the Company upon completion of such acquisition) contemplated under the Framework Agreement
“Framework Agreement”	the framework agreement dated 15 May 2015 entered into between the Company and Sunac China in relation to the acquisition and disposal of certain project companies between the Group and the Sunac Group
“Greentown Investment”	Greentown Investment Management Co., Ltd.* (綠城投資管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Greentown Real Estate”	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company together with its subsidiaries

## DEFINITIONS

“Hangzhou Sunac Greentown”	Hangzhou Sunac Greentown Real Estate Development Co., Ltd.* (杭州融創綠城房地產開發有限公司), a company established under the laws of the PRC with limited liability
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huiying Real Estate “	Huiying Real Estate (Hangzhou) Co., Ltd.* (會盈房地產(杭州)有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of Wharf
“Indebtedness Cut-off Date”	30 April 2015, being the latest practicable date prior to the printing of this circular for the purpose of certain information contained in the paragraph headed “Statement of indebtedness” in Appendix I to this circular
“Latest Practicable Date”	26 June 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr Cao”	Mr Cao Zhounan, an executive Director
“Mr Li”	Mr Li Qingan, an executive Director
“Mr Liu”	Mr Liu Wensheng, a non-executive Director
“Offshore Target Group”	for the purpose of the valuation report as set out in Appendix V of this circular, means Sunac Greentown and its subsidiaries
“On Century Investment”	On Century Investment Limited 安兆投資有限公司, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Onshore Target Group”	for the purpose of the valuation report as set out in Appendix V of this circular, means Shanghai Huazhe Bund, Zhejiang Jinying, Shanghai Forest Golf, Hangzhou Sunac Greentown, Shanghai Sunac Greentown and Tianjin National Game Village Project Company and their respective subsidiaries

## DEFINITIONS

“PRC”	the People’s Republic of China (excluding, for the purpose of this circular, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Shanghai Forest Golf”	Shanghai Greentown Forest Golf Villa Development Co., Ltd.* (上海綠城森林高爾夫別墅開發有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Shanghai Huazhe Bund”	Shanghai Huazhe Bund Realty Co., Ltd.* (上海華浙外灘置業有限公司), a company established under the laws of the PRC with limited liability
“Shanghai Sunac Greentown”	Shanghai Sunac Greentown Investment Holdings Limited* (上海融創綠城投資控股有限公司), a company established under the laws of the PRC with limited liability and owned as to 50% by each of the Company and Sunac China, being an associate of the Company
“Shanghai Sunac Real Estate”	Shanghai Sunac Real Estate Development Co., Ltd.* (上海融創房地產開發有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sunac China
“Share(s)”	ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 22 June 2006
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m” or “sqm”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunac China”	Sunac China Holdings Limited (stock code: 01918), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange

## DEFINITIONS

“Sunac Construction”	Beijing Sunac Construction Investment Real Estate Co., Ltd.* (北京融創建投房地產有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sunac China
“Sunac EGM”	an extraordinary general meeting to be convened by Sunac China for the purpose of considering, and if thought fit, approving, the Framework Agreement and the transactions contemplated thereunder
“Sunac Greentown”	Sunac Greentown Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 50% by each of the Company and Sunac China, being an associate of the Company
“Sunac Group”	Sunac China and its subsidiaries
“Sunac Shareholders”	the shareholders of Sunac China
“Sunac Zhidi”	Tianjin Sunac Zhidi Co., Ltd.* (天津融創置地有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sunac China
“Target Companies”	Shanghai Huazhe Bund, Beijing Xingye Wanfa and Zhejiang Jinying
“Tianjin National Game Village Project Company”	Tianjin Greentown National Game Village Construction and Development Co., Ltd.* (天津綠城全運村建設開發有限公司), a company established under the laws of the PRC with limited liability
“Tianjin Sunac Ao Cheng”	Tianjin Sunac Ao Cheng Investment Co., Ltd.* (天津融創奧城投資有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sunac China
“US\$”	United States dollar, the lawful currency of the United States of America
“Wharf”	The Wharf (Holdings) Limited (stock code: 0004), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange

## DEFINITIONS

“Wheelock”	Wheelock and Company Limited (stock code: 00020), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Zhejiang Jinying”	Zhejiang Jinying Real Estate Co., Ltd.* (浙江金盈置業有限公司), a company established under the laws of the PRC with limited liability
“Zhuo Yue Property”	Zhuo Yue Property Investment Holdings Limited 卓越資產投資控股有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sunac China

*For the purpose of this circular and unless otherwise stated, the exchange rate of US\$1.00. = RMB6.1165 was used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in US\$ or RMB have been, could have been or may be converted at such rate.*

*\* For identification purposes only*





**GREENTOWN CHINA HOLDINGS LIMITED**

**綠城中國控股有限公司\***

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

**(Stock Code: 03900)**

*Executive Directors:*

Mr SONG Weiping

Mr ZHU Bixin

Mr SHOU Bainian

Mr SUN Guoqiang

Mr CAO Zhounan

Mr LI Qingan

*Non-executive Directors:*

Mr Andrew CHOW

Mr TSUI Yiu Cheung

Mr LIU Wensheng

*Independent non-executive Directors:*

Mr JIA Shenghua

Mr KE Huanzhang

Mr SZE Tsai Ping, Michael

Mr HUI Wan Fai

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Hong Kong

29 June 2015

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
FRAMEWORK AGREEMENT  
WITH SUNAC CHINA HOLDINGS LIMITED  
AND  
RE-ELECTION OF DIRECTORS**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 4 May 2015, 15 May 2015 and 21 June 2015.

\* For identification purposes only

## LETTER FROM THE BOARD

The Board announced that, on 4 May 2015, the Board approved the entering into of the Framework Agreement and the transactions contemplated thereunder. Upon further negotiations between the Company and Sunac China, on 15 May 2015, the Company and Sunac China entered into the Framework Agreement together with the underlying documents for the transactions contemplated thereunder, pursuant to which it is conditionally agreed that the Group would transact with the Sunac Group in relation to the following proposed transactions:

- (a) acquisition of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund by Greentown Real Estate from Shanghai Sunac Greentown;
- (b) acquisition of 45% equity interests in, and shareholder's loan of Beijing Xingye Wanfa, by Greentown Real Estate from Sunac Construction;
- (c) acquisition of 50% equity interests in Zhejiang Jinying from Shanghai Forest Golf and shareholder's loan of Zhejiang Jinying from Sunac Zhidi by Greentown Real Estate;
- (d) disposal of 50% equity interests in Shanghai Forest Golf by Greentown Real Estate to Sunac Zhidi;
- (e) disposal of 25% equity interests in Hangzhou Sunac Greentown by On Century Investment to Zhuo Yue Property;
- (f) disposal of 50% equity interests in Shanghai Sunac Greentown by Greentown Investment to Shanghai Sunac Real Estate;
- (g) disposal of 50% of the issued share capital of Sunac Greentown by the Company to Sunac China; and
- (h) development of the Tianjin National Game Village Project on a joint venture basis in the proportion of 51:49 by the Company and Sunac China.

Reference is also made to the announcement of the Company dated 21 June 2015 in relation to, among other things, the appointment of Mr. Cao and Mr. Li as executive Directors and Mr. Liu as a non-executive Director.

The purpose of this circular is to provide, among other things, further details about (i) the Framework Agreement and the transactions contemplated thereunder; and (ii) the re-election of Mr Cao and Mr Li as executive Directors and Mr Liu as a non-executive Director.

### FRAMEWORK AGREEMENT

#### Date

15 May 2015

## LETTER FROM THE BOARD

### Parties

- (i) the Company
- (ii) Sunac China

### Conditions precedent

Completion of the transactions contemplated under the Framework Agreement and the relevant underlying documents are conditional upon the respective approval by the Shareholders at the EGM and approval by the Sunac Shareholders at the Sunac EGM having been obtained and the conditions precedent in relation to the individual transactions under the Framework Agreement as set out below having been fulfilled.

Upon the entering into of the Framework Agreement and the relevant underlying documents, the respective parties thereto shall make payment pursuant to the payment schedule as set forth below. In the event that the approval by either the Shareholders at the EGM or the Sunac Shareholders at the Sunac EGM cannot be obtained, the relevant party receiving the relevant payment shall refund all the payments then having been received by it pursuant to the Framework Agreement or the relevant underlying documents within three business days upon the relevant approvals not being obtained together with interest accrued thereon at a rate of 8% per annum for such period of time the payment having been received until the actual repayment thereof.

Principal terms of the Framework Agreement and the underlying documents are as follows:

- (a) **Acquisition of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund by Greentown Real Estate from Shanghai Sunac Greentown**

#### *Parties and subject matter*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, Shanghai Sunac Greentown as vendor shall dispose of, and Greentown Real Estate as purchaser shall acquire, the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund.

The 51% equity interests in Shanghai Huazhe Bund is held by Greentown Real Estate as nominee for the benefit of Shanghai Sunac Greentown as the requisite filings to be made with the relevant government authorities in relation to the change in shareholders have not yet been completed pending assistance from other shareholders of Shanghai Huazhe Bund. Shanghai Sunac Greentown has the beneficial interest in, and is entitled to, all the shareholder's rights in relation to 51% of equity interest in Shanghai Huazhe Bund, notwithstanding the absence of the legal title. Given that Greentown Real Estate is already the registered owner of 51% equity interests

## LETTER FROM THE BOARD

in Shanghai Huazhe Bund (i.e. holding the legal title), under the Framework Agreement, Greentown Real Estate will be acquiring the return on investment in respect of the 51% equity interests in Shanghai Huazhe Bund rather than the legal title of 51% equity interests in Shanghai Huazhe Bund.

### *Consideration and basis of the consideration*

Pursuant to the Framework Agreement, the total consideration for the transfer of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund attributable to Shanghai Sunac Greentown to Greentown Real Estate will be RMB1,970,284,911.43. Additionally, Shanghai Huazhe Bund shall distribute profit after taxation in the amount of RMB270,000,000 attributable to the return on investment in respect of such 51% equity interests in Shanghai Huazhe Bund before completion of the transactions as agreed.

The consideration was determined upon arm's length negotiations among the parties with reference to (i) the actual investment costs of Shanghai Sunac Greentown on Shanghai Huazhe Bund in the amount of RMB60,500,000 and (ii) the premium over the actual investment costs in the amount of approximately RMB1,909,784,911.43 which was determined after arm's length negotiations between the parties with reference to the market value of the underlying assets of Shanghai Huazhe Bund in the amount of RMB10,884,000,000, and by reference to the net asset value of Shanghai Huazhe Bund as of 31 December 2014 in the amount of RMB4,750,025,000 as adjusted by taking into account the valuation surplus of the properties held by Shanghai Huazhe Bund, and before deducting the profit distribution as mentioned above as well as the corresponding profit distribution attributable to the other shareholder of Shanghai Huazhe Bund. After such deductions, the return on investment in respect of 51% equity interests of the adjusted net asset value of Shanghai Huazhe Bund which is attributable to Shanghai Sunac Greentown is approximate to the total consideration in the amount of RMB1,970,284,911.43 payable by Greentown Real Estate. The Board (including independent non-executive Directors) is of the view that the consideration in relation to the acquisition of the return on investments in Shanghai Huazhe Bund attributable to Shanghai Sunac Greentown (including the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund) from Shanghai Sunac Greentown is fair and reasonable and in the interests of the Shareholders as a whole.

### *Payment of the consideration*

The consideration shall be paid by Greentown Real Estate to Shanghai Sunac Greentown in the following manner:

- (a) Greentown Real Estate shall pay 40% of the total consideration, equivalent to approximately RMB788,114,000, to Shanghai Sunac Greentown within three (3) business days after the entering into of the Framework Agreement and the relevant underlying

## LETTER FROM THE BOARD

agreement for the acquisition (such consideration has been settled as of the Latest Practicable Date);

- (b) Greentown Real Estate shall pay 30% of the total consideration, equivalent to approximately RMB591,085,000, to Shanghai Sunac Greentown within thirty (30) days after the Effective Date; and
- (c) Greentown Real Estate shall pay the remaining of the total consideration, equivalent to approximately RMB591,085,911.43, to Shanghai Sunac Greentown within sixty (60) days after the Effective Date.

### *Completion*

Completion of the transaction shall take place conditional upon the approval by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM having been obtained. Upon completion, Shanghai Huazhe Bund will become a 51% non-wholly owned subsidiary of the Company.

The consideration payable by Greentown Real Estate is expected to be financed by the Group's internal resources.

### *Information of Shanghai Huazhe Bund*

Shanghai Huazhe Bund is a company established in the PRC and principally engaged in property development of Shanghai Bund House in the PRC. As of the Latest Practicable Date, the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund was beneficially owned by Shanghai Sunac Greentown and 49% of the equity interests in Shanghai Huazhe Bund was beneficially owned by Zhejiang Donghai Real Estate Stock Co., Ltd., Li Linhua and Shanghai Huazhe Investment Management Co., Ltd., each being an independent third party.

According to the audited financial statements of Shanghai Huazhe Bund prepared in accordance with International Financial Reporting Standards, the net asset value of Shanghai Huazhe Bund as at 31 December 2014 was approximately RMB748,504,591 and the audited net profit (loss) for the two financial years ended 31 December 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Profit (loss) before taxation	368,437,901	(66,114,393)
Net profit (loss) after taxation	221,455,286	(9,660,485)

## LETTER FROM THE BOARD

The loss before and after taxation of Shanghai Huazhe Bund for the year ended 31 December 2014 was mainly caused by an adjustment for previously understated cost of sales in the amount of RMB174 million, RMB33 million and RMB7 million in relation to the cost of sales for the years ended 31 December 2012, 2013 and 2014, respectively. Such understated figure was finally confirmed in 2014 following final account of the phase 1 of the Shanghai Bund House project in 2014. Since Shanghai Huazhe Bund was not a subsidiary of the Company as of 31 December 2012, 2013 and 2014, such understated cost of sales for the years ended 31 December 2012, 2013 and 2014 would not have a direct impact on the cost of sales of the Company as set out in its financial statements for the same period. The Directors take the view that such amount was not material to the performance of the Group as a whole, and therefore adjustment was made to the financial statements of the Company for the year ended 31 December 2014 as disclosed in the Company's annual report for the same period without any adjustment to the Company's financial statements for the years prior to 2014.

The audited consolidated financial statements of Shanghai Huazhe Bund are set out in Appendix II of this circular.

### *Information of Shanghai Bund House*

							Unit: sq. m
Project name	Type of product	Estimated site area	Estimated total GFA	Estimated saleable area	Areas sold	Estimated area unsold	Corresponding valuation certificate in Appendix V
Shanghai Bund House	High-Rise Apartment	65,758	350,271	228,040	80,707	147,333	D1, D2, D3

As of the Latest Practicable Date, only phase 1 of the Shanghai Bund House project had been completed and majority of the units had been sold, and phases 2, 3, 4, 5 and 6 of the Shanghai Bund House project were under development. The construction work on phases 2 to 4 has been commenced and the development of which is scheduled to be completed in 2016. The construction work on phases 5 and 6 is scheduled to be commenced in 2016 with an expected completion schedule in 2017. For the certificates that have been obtained for the Shanghai Bund House project, please refer to the valuation certificates for the Shanghai Bund House project comprising properties set out under Group D as set out in Appendix V of this circular. Upon completion of the development, a completion and acceptance certificate of construction works is required to be obtained for each of the phases 2 to 6 of this project and a pre-sale permit is required to be obtained for each of the phases 5 and 6.

As of 31 December 2014, approximately RMB2,006.7 million from the pre-sale of the properties was yet to be recognised as revenue. It is expected

## LETTER FROM THE BOARD

that approximately RMB300.9 million from the pre-sale of the properties both before and during the year of 2015 will be recognised as revenue for the year ended 31 December 2015.

**(b) Acquisition of 45% equity interests in, and shareholder's loan of, Beijing Xingye Wanfa by Greentown Real Estate from Sunac Construction**

*Parties and subject matter*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, Sunac Construction as vendor shall dispose of, and Greentown Real Estate as purchaser shall acquire, 45% equity interests in Beijing Xingye Wanfa and the outstanding shareholder's loan in the sum of RMB870,765,730 owing by Beijing Xingye Wanfa to Sunac Construction at a total consideration of RMB1,062,139,459.50.

*Consideration and basis of the consideration*

Pursuant to the Framework Agreement, the total consideration in the sum of RMB1,062,139,459.50 payable by Greentown Real Estate to Sunac Construction for the acquisition of 45% equity interests in Beijing Xingye Wanfa and the outstanding shareholder's loan in the sum of RMB870,765,730 owing by Beijing Xingye Wanfa to Sunac Construction comprises (i) RMB191,373,729.50 for the 45% equity interests in Beijing Xingye Wanfa and (ii) RMB870,765,730 for the shareholder's loan.

The consideration was determined upon arm's length negotiations among the parties with reference to (i) the actual investment costs of Sunac Construction on Beijing Xingye Wanfa in the amount of RMB22,500,000; (ii) the premium over the actual investment costs in the amount of RMB168.9 million; and (iii) the face value of the outstanding shareholder's loan in the amount of RMB870,765,730.

As of the Latest Practicable Date, phase 1 and phase 2 of the Beijing Majestic Mansion project had been sold and delivered, and the profits of which had been distributed to the shareholders of Beijing Xingye Wanfa; phase 3, phase 4 and phase 5 of the project were still pending the necessary development approvals from the relevant PRC authorities, and the development of which would require further capital commitment such as relocation expenses and were subject to further negotiation with the local government as to the development plan. The Directors consider that the premium over the actual investment costs in the amount of approximately RMB168.9 million was determined by the parties to the transaction based on arm's length negotiation and primarily attributable to the interests in the Beijing Majestic Mansion project currently under development together with the right to develop this project. In view of (i) the average profit margin of 33% for phase 1 and phase 2 of the Beijing Majestic Mansion project with an



## LETTER FROM THE BOARD

average selling price of RMB38,000 per sq.m., (ii) the prevailing market price for the second hand properties of the Beijing Majestic Mansion project of RMB80,000 per sq.m. to RMB100,000 per sq.m., and (iii) the estimated 150,000 sq.m. saleable area under development, the Directors believe that the Group would be able to generate promising profits from the remaining undeveloped phases of the Beijing Majestic Mansion project after obtaining the necessary development approvals.

The premium over the actual investment costs in the amount of approximately RMB168.9 million was also determined with reference to the weighted-average investment balance of RMB837,646,534 from the date of initial investment in Beijing Xingye Wanfa by Sunac Construction, for the period from 8 May 2013 to 28 February 2015, as determined by arm's length negotiation and the agreed annual interest rate of 10.98%. For this purpose, the weighted-average investment balance represents the investment balance for the period from 8 May 2013 to 28 February 2015 as adjusted by calculating the respective investment amounts and the duration of investment (calculated in days) of each such investment amount.

The Board (including independent non-executive Directors) is of the view that the consideration in relation to the acquisition of 45% equity interests in, and shareholder's loan of, Beijing Xingye Wanfa by Greentown Real Estate from Sunac Construction is fair and reasonable and in the interests of the Shareholders as a whole.

### *Payment of the consideration*

The consideration shall be paid by Greentown Real Estate to Sunac Construction in the following manner:

- (a) Greentown Real Estate shall pay 40% of the total consideration, equivalent to approximately RMB424,856,000, to Sunac Construction within three (3) business days after the entering into of the Framework Agreement and the relevant underlying agreement for the acquisition (such consideration has been settled as of the Latest Practicable Date);
- (b) Greentown Real Estate shall pay 30% of the total consideration, equivalent to approximately RMB318,642,000, to Sunac Construction within thirty (30) days after the Effective Date; and
- (c) Greentown Real Estate shall pay the remaining of the total consideration, equivalent to approximately RMB318,641,459.50, to Sunac Construction within sixty (60) days after the Effective Date.

The consideration payable by Greentown Real Estate is expected to be financed by the Group's internal resources.



## LETTER FROM THE BOARD

### *Completion*

Conditional upon the approval by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM having been obtained, completion of the transaction shall take place within ten (10) business days upon payment of the consideration having been paid in full by Greentown Real Estate to Sunac Construction. Upon completion, Beijing Xingye Wanfa will become a wholly-owned subsidiary of the Company.

### *Information of Beijing Xingye Wanfa*

Beijing Xingye Wanfa is a company established in the PRC and principally engaged in property development of Beijing Majestic Mansion in the PRC. As of the Latest Practicable Date, Beijing Xingye Wanfa was owned as to 55% by Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, and 45% by Sunac Construction.

According to the audited financial statements of Beijing Xingye Wanfa prepared in accordance with International Financial Reporting Standards, the net asset value of Beijing Xingye Wanfa as at 31 December 2014 was RMB-92,524,836.27 and the audited net loss for the two financial years ended 31 December 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Loss before taxation	1,576,765.96	6,526,140.44
Net loss after taxation	1,967,000.00	6,526,140.44

The audited consolidated financial statements of Beijing Xingye Wanfa are set out in Appendix II of this circular.

### *Information of Beijing Majestic Mansion*

Unit: sq. m						
Project name	Type of product	Estimated site area	Estimated total GFA	Estimated saleable area	Areas sold	Estimated area unsold
Beijing Majestic Mansion	Low-Rise Apartment	452,000	346,000	224,000	74,000	150,000

## LETTER FROM THE BOARD

As of the Latest Practicable Date, phase 1 and phase 2 of the Beijing Majestic Mansion project had been sold and delivered, and the profits of which had been distributed to the shareholders of Beijing Xingye Wanfa; phase 3, phase 4 and phase 5 of the project were still pending the necessary development approvals from the relevant PRC authorities, and the development of which would require further capital commitment such as relocation expenses and were subject to further negotiation with the local government as to the development plan.

**(c) Acquisition of 50% equity interests in Zhejiang Jinying from Shanghai Forest Golf and shareholder's loan of Zhejiang Jinying from Sunac Zhidi by Greentown Real Estate**

*Parties and subject matter*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, (i) Shanghai Forest Golf as vendor shall dispose of, and Greentown Real Estate as purchaser shall acquire, 50% equity interests in Zhejiang Jinying at a consideration of RMB200,000,000; and (ii) Sunac Zhidi shall assign to Greentown Real Estate the outstanding shareholder's loan in the sum of RMB866,068,429.50 owing by Zhejiang Jinying to Sunac Zhidi at a consideration of RMB679,750,000.

*Consideration and basis of the consideration*

Pursuant to the Framework Agreement, (i) Shanghai Forest Golf as vendor shall dispose of, and Greentown Real Estate as purchaser shall acquire, 50% equity interests in Zhejiang Jinying at a consideration of RMB200,000,000; and (ii) Sunac Zhidi shall assign and Greentown Real Estate as purchaser shall acquire the outstanding shareholder's loan in the sum of RMB866,068,429.50 owing by Zhejiang Jinying to Sunac Zhidi at a consideration of RMB679,750,000.

The consideration was determined upon arm's length negotiations among the parties with reference to (i) the actual investment costs of Shanghai Forest Golf on Zhejiang Jinying in the amount of RMB200,000,000; and (ii) nil premium over the actual investment costs which was determined after arm's length negotiations between the parties with reference to the market value of the underlying assets of Zhejiang Jinying in the amount of RMB4,134,000,000, and by reference to the net asset value of Zhejiang Jinying as of 31 December 2014 in the amount of RMB245,349,000 as adjusted by taking into account the valuation surplus of the properties held by Zhejiang Jinying; and (iii) the face value of the shareholder's loan in the amount of RMB529,750,000. On the basis of the above, and also in view of the excess of the market value of the underlying assets of Zhejiang Jinying attributable to Shanghai Forest Golf in the amount of RMB2,067 million over the consideration of RMB200 million, the Board (including independent non-executive Directors) is of the view that the consideration in relation to the acquisition of the 50% equity interests in Zhejiang Jinying by Greentown Real Estate from Shanghai Forest Golf and the acquisition of shareholder's loan of Zhejiang Jinying by Greentown Real Estate from Sunac Zhidi is fair and reasonable and in the interests of the Shareholders as a whole.

## LETTER FROM THE BOARD

### *Payment of the consideration*

The consideration for (i) the acquisition of the 50% equity interests in Zhejiang Jinying by Greentown Real Estate from Shanghai Forest Golf and (ii) the assignment of shareholders' loan by Sunac Zhidi to Greentown Real Estate shall be paid by Greentown Real Estate in the following manner:

- (a) Greentown Real Estate shall pay 40% of the total consideration, equivalent to approximately RMB351,900,000 within three (3) business days after the entering into of the Framework Agreement and the relevant underlying agreement for the acquisition (such consideration has been settled as of the Latest Practicable Date);
- (b) Greentown Real Estate shall pay 30% of the total consideration, equivalent to approximately RMB263,925,000 within thirty (30) days after the Effective Date; and
- (c) Greentown Real Estate shall pay the remaining of the total consideration, equivalent to approximately RMB263,925,000 within sixty (60) days after the Effective Date.

The consideration payable by Greentown Real Estate is expected to be financed by the Group's internal resources.

### *Completion*

Conditional upon the approval by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM having been obtained, completion of the transaction shall take place within 30 days upon payment of the consideration having been paid in full by Greentown Real Estate to Shanghai Forest Golf and Sunac Zhidi in relation to the acquisition of 50% equity interests in Zhejiang Jinying from Shanghai Forest Golf and the assignment of shareholders' loan by Sunac Zhidi. Upon completion, Zhejiang Jinying will be interested as to 50% by the Company and will be accounted as a joint venture of the Company as Greentown Real Estate will neither control a majority of the voting power nor the composition of the board of Zhejiang Jinying.

### *Information of Zhejiang Jinying*

Zhejiang Jinying is a company established in the PRC and principally engaged in property development of Hangzhou Zhijiang No.1 in the PRC. As of the Latest Practicable Date, Zhejiang Jinying was owned as to 50% by Shanghai Forest Golf and 50% by Huiying Real Estate, respectively, while Shanghai Forest Golf, being a non-wholly owned subsidiary of the Company, was owned as to 50% by Sunac Zhidi and 50% by Greentown Real Estate.

## LETTER FROM THE BOARD

The audited net asset value of Zhejiang Jinying as at 31 December 2014 was RMB145,318,454.49 and the audited net loss for the two financial years ended 31 December 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Loss before taxation	7,489,823.66	164,917,426.17
Net loss after taxation	5,845,828.04	144,642,837.31

The audited consolidated financial statements of Zhejiang Jinying are set out in Appendix II of this circular.

### *Information of Hangzhou Zhijiang No. 1*

*Unit: sq. m*

		Estimated site area	Estimated total GFA	Estimated saleable area	Areas sold	Estimated area unsold	Corresponding valuation certificate in Appendix V
Project name	Type of product						
Hangzhou Zhijiang No. 1	Low-Rise Apartment, High-Rise Apartment	190,143	601,988	454,550	137,338	317,212	E1, E2

As of the Latest Practicable Date, the Hangzhou Zhijiang No.1 project had an estimated saleable area of 454,550 sq.m., of which approximately 196,000 sq.m. was completed (with 107,300 sq.m. being sold and delivered) and 258,550 sq.m. was under development. The properties under development are scheduled to be completed in between 2015 and 2016. For the certificates that have been obtained for the Hangzhou Zhijiang No.1 project, please refer to the valuation certificates for the Hangzhou Zhijiang No.1 project comprising properties set out under Group E as set out in Appendix V of this circular. Upon completion of the development, a completion and acceptance certificate of construction works is required to be obtained for the under developed portion of this project.

As of 31 December 2014, RMB473.3 million from the pre-sale of the properties was yet to be recognised as revenue. It is expected that approximately RMB600.4 million from the pre-sale of the properties both before and during the year of 2015 will be recognised as revenue for the year ended 31 December 2015.

## LETTER FROM THE BOARD

**(d) Disposal of 50% equity interests in Shanghai Forest Golf by Greentown Real Estate to Sunac Zhidi**

*Parties and subject matter*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, Sunac Zhidi as purchaser shall acquire, and Greentown Real Estate as vendor shall dispose of, 50% equity interests in Shanghai Forest Golf at the consideration of RMB104,540,000 and distribute profit after taxation of Shanghai Forest Golf in the sum of RMB456,309,237.96 in favour of Greentown Real Estate.

*Consideration and basis of the consideration*

Pursuant to the Framework Agreement, the consideration payable by Sunac Zhidi for the acquisition of 50% equity interests in Shanghai Forest Golf is RMB104,540,000.

The consideration was determined upon arm's length negotiations among the parties with reference to (i) the actual investment costs of Greentown Real Estate on Shanghai Forest Golf in the amount of RMB104,540,000 and (ii) nil premium over the actual investment costs which was determined after arm's length negotiations between the parties with reference to the market value of the underlying assets of Shanghai Forest Golf in the amount of RMB1,119,000,000, and by reference to the net asset value of Shanghai Forest Golf as of 31 December 2014 in the amount of RMB1,971,438,000 (without taking into account its interest in Zhejiang Jinying as of the same date) as adjusted by taking into account the valuation surplus of the Shanghai Rose Garden project undertaken by Shanghai Forest Golf and before deducting (a) the distribution of profits in 2015 in the amount of RMB861,465,000 which was accumulated prior to the date of the Framework Agreement, and (b) the profit distribution in the amount of RMB456,309,237.96 to be paid to Greentown Real Estate as well as the corresponding profit distribution attributable to the other shareholder of Shanghai Forest Golf. After such deductions, the adjusted net asset value of Shanghai Forest Golf is approximately RMB197,354,524, 50% of which is attributable to Greentown Real Estate and is approximate to its actual investment costs in the amount of RMB104,540,000. The 50% equity interests in Zhejiang Jinying will first be transferred by Shanghai Forest Golf to Greentown Real Estate before the 50% equity interests in Shanghai Forest Golf are transferred by Greentown Real Estate to Sunac Zhidi. The market value of Zhejiang Jinying is therefore excluded from the calculation of the consideration for the disposal of the 50% equity interests in Shanghai Forest Golf. The Board (including independent non-executive Directors) is of the view that the consideration for the disposal of the 50% equity interests in Shanghai Forest Golf by Greentown Real Estate to Sunac Zhidi is fair and reasonable and in the interests of the Shareholders as a whole.

## LETTER FROM THE BOARD

### *Conditions precedent*

Completion of the disposal is conditional upon (i) the passing of shareholders resolutions of Shanghai Forest Golf to approve the distribution of profit in the sum of RMB456,309,237.96 in favour of Greentown Real Estate and (ii) Sunac Zhidi providing guarantee in favour of Greentown Real Estate of the aforementioned profit distribution.

As the Shanghai Rose Garden project has been completed and therefore the amount of the profits of Shanghai Forest Golf that may be distributed to its shareholders can be ascertained, the parties have agreed after arm's length negotiations to make the abovementioned profit distribution to Greentown Real Estate as a condition for the disposal. The amount of profits payable to Greentown Real Estate was determined on the basis of the recognised distributable profits of Shanghai Forest Golf with reference to the estimated distributable profits from the future sale of the Shanghai Rose Garden project.

### *Payment of the consideration and profit distribution*

The consideration of RMB104,540,000, as well as the sum of RMB456,309,237.96 payable to Greentown Real Estate as profit distribution, shall be paid by Sunac Zhidi or its designated project company (in the case for the payment of consideration) and Shanghai Forest Golf (in the case for the profit distribution) to Greentown Real Estate in the following manner:

- (a) 40% of the total consideration, equivalent to approximately RMB224,340,000, to Greentown Real Estate within three (3) business days after the entering into of the Framework Agreement and the relevant underlying agreement for the disposal (such consideration has been settled as of the Latest Practicable Date);
- (b) 30% of the total consideration, equivalent to approximately RMB168,255,000, to Greentown Real Estate within thirty (30) days after the Effective Date; and
- (c) the remainder of the total consideration, equivalent to approximately RMB168,254,237.96, to Greentown Real Estate within sixty (60) days after the Effective Date.

### *Completion*

Conditional upon the approval by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM having been obtained, completion of the disposal shall take place within 10 business days upon the consideration having been paid in full to Greentown Real Estate, including the distribution of profit after taxation in the sum of RMB456,309,237.96 by Shanghai Forest Golf in favour of Greentown Real Estate and the consideration of RMB104,540,000 for the acquisition of 50% equity interests in Shanghai Forest Golf by Sunac Zhidi to Greentown Real Estate.

## LETTER FROM THE BOARD

### *Information of Shanghai Forest Golf*

Shanghai Forest Golf is a company established in the PRC and principally engaged in property development and investment in the PRC. As of the Latest Practicable Date, Shanghai Forest Golf (being a non-wholly owned subsidiary of the Company) was owned as to 50% by Sunac Zhidi and 50% by Greentown Real Estate.

The unaudited net asset value of Shanghai Forest Golf as at 31 December 2014 was RMB1,980,386,150 and the unaudited net profit for the two financial years ended 31 December 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Profit before taxation	874,998,573	1,207,092,051
Net profit after taxation	622,979,303	653,388,957

### *Information of Shanghai Rose Garden and Shanghai Central Garden*

							Unit: sq. m
Project name	Type of product	Estimated site area	Estimated total GFA	Estimated saleable area	Areas sold	Estimated area unsold	Corresponding valuation certificate in Appendix V
Shanghai Rose Garden	Villa	803,353	240,040	144,969	137,924	7,045	C1
Shanghai Central Garden	High-Rise Apartment, Serviced Apartment, Office and Commercial	211,626	608,429	507,055	270,253	236,802	B3, B11/C2, C4

As of the Latest Practicable Date, the Shanghai Rose Garden project had been completed. For the certificates that have been obtained for the Shanghai Rose Garden project, please refer to the valuation certificate for the Shanghai Rose Garden project comprising properties set out under Group C1 as set out in Appendix V of this circular. As of 31 December 2014, approximately RMB623.7 million from the pre-sale of the properties was yet to be recognised as revenue. It is expected that approximately RMB1,056.8 million from the



## LETTER FROM THE BOARD

pre-sale of the properties both before and during the year of 2015 will be recognised as revenue for the year ended 31 December 2015.

As of the Latest Practicable Date, phases 1 and 2 of the Shanghai Central Garden project had been completed and phase 3 was under development, which was scheduled for completion in 2015. For the certificates that have been obtained for the Shanghai Central Garden project, please refer to the valuation certificates for the Shanghai Central Garden project comprising properties set out under Group B3 and B11 as set out in Appendix V of this circular. Upon completion of the development, a completion and acceptance certificate of construction works is required to be obtained for phase 3 of this project. As of 31 December 2014, approximately RMB518.9 million from the pre-sale of the properties was yet to be recognised as revenue. It is expected that approximately RMB1,319.8 million from the pre-sale of the properties both before and during the year of 2015 will be recognised as revenue for the year ended 31 December 2015.

### *Financial effect on the Group and the intended use of proceeds from the disposal*

As at the Latest Practicable Date, the Company indirectly held 50% equity interests in Shanghai Forest Golf and Shanghai Forest Golf was a non-wholly owned subsidiary of the Company. Upon completion of the transaction, the Company will cease to hold any interest in Shanghai Forest Golf and Shanghai Forest Golf will cease to be a subsidiary of the Company and its financial results will cease to be consolidated to the financial results of the Company. It is estimated that the Group will not record any meaningful gain or loss as a result of the disposal of 50% equity interests in Shanghai Forest Golf. The Company intends to use the net proceeds from the disposal as working capital.

### **(e) Disposal of 25% equity interests in Hangzhou Sunac Greentown by On Century Investment to Zhuo Yue Property**

#### *Parties and subject matter*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, (i) Zhuo Yue Property as purchaser shall acquire, and On Century Investment as vendor shall dispose of, 25% equity interests in Hangzhou Sunac Greentown at the consideration of US\$28,729,000 (equivalent to approximately RMB175,721,000); and (ii) Greentown Real Estate shall repay the outstanding amount owed by Greentown Real Estate to Hangzhou Sunac Greentown in the sum of RMB167,826,666.67.

#### *Consideration and basis of the consideration*

Pursuant to the Framework Agreement, the consideration payable by Zhuo Yue Property for the acquisition of 25% equity interests in Hangzhou



## LETTER FROM THE BOARD

Sunac Greentown is US\$28,729,000 (equivalent to approximately RMB175,721,000), which was determined upon arm's length negotiations among the parties with reference to (i) the actual investment costs of On Century Investment on Hangzhou Sunac Greentown in the amount of US\$25,500,000 (equivalent to approximately RMB155,971,000) and (ii) the market value of the underlying assets of Hangzhou Sunac Greentown in the amount of RMB426,000,000. On the basis of the above, and also in view of the excess of the consideration of US\$25,500,000 (equivalent to approximately RMB155,971,000) over the market value of the underlying assets of Hangzhou Sunac Greentown attributable to On Century Investment in the amount of RMB106.5 million, the Board (including independent non-executive Directors) is of the view that the consideration is fair and reasonable and in the interests of the Shareholders as a whole.

### *Payment of the consideration*

Within three (3) business days after the Effective Date, Zhuo Yue Property shall pay the consideration for the acquisition of 25% equity interests in Hangzhou Sunac Greentown in full to On Century Investment and Greentown Real Estate shall repay the amount owed by it to Hangzhou Sunac Greentown.

### *Completion*

Conditional upon the approval by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM having been obtained, completion of the transaction shall take place within 45 days upon payment of the consideration in full by Zhuo Yue Property.

### *Information of Hangzhou Sunac Greentown*

Hangzhou Sunac Greentown is a company established in the PRC and principally engaged in property development of Hangzhou Melodious Manor in the PRC. As of the Latest Practicable Date, 75% equity interests in Hangzhou Sunac Greentown was owned by Zhuo Yue Property and 25% equity interests in Hangzhou Sunac Greentown was owned by On Century Investment.

The unaudited net asset value of Hangzhou Sunac Greentown as at 31 December 2014 was RMB698,880,941.79 and the unaudited net profit (loss) for the two financial years ended 31 December 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Profit (loss) before taxation	(29,409,278.25)	138,575,594.81
Net profit (loss) after taxation	(22,212,564.36)	79,013,706.15

## LETTER FROM THE BOARD

### *Information of Hangzhou Melodious Manor*

Unit: sq. m

Project name	Type of product	Estimated site area	Estimated total GFA	Estimated saleable area	Areas sold	Estimated area unsold	Corresponding valuation certificate in Appendix V
Hangzhou Melodious Manor	Low-Rise Apartment and Villa	59,360	123,527	82,336	65,347	16,989	C3

As of the Latest Practicable Date, the Hangzhou Melodious Manor project had been completed. For the certificates that have been obtained for the Hangzhou Melodious Manor project, please refer to the valuation certificate for the Hangzhou Melodious Manor project comprising properties set out under Group C3 as set out in Appendix V of this circular.

As of 31 December 2014, approximately RMB229.5 million from the pre-sale of the properties was yet to be recognised as revenue. It is expected that approximately RMB507.3 million from the pre-sale of the properties both before and during the year of 2015 will be recognised as revenue for the year ended 31 December 2015.

#### *Financial effect on the Group and the intended use of proceeds from the disposal*

As at the Latest Practicable Date, the Company indirectly held 25% equity interests in Hangzhou Sunac Greentown. Upon completion of the transaction, the Company will cease to hold any interest in Hangzhou Sunac Greentown. It is estimated that the Group will record a gain of approximately RMB3,375,000 as a result of the disposal of 25% equity interests in Hangzhou Sunac Greentown. The Company intends to use the net proceeds from disposal as working capital.

#### **(f) Disposal of 50% equity interests in Shanghai Sunac Greentown by Greentown Investment to Shanghai Sunac Real Estate**

##### *Parties and subject matter*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, Shanghai Sunac Real Estate as purchaser shall acquire, and Greentown Investment as vendor shall dispose of, 50% equity interests in Shanghai Sunac Greentown at the total consideration of RMB1,000,000,000.

## LETTER FROM THE BOARD

### *Conditions precedent*

The disposal of the 50% equity interests in Shanghai Sunac Greentown by Greentown Investment is conditional upon (i) Shanghai Sunac Greentown having distributed profits in favour of Greentown Investment in the sum of RMB897,005,788.17, (ii) the repayment by Shanghai Sunac Greentown of the outstanding shareholders loan owing by it to Greentown Real Estate as at 30 November 2014 in the sum of RMB2,687,018,790.30, and (iii) the prepayment of RMB1,000,000,000 payable by Shanghai Sunac Greentown to Greentown Real Estate for the acquisition of the 50% equity interests in Shanghai Sunac Greentown by Shanghai Sunac Real Estate, the prepayment of which shall be made by a provision of an interest-free loan by Shanghai Sunac Greentown in the sum of RMB1,000,000,000 to Greentown Real Estate.

The conditions precedent (including the profit distribution) set out above were agreed by the Group with Sunac China with the primary purpose to realise the return on investment of the Group made into Shanghai Sunac Greentown, which in turn constitutes a condition for the Group to exit from the joint venture under Shanghai Sunac Greentown. As such, the Company and Sunac China agreed that a distribution of profit should be made to the Group. While the disposal of the 50% equity interests in Shanghai Sunac Greentown by Greentown Investment is not conditional upon the consummation of the proposed disposal of certain PRC companies by Shanghai Sunac Greentown, barring unforeseeable circumstances, it is currently expected that the disposal of such PRC companies will complete before completion of the disposal of 50% equity interest in Shanghai Sunac Greentown, which will facilitate the distribution of profit as contemplated under the Framework Agreement.

The amount of profit distribution by Shanghai Sunac Greentown was calculated with reference to the retained profit of Shanghai Sunac Greentown as of 31 December 2014, the expected loss for the six months ending 30 June 2015 and the expected gain from the disposal of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund and the disposal of equity interests in such PRC companies by Shanghai Sunac Greentown.

The making of an interest-free loan by Shanghai Sunac Greentown to Greentown Real Estate enables Greentown Real Estate to receive the consideration in advance prior to completion. It was determined by the parties that, as Shanghai Sunac Greentown will become a wholly-owned subsidiary of Sunac China after completion of the transfer of 50% equity interests in Shanghai Sunac Greentown, it would be a more efficient use of capital from Shanghai Sunac Real Estate if the consideration were to be paid out of the funds of Shanghai Sunac Greentown, which would then be offset against the consideration payable by Shanghai Sunac Real Estate.

## LETTER FROM THE BOARD

### *Consideration and basis of the consideration*

Pursuant to the Framework Agreement, the consideration payable by Shanghai Sunac Real Estate for the acquisition of 50% equity interests in Shanghai Sunac Greentown is RMB1,000,000,000, which was determined upon arm's length negotiations among the parties with reference to (i) the actual investment costs of Greentown Investment on Shanghai Sunac Greentown in the amount of RMB1,000,000,000 and (ii) the market value of the underlying assets of Shanghai Sunac Greentown should the transactions contemplated under the Framework Agreement and the underlying documents (being documents for the implementation of the transactions contemplated under the Framework Agreement) have been consummated. In determining the consideration for the 50% equity interests in Shanghai Sunac Greentown, certain PRC companies held by Shanghai Sunac Greentown as mentioned in the section of "Conditions Precedent" above were excluded from the market value of the underlying assets of Shanghai Sunac Greentown. Shanghai Sunac Greentown would have no underlying assets after completion of the disposal of such PRC companies and the transactions contemplated under the Framework Agreement.

On the basis of the above, and also in view of the fact that Greentown Investment would be able to recover all its investment costs in the amount of RMB1,000 million despite that Shanghai Sunac Greentown would have no underlying assets after completion of the disposals of certain PRC companies and the transactions contemplated under the Framework Agreement, the Board (including independent non-executive Directors) is of the view that the consideration is fair and reasonable and in the interests of the Shareholders as a whole.

### *Payment of the consideration*

The consideration in the sum of RMB1,000,000,000 shall be paid by Shanghai Sunac Real Estate to Greentown Investment in the following manner:

- (a) Shanghai Sunac Real Estate shall pay 40% of the total consideration, equivalent to RMB400,000,000, to Greentown Investment within three (3) business days after the entering into of the Framework Agreement and the relevant underlying agreement for the disposal (the amount of which could be set-off against the outstanding loan owing by Greentown Real Estate to Shanghai Sunac Greentown) (such consideration has been settled as of the Latest Practicable Date);
- (b) Shanghai Sunac Real Estate shall pay 30% of the total consideration, equivalent to RMB300,000,000, to Greentown Investment within thirty (30) days after the Effective Date (the amount of which could be set-off against the outstanding loan owing by Greentown Real Estate to Shanghai Sunac Greentown); and

## LETTER FROM THE BOARD

- (c) Shanghai Sunac Real Estate shall pay the remainder of the total consideration, equivalent to RMB300,000,000, to Greentown Investment within sixty (60) days after the Effective Date (the amount of which could be set-off against the outstanding loan owing by Greentown Real Estate to Shanghai Sunac Greentown).

### *Completion*

Conditional upon the approval by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM having been obtained, completion of the transaction shall take place within 10 business days upon payment of the consideration in full by Shanghai Sunac Real Estate and fulfillment of other conditions precedents for the acquisition.

### *Information of Shanghai Sunac Greentown*

Shanghai Sunac Greentown is a company established in the PRC and principally engaged in property development business in the PRC. As of the Latest Practicable Date, Shanghai Sunac Greentown (being an associate of the Company) was owned as to 50% by Sunac Zhidi and 50% by Greentown Investment.

The unaudited net asset value of Shanghai Sunac Greentown as at 31 December 2014 was RMB4,002,800,526.31 and the unaudited net profit for the two financial years ended 31 December 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Profit before taxation	533,874,442.37	398,571,430.59
Net profit after taxation	400,709,982.89	460,709,805.44

## LETTER FROM THE BOARD

### *Information of the projects under Shanghai Sunac Greentown*

In addition to the Shanghai Bund House project under Shanghai Huazhe Bund, Shanghai Sunac Greentown has undertaken the following projects:

Project name	Type of product	Estimated site area (sq.m)	Estimated total GFA (sq.m)	Estimated saleable area (sq.m)	Areas sold (sq.m)	Estimated area unsold (sq.m)	Latest status	Corresponding	
								Expected Completion date	valuation certificate in Appendix V
Suzhou Taohuayuan	Villa	213,852	263,090	126,533	44,951	81,582	Under development	2018	B14, B19
Tianjin Azure Coast	Urban Complex	17,161	209,687	190,152	-	190,152	Under development	2018	B16
Changzhou Yulan Square	High-Rise Apartment	413,252	1,399,967	1,325,392	285,904	1,039,488	Under development	2020	B6, B15, B21
Wuxi Yulan Garden	High-Rise Apartment	180,826	564,591	543,538	421,832	121,706	Under development	2015	B4, B12
Wuxi Yulan West Garden	High-Rise Apartment	171,572	549,607	518,065	176,005	342,060	Under development	2018	B5, B13, B18
Suzhou Shishan Project	Low-Rise Apartment	104,401	183,562	147,026	-	147,026	Under development	2017	B20
Shanghai Hongkou Project	Serviced Apartment, Commercial	10,239	57,866	50,039	-	50,039	Under development	2016	B8
Shanghai Caobaolu Project	High-Rise Apartment	45,710	165,400	107,700	-	107,700	Under development	2017	B17
Shanghai Majestic Mansion	Low-Rise Apartment, High-Rise Apartment	75,091	167,384	153,501	131,758	21,743	Under development	2015	B10
Shanghai Gucun Project	High-Rise Apartment	66,170	170,403	150,329	-	150,329	Under development	2017	B9
Shanghai Central Garden	High-Rise Apartment, Serviced Apartment, Office, Commercial	211,626	608,429	507,055	270,253	236,802	Under development	2018	B3, B11/C2, C4
Shanghai Fuyuan Binjiang	High-Rise Apartment, Serviced Apartment, Commercial	36,988	113,690	113,690	-	113,690	Under development	2016	B22
Shanghai Yulan Garden	Low-Rise Apartment, High-Rise Apartment	58,163	126,092	116,738	109,300	7,438	Completed	N/A	B1
Shanghai Yulan Garden - Glorious Garden	Low-Rise Apartment	72,803	162,914	146,754	110,379	36,375	Under development	2015	B2
Shanghai Yulan Mansion	Low-Rise Apartment	60,206	118,731	98,138	60,116	38,022	Under development	2015	B7

For the certificates that have been obtained for each project, please refer to the corresponding valuation certificate(s) as set out in Appendix V of this circular. For those projects under development, a completion and acceptance certificate of construction works is required to be obtained upon completion of the development of such project. As of 31 December 2014, an aggregate of approximately RMB12,757.1 million from the pre-sale of the above properties was yet to be recognised as revenue. It is expected that an aggregate of approximately RMB15,196.3 million from the pre-sale of the properties both before and during the year of 2015 will be recognised as revenue for the year ended 31 December 2015.

### *Financial effect on the Group and the intended use of proceeds from the disposal*

As at the Latest Practicable Date, the Company held 50% equity interests in Shanghai Sunac Greentown and Shanghai Sunac Greentown was an associate of the Company. Upon completion of the transaction, the

## LETTER FROM THE BOARD

Company will cease to hold any interest in Shanghai Sunac Greentown and Shanghai Sunac Greentown will cease to be an associate of the Company. It is estimated that the Group will record a gain of approximately RMB458,501,000 as a result of the disposal of 50% equity interests in and distribution of profits by Shanghai Sunac Greentown. The Company intends to use the net proceeds from disposal as working capital.

**(g) Disposal of 50% of the issued share capital of Sunac Greentown by the Company to Sunac China**

*Parties and subject matter*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, the Company as vendor shall dispose of, and Sunac China as purchaser shall acquire, 50% of the issued share capital of Sunac Greentown at the total consideration of US\$1 (representing the par value of the one share in Sunac Greentown being transferred from the Company to Sunac China) and approximately RMB1,638,490,610.29 in equivalent US dollars.

*Conditions precedent*

The disposal of the 50% issued share capital of Sunac Greentown by the Company is conditional upon (i) Sunac Greentown having distributed profits in favour of the Company in the sum of US\$49,240,929.55, (ii) the repayment by Sunac Greentown of the outstanding shareholders loan owed by it to the Company in the sum of RMB430,000, US\$14,265,011.30 and HK\$138,099,990, (iii) Sunac China having repaid or procured the repayment of certain loan in full owed by Sunac Greentown to third party lender(s) together with all interests, expenses and fees; all of the loan agreements or deeds relating to such loan having been terminated, and the lender(s) of the relevant loan having unconditionally and irrevocably released any share charge and guarantee given by the Company in favour of such lender(s) in connection with such loan and documentary proof of such release having been provided by Sunac China to the Company, and (iv) the prepayment of US\$1 and approximately RMB1,638,490,610.29 in equivalent US dollars payable by Sunac Greentown to the Company for the disposal of the 50% issued share capital of Sunac Greentown by the Company, the prepayment of which shall be made by the provision of an interest-free loan by Sunac Greentown in the sum of US\$1 and approximately RMB1,638,490,610.29 in equivalent US dollars to the Company.

The conditions precedent (including the profit distribution) set out above have been agreed by the Group with Sunac China with the primary purpose to realise the return on investment of the Group made into Sunac Greentown, which in turn constitutes a condition for the Group to exit from the joint venture under Sunac Greentown. As such, the Company and Sunac



## LETTER FROM THE BOARD

China agreed that a distribution of profit should be made to the Group. While the disposal of the 50% equity interests in Sunac Greentown by the Company is not conditional upon the consummation of the proposed disposal of Elegant Trend Limited by Sunac Greentown, barring unforeseeable circumstances, it is currently expected that disposal of Elegant Trend Limited will complete before completion of the disposal of 50% equity interest in Sunac Greentown, which will facilitate the distribution of profit as contemplated under the Framework Agreement.

The amount of profit distribution by Sunac Greentown was calculated with reference to the accumulated loss of Sunac Greentown as of 31 December 2014, the expected loss for the six months ending 30 June 2015 and the expected gain from the disposal of the equity interest in Elegant Trend Limited by Sunac Greentown.

The making of an interest-free loan by Sunac Greentown to the Company enables the Company to receive the consideration in advance prior to completion. It was determined by the parties that, as Sunac Greentown will become a wholly-owned subsidiary of Sunac China after completion of the transfer of 50% equity interests in Sunac Greentown, it would be a more efficient use of capital from Sunac China if the consideration were to be paid out of the funds of Sunac Greentown, which would then be offset against the consideration payable by Sunac China.

### *Consideration and basis of the consideration*

Pursuant to the Framework Agreement, the consideration payable by Sunac China for the acquisition of 50% issued share capital in Sunac Greentown is US\$1 and approximately RMB1,638,490,610.29 in equivalent US dollars, which was determined upon arm's length negotiations among the parties with reference to (i) the actual investment costs of Sunac Greentown to the Company in the amount of RMB1,638,490,610.29 and (ii) the market value of the underlying assets of Sunac Greentown should the transactions contemplated under the Framework Agreement and the underlying documents (being documents for the implementation of the transactions contemplated under the Framework Agreement) have been consummated. In determining the consideration for the 50% equity interests in Sunac Greentown, Elegant Trend Limited (together with its subsidiaries) held by Sunac Greentown was excluded from the market value of the underlying assets of Sunac Greentown. Sunac Greentown would have no underlying assets after completion of the disposal of Elegant Trend Limited and the transactions contemplated under the Framework Agreement.

On the basis of the above, and also in view of the fact that the Company would be able to recover all its investment costs in the amount of RMB1,638,490,610.29 despite that Sunac Greentown would have no underlying assets after completion of the disposals of certain PRC companies and the transactions contemplated under the Framework Agreement, the



## LETTER FROM THE BOARD

Board (including independent non-executive Directors) is of the view that the consideration is fair and reasonable and in the interests of the Shareholders as a whole.

### *Payment of the consideration*

The consideration shall be paid by Sunac China to the Company in the following manner:

- (a) Sunac China shall pay 40% of the total consideration, equivalent to US\$1 and approximately RMB655,396,000 in equivalent US dollars, to the Company within three (3) business days after the entering into of the Framework Agreement and the relevant underlying agreement for the disposal (the amount of which could be set-off against the outstanding loan owing by the Company to Sunac Greentown) (such consideration has been settled as of the Latest Practicable Date);
- (b) Sunac China shall pay 30% of the total consideration, equivalent to approximately RMB491,547,000 in equivalent US dollars, to the Company within thirty (30) days after the Effective Date (the amount of which could be set-off against the outstanding loan owing by the Company to Sunac Greentown); and
- (c) Sunac China shall pay the remainder of the total consideration, equivalent to approximately RMB491,547,610.29 in equivalent US dollars, to the Company within sixty (60) days after the Effective Date (the amount of which could be set-off against the outstanding loan owing by the Company to Sunac Greentown).

### *Completion*

Conditional upon the approval by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM having been obtained, completion of the transaction shall take place on the next business day upon payment of the consideration in full by Sunac China and fulfillment of other conditions precedents for the acquisition.

### *Information of Sunac Greentown*

Sunac Greentown is a company incorporated in the British Virgin Islands and is an investment holding company. As of the Latest Practicable Date, each of the Company and Sunac China held 50% of the issued share capital of Sunac Greentown (being an associate of the Company).

## LETTER FROM THE BOARD

The unaudited net asset value of Sunac Greentown as at 31 December 2014 was approximately RMB3,268,600,097 and the unaudited net profit (loss) for the two financial years ended 31 December 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Profit before taxation	406,951,814.27	142,580,057.00
Net profit (loss) after taxation	229,248,754.55	(237,629,498.11)

### *Information of the projects under Sunac Greentown*

Project name	Type of product	Estimated site area (sq.m)	Estimated total GFA (sq.m)	Estimated saleable area (sq.m)	Areas sold (sq.m)	Estimated area unsold (sq.m)	Latest status	Corresponding	
								Expected Completion date	valuation certificate in Appendix V
Suzhou Majestic Mansion	Low-Rise Apartment, Villa	155,664	218,340	121,345	107,396	13,949	Completed	N/A	A2
Shanghai Dynasty on Bund	High-Rise Apartment, Serviced Apartment, Office	105,045	656,865	581,097	161,181	419,916	Under development	2019	A1, A3

For the certificates that have been obtained for each project, please refer to the corresponding valuation certificate(s) as set out in Appendix V of this circular. For those projects under development, a completion and acceptance certificate of construction works is required to be obtained upon completion of the development of such project. As of 31 December 2014, an aggregate of approximately RMB5,301.1 million from the pre-sale of the above properties was yet to be recognised as revenue. It is expected that an aggregate of approximately RMB4,314.5 million from the pre-sale of the properties both before and during the year of 2015 will be recognised as revenue for the year ended 31 December 2015.

### *Financial effect on the Group and the intended use of proceeds from the disposal*

As at the Latest Practicable Date, the Company held 50% equity interests in Sunac Greentown and Sunac Greentown was an associate of the Company. Upon completion of the transaction, the Company will cease to hold any interest in Sunac Greentown and Sunac Greentown will cease to be an associate of the Company. It is estimated that the Group will record a gain of approximately RMB319,484,000 as a result of the disposal of 50% equity interests in, and distribution of profits by, Sunac Greentown. The Company intends to use the net proceeds from disposal as working capital.

## LETTER FROM THE BOARD

**(h) Development of the Tianjin National Game Village Project on a joint venture basis in the proportion of 51:49 by the Company and Sunac China**

*Parties and subject matter*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, the Company and Sunac China shall cooperate in the development of the Tianjin National Game Village Project in the proportion of 51:49 with respect to 80% equity interest in Tianjin National Game Village Project Company. The remaining 20% equity interest in Tianjin National Game Village Project Company is owned by an independent third party.

The joint venture proportion of 51:49 between the Company and Sunac China was determined after arm's length negotiation between the parties with particular reference to the Company's previous experience and good reputation in the development of the Shenyang National Game Village and the Jinan National Game Village Project, which the Company considers to be beneficial to the development of this project.

*Capital Contributions*

Conditional upon the Framework Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the Sunac Shareholders at the Sunac EGM, it is expected that the development of the Tianjin National Game Village Project requires the total investment made by the parties not exceeding RMB6,550,000,000, RMB1,400,000,000 of which is expected to be made by the aforesaid independent third party, and the remaining amount is expected to be made by Greentown Real Estate and Tianjin Sunac Ao Cheng in the proportion of 51:49.

The amount of capital contribution to be made by each party was determined after arm's length negotiation between the parties to the joint venture with reference to the initial capital requirement of Tianjin National Game Village Project Company and the capital contribution intention of the parties. It was agreed among the parties that the total investment by the Group, Sunac China and the independent third party will not be made in accordance with their respectively registered capital contribution percentage. The capital contribution shall be used to satisfy part of the land premium of the land. The capital contribution to Tianjin National Game Village Project Company to be made by the Group is expected to be funded by internal resources of the Group.

## LETTER FROM THE BOARD

### *Information of the Tianjin National Game Village Project Company*

The Tianjin National Game Village Project Company is a company established in the PRC and principally engaged in property development and investment in the PRC. The principal assets of the Tianjin National Game Village Project Company is the interests in the Tianjin National Game Village Project. As of the Latest Practicable Date, the registered capital of Tianjin National Game Village Project Company was RMB100,000,000, of which RMB40,000,000 was beneficially owned by each of the Company and Sunac China, and RMB20,000,000 was beneficially owned by the independent third party.

The unaudited net asset value of the Tianjin National Game Village Project Company as at 31 December 2014 was approximately RMB99,800,075 and the unaudited net loss for the two financial years ended 31 December 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Loss before taxation	–	266,567
Net loss after taxation	–	199,925

### *Information of the Tianjin National Game Village*

Unit: sq. m

		Estimated site area	Estimated total GFA	Estimated saleable area	Estimated area unsold	Corresponding valuation certificate in Appendix V
Project name	Type of product					
Tianjin National Game Village	Integrated Community	321,418	872,554	673,752	673,752	C5

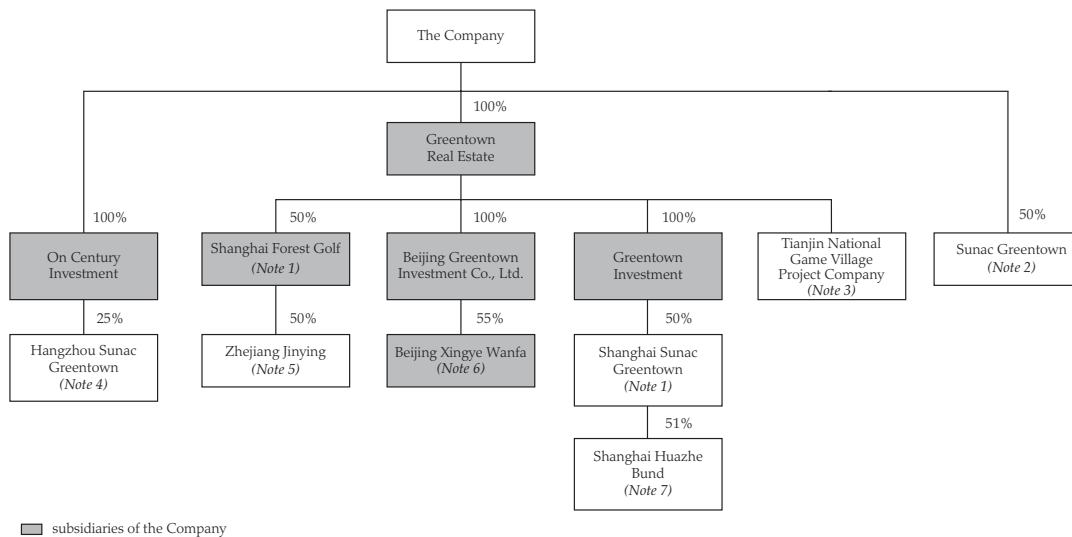
As of the Latest Practicable Date, the Tianjin National Game Village Project was under development. The construction work of the Tianjin National Game Village Project is scheduled to be commenced in 2015 with an expected completion schedule in 2017. For the certificates that have been obtained for the Tianjin National Game Village Project, please refer to the valuation certificates for the Tianjin National Game Village Project comprising property under Group C5 as set out in Appendix V of this circular. Upon completion of the development, a completion and acceptance certificate of construction works is required to be obtained for this project.

# LETTER FROM THE BOARD

## SIMPLIFIED SHAREHOLDING STRUCTURE

The following diagram illustrates a simplified shareholding structure in relation to the Group as at the Latest Practicable Date and immediately upon completion of the transactions contemplated under the Framework Agreement.

### Current structure

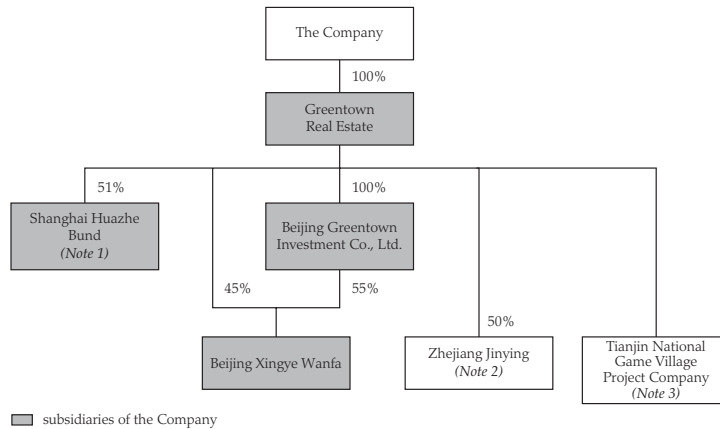


#### Notes:

- 1 The other shareholder holding 50% equity interest is Sunac Zhidi, a wholly-owned subsidiary of Sunac China.
- 2 The other shareholder holding 50% equity interest is Sunac China.
- 3 The 80% equity interest in Tianjin National Game Village Project Company is owned by Greentown Real Estate and Tianjin Sunac Ao Cheng as to 50% and 50%, respectively. The remaining 20% equity interest in Tianjin National Game Village Project Company is owned by an independent third party.
- 4 The other shareholder holding 75% equity interest is Zhuo Yue Property, a wholly-owned subsidiary of Sunac China.
- 5 The other shareholder holding 50% equity interest is Huiying Real Estate, a subsidiary of Wharf.
- 6 The other shareholder holding 45% equity interest is Sunac Construction, a wholly-owned subsidiary of Sunac China.
- 7 The other shareholders holding an aggregate of 49% equity interest are Zhejiang Donghai Real Estate Stock Co., Ltd., Li Linhua and Shanghai Huazhe Investment Management Co., Ltd., each being an independent third party.

# LETTER FROM THE BOARD

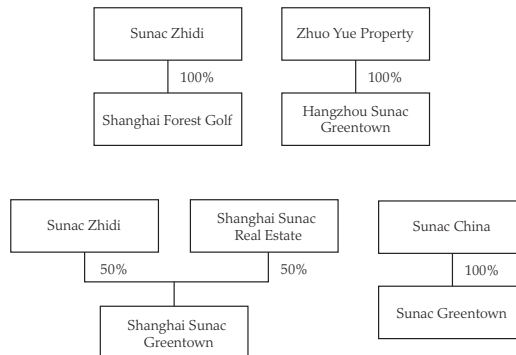
## Immediately upon completion



### Notes:

- 1 The other shareholders holding an aggregate of 49% equity interest are Zhejiang Donghai Real Estate Stock Co., Ltd., Li Linhua and Shanghai Huazhe Investment Management Co., Ltd., each being an independent third party.
- 2 The other shareholder holding 50% equity interest is Huiying Real Estate, a subsidiary of Wharf.
- 3 The 80% equity interest in Tianjin National Game Village Project Company will be owned by Greentown Real Estate and Tianjin Sunac Ao Cheng as to 51% and 49%, respectively. The remaining 20% equity interest in Tianjin National Game Village Project Company is owned by an independent third party.

### Other companies



## REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT AND THE TRANSACTIONS

As set out in the annual report of the Company for the year ended 31 December 2014, the Company will focus on improving its finance, sales, product, service and manpower with the objective of “One Low, Five High”, representing low debt ratio, high turnover, high reputation, high value for money, high added-value and high growth rate. In line with such strategy, it is expected that the disposal of equity interest in Shanghai Sunac Greentown, Sunac Greentown, Hangzhou Sunac Greentown and Shanghai Forest Golf will improve the Group’s overall debt portfolio, realise return on the Group’s

## LETTER FROM THE BOARD

investment made into these companies and enhance the Group's working capital condition, while on the other hand the acquisition of equity interest in Shanghai Huazhe Bund, Beijing Xingye Wanfa and Zhejiang Jinying will enable the Group to benefit from the future development of the projects undertaken by these companies.

Reference is also made to the Company's announcements dated 5 January 2015 and 6 January 2015 in relation to the dispute between the Company and Sunac China arising out of (i) the purported disposal of the entire equity interest in Elegant Trend Limited by Sunac Greentown; and (ii) the purported disposal of certain equity interest in companies incorporated in the PRC by Shanghai Sunac Greentown, as alleged in Sunac China's announcements dated 31 December 2014 and 6 January 2015. As of the Latest Practicable Date, both Sunac Greentown and Shanghai Sunac Greentown were associates of the Company interested as to 50% by the Company and 50% by Sunac China.

In the event that the aforesaid dispute with Sunac China cannot be resolved amicably, such dispute may give rise to litigation or other legal proceedings, which may be protracted and could result in substantial costs and diversion of the Group's resources and management attention. On the basis of the above, the Directors are of the view that it is in the interest of the Company and the Shareholders as a whole to resolve such dispute amicably. As disclosed in the Company's 2014 annual report, the Company has been having many rounds of discussion with Sunac China in good faith with a view to resolving the aforesaid dispute amicably. One of the key purposes of the entering into the Framework Agreement and the transactions contemplated thereunder is to terminate the various joint venture co-operations between the Company and Sunac China, in light of the considerable differences in business philosophy between the two companies. Upon completion of the transactions contemplated under the Framework Agreement, the number of joint venture projects between the Company and Sunac China will be substantially reduced and the remaining joint venture project will be the Tianjin National Game Village Project and another project. In particular, the Framework Agreement also sets out the terms and conditions under which the Company will dispose of the Group's equity interests in the two major joint venture platform companies, namely Shanghai Sunac Greentown and Sunac Greentown (both of which are not subsidiaries but associates of the Company, and which are the vendors in the purported disposals). The Company aims to resolve the dispute with respect to the purported disposals by disposing of the Group's equity interests in Shanghai Sunac Greentown and Sunac Greentown subject to certain terms and conditions (e.g. the distribution of profits by these two joint venture companies to the Group and repayment of loans/contribution advanced by the Group).

In relation to Hangzhou Sunac Greentown and Shanghai Forest Golf, the projects undertaken by these two companies have been completed or will soon be completed. The Directors believe that it is a good opportunity to realise the Group's investment in the two companies as they believe the Group's capital may be deployed and utilised more efficiently in other areas of the Group's business. In addition, by disposing of the interests, the Company is able to increase its working capital condition and to resolve the disputes with Sunac China. For the reasons set out above, the Directors decided to dispose the Group's equity interest in Hangzhou Sunac Greentown and Shanghai Forest Golf.

## LETTER FROM THE BOARD

In relation to Shanghai Huazhe Bund, Beijing Xingye Wanfa and Zhejiang Jinying, on the basis that (i) the projects of these three companies are located in Shanghai, Beijing and Hangzhou, being either a tier one city or the place where the headquarters of the Group is located, and (ii) a significant portion of each of the projects undertaken by these three companies is still under development, and the Directors' view that such projects exhibit promising potential and prospects, the Directors consider that it is in the interest of the Company and the Shareholders as a whole to acquire the relevant interest in Shanghai Huazhe Bund, Beijing Xingye Wanfa and Zhejiang Jinying.

The Board believes that the Framework Agreement and the transactions contemplated thereunder will improve the resources allocation of the Group and are beneficial to the Group and its development as a whole.

### EXPECTED FINANCIAL EFFECT

The Company expects that the transactions contemplated under the Framework Agreement, upon completion thereof, will contribute an aggregate net cash flow of approximately RMB3,390,687,000, as well as an aggregate gain from disposal and distribution of profit of approximately RMB781,360,000 to the Group.

The unaudited pro forma consolidation statement of the Enlarged Group after completion of the Acquisitions illustrating the possible financial effects of the Acquisitions on the assets and liabilities of the Group assuming the completion of the Acquisitions had taken place on 31 December 2014 is set out in Appendix IV to this circular headed "Unaudited Pro Forma Financial Information of the Enlarged Group".

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (i) in respect of the aggregate acquisition transactions under the Framework Agreement exceed 25% but all the applicable percentage ratios are less than 100%; and (ii) in respect of the aggregate disposal transactions under the Framework Agreement exceed 25% but all the applicable percentage ratios are less than 75%, the transactions contemplated under the Framework Agreement and the relevant underlying documents constitute a major transaction for the Company under Chapter 14 of the Listing Rules subject to Shareholders' approval.

In addition, as of the Latest Practicable Date, Sunac China was a substantial shareholder of each of Beijing Xingye Wanfa and Shanghai Forest Golf, which were non-wholly owned subsidiaries of the Company. Sunac China was therefore a connected person of the Company at the subsidiary level. According to Rule 14A.101 of the Listing Rules, a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirement if: (i) the listed issuer's board of directors have approved the transactions; and (ii) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.



## LETTER FROM THE BOARD

The Board (including the independent non-executive Directors) has approved the Framework Agreement and the transactions contemplated thereunder and confirmed that the terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable, such transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As such, the transactions contemplated under the Framework Agreement are exempted from the circular, independent financial advice and Shareholders' approval requirements which apply to non-exempt connected transaction under Chapter 14A of the Listing Rules by virtue of Rule 14A.101 of the Listing Rules. None of the Directors had any material interest in the Framework Agreement and the transactions contemplated therein and the Company therefore considered that none of them was required pursuant to the Listing Rules or the articles of association of the Company to abstain from voting at the Board meetings held on 4 May 2015 and 15 May 2015 at which the Framework Agreement was being considered. However, Mr Song Weiping and Mr Shou Bainian were absent from the above Board meetings on a voluntary basis.

The EGM will be convened and held for the Shareholders to consider, and if thought fit, pass the resolutions to approve (among other things) the Framework Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, as at the Latest Practicable Date, no Shareholder had an interest in the Framework Agreement which is different from the other Shareholders and on this basis, no Shareholder is required to abstain from voting for the resolutions to be proposed at the EGM.

### GENERAL

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange. It is one of the leading property developers in the PRC with business operations in various major PRC cities and is primarily engaged in developing quality properties targeting middle and high income residents in the PRC.

Greentown Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company principally engaged in property development in the PRC.

On Century Investment is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company principally engaged in investment holdings.

Greentown Investment is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company principally engaged in investment holdings.

## LETTER FROM THE BOARD

Sunac China is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange. Based on publicly available information, it is one of the leading real estate developers in the PRC specialised in integrated development of residential and commercial properties.

Shanghai Sunac Greentown is a company established in the PRC with limited liability jointly established by the Company and Sunac China, principally engaged in property development business in the PRC. Shanghai Sunac Greentown is an associate of the Company.

Sunac Construction is a company established in the PRC with limited liability and a wholly-owned subsidiary of Sunac China principally engaged in property development and investment business in the PRC.

Sunac Zhidi is a company established in the PRC with limited liability and a wholly-owned subsidiary of Sunac China, principally engaged in property development in the PRC.

Zhuo Yue Property is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sunac China principally engaged in investment holdings.

Shanghai Sunac Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of Sunac China principally engaged in property development and investment business in the PRC.

Tianjin Sunac Ao Cheng is a company established in the PRC with limited liability and a wholly-owned subsidiary of Sunac China principally engaged in property development and investment business in the PRC.

### PROPOSED RE-ELECTION OF DIRECTORS

As disclosed in the announcement of the Company dated 21 June 2015, the Board has appointed Mr Cao and Mr Li as executive Directors and Mr Liu as a non-executive Director, with effect from 22 June 2015. Each of Mr Cao, Mr Li and Mr Liu has taken this opportunity to retire and make himself available for re-election by the Shareholders at the EGM in accordance with the Articles of Association.

#### Mr Cao Zhounan

Mr CAO Zhounan, aged 46, is currently the director and the executive general manager of Greentown Real Estate. Mr Cao graduated from Zhejiang University of Finance & Economics (浙江財經學院) in 1991, majoring in financial accounting. He obtained a Master's Degree from Université du Québec, Canada in 2009, majoring in Business Administration. Mr Cao started his career in 1989. From 1991 to 1995, he served as the deputy chief, the chief and the secretary of Zhejiang Provincial Finance Bureau. From 1996 to 1998, seconded by Zhejiang Provincial Party Committee (浙江省委組織部), he took up the position as an assistant to the county mayor of Zhejiang Province Yunhe

## LETTER FROM THE BOARD

County People's Government (浙江省雲和縣人民政府). From 1998 to 2001, he was the deputy division chief (副處長) of the Zhejiang Provincial Finance Bureau. From 2001 to 2005, he served as an assistant to the general manager of Zhejiang Provincial Railway Investment Group Co., Ltd. (浙江省鐵路投資集團). From 2005-2009 he served as the vice general manager of Zhejiang Provincial Railway Investment Group Co., Ltd. From 2004 to 2009, he was appointed as the chairman of Zhejiang Asset Management Company (浙江資產管理公司). Mr Cao joined Greentown Real Estate in February 2009 as the executive general manager and was responsible for the overall operation and management in relation to the Group companies. Since September 2010, he also served as the general manager and authorized representative of Bluetown Property Construction Management Group Co., Ltd. (藍城房地產建設管理集團有限公司) (formerly known as Greentown Property Construction Management Group Co., Ltd. (綠城房地產建設管理有限公司), being responsible for the development, operation and management of the construction consultancy business. Mr Cao was appointed as an executive director of the Company from 1 July 2011 to 27 March 2015. On 24 March 2015, Mr Cao was appointed as a director of Greentown Real Estate.

Mr Cao has entered into a service contract with the Company in his capacity as an executive Director with effect from 22 June 2015 for a term of three years and is subject to retirement by rotation and re-election at annual general meetings of the Company under the Articles of Association. Mr Cao will be entitled to an annual remuneration to be determined by the remuneration committee of the Company and the Board by reference to, among other things, his responsibilities and the prevailing market terms.

Save as disclosed above, Mr Cao does not, and has not had other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Also, he does not have any relationship with any Directors, senior management, substantial or controlling Shareholders.

Save as disclosed above, there are no other matters concerning the appointment of Mr Cao as an executive Director and the chief executive officer of the Company that need to be brought to the attention of the Shareholders and there is no information relating to Mr Cao that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

### **Mr Li Qingan**

Mr LI Qingan, aged 49, is currently the director and executive general manager of Greentown Real Estate. Mr Li graduated from the Department of Management (Engineering and Finance Accounting Profession) of Changsha Communications University (長沙交通學院管理系) with a bachelor's degree in Engineering and Finance Accounting. He is a senior accountant. Mr Li started his career as a financial accountant of the Ministry of Transportation and Communications in July 1989. Mr Li joined CRBC in September 1998 and has rich experience in finance management. He served as the general manager of finance and accounting department of CRBC, the general manager of finance and accounting department of CCCC, the provisional party secretary and the director of CCCC Finance Company Limited (中交財務有限公司). Mr Li joined the Company in March 2015 and is appointed as the director and the executive general manager of Greentown Real Estate and is primarily responsible for corporate finance, fund and audit management.

## LETTER FROM THE BOARD

Mr Li has entered into a service contract with the Company in his capacity as an executive Director with effect from 22 June 2015 for a term of three years and is subject to retirement by rotation and re-election at annual general meetings of the Company under the Articles of Association. Mr Li will be entitled to an annual remuneration to be determined by the remuneration committee of the Company and the Board by reference to, among other things, his responsibilities and the prevailing market terms.

Save as disclosed above, Mr Li does not, and has not had other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Also, he does not have any relationship with any Directors, senior management, substantial or controlling Shareholders. As at the date of this announcement, Mr Li does not hold any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters concerning the appointment of Mr Li as an executive Director that need to be brought to the attention of the Shareholders and there is no information relating to Mr Li that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

### **Mr Liu Wensheng**

Mr LIU Wensheng, aged 55, is currently the secretary of the board of directors, the company secretary and the chief economist of CCCC. He also serves as the chairman of CCCC International Holding Limited (中交國際(香港)控股有限公司) and Friede Goldman United, Ltd. as well as the director of CCCC Dredging (Group) Holdings Co., Ltd. (中交疏浚(集團)股份有限公司). Mr Liu graduated from Dalian Maritime University (formerly known as Dalian Maritime University) with a bachelor's degree in Engineering. He is a senior engineer. Mr Liu joined China Harbour Engineering Company Ltd. (中國港灣工程有限責任有限公司) in 1982 and possesses rich experience in operation and management. He served as the deputy general manager of CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司), the vice-chief economist and the general manager of corporate planning of China Harbour Engineering Company Ltd. (中國港灣工程有限責任有限公司) and the chief economist of CCGG.

Mr Liu has entered into a service contract with the Company in his capacity as a non-executive Director with effect from 22 June 2015 for a term of three years and is subject to retirement by rotation and re-election at annual general meetings of the Company under the Articles of Association. Mr Liu will be entitled to an annual remuneration to be determined by the remuneration committee of the Company and the Board by reference to, among other things, his responsibilities and the prevailing market terms.

Save as disclosed above, Mr Liu does not, and has not had other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Also, he does not have any relationship with any Directors, senior management, substantial or controlling Shareholders. As at the date of this announcement, Mr Liu does not hold any interest in the Shares within the meaning of Part XV of the SFO.

## LETTER FROM THE BOARD

Save as disclosed above, there are no other matters concerning the appointment of Mr Liu as a non-executive Director that need to be brought to the attention of the Shareholders and there is no information relating to Mr Liu that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

### RECOMMENDATION

The Board (including the independent non-executive Directors) are of the opinion that the terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole. The Directors also consider that the re-election of Mr Cao and Mr Li as executive Directors and Mr Liu as a non-executive Director is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

### ADDITIONAL INFORMATION

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

**Shareholders and other investors should note that completion of the transactions contemplated under the Framework Agreement is subject to the satisfaction of various conditions precedent and therefore there is no assurance that such transactions will be implemented as contemplated or at all. Shareholders and other investors are advised to exercise extreme caution when dealing in the securities of the Company.**

By Order of the Board  
**Greentown China Holdings Limited**  
**Song Weiping Zhu Bixin**  
*Co-chairmen*

## 1. STATEMENT OF INDEBTEDNESS

**Borrowings**

As at the close of business on the Indebtedness Cut off Date, the Enlarged Group had outstanding borrowings of approximately RMB29,260,336, the details of which are set out below:

*(i) Bank and other borrowings*

	<b>As at the Indebtedness Cut-off Date</b> <i>RMB'000</i>
Secured bank loans	19,215,851
Unsecured bank loans	5,221,401
	<u>24,437,252</u>
Secured other loans	4,614,850
Unsecured other loans	208,234
	<u>4,823,084</u>
	<u><u>29,260,336</u></u>

The bank and other borrowings set out above bore an interest rate in the range of the following:

Bank loans	1.4% per annum to 10% per annum
Other loans	9% per annum to 15% per annum

*(ii) Amounts due to related parties*

	<b>As at the Indebtedness Cut-off Date</b> <i>RMB'000</i>
Amounts due to:	
Non-controlling shareholders of subsidiaries	4,376,514
Associates	2,256,505
Jointly controlled entities	1,271,422
	<u>7,904,441</u>

**Pledge of assets**

As at the close of business on the Indebtedness Cut-off Date, the following assets of the Enlarged Group were pledged to banks and other parties to secure credit banking facilities granted to the Enlarged Group:

	<b>As at the Indebtedness Cut-off Date</b> <i>RMB'000</i>
Land and buildings	6,316
Hotel buildings	3,379,478
Construction in progress	52,992
Prepaid lease payment	539,421
Properties for development	491,539
Properties under development	15,523,473
Completed properties for sale	4,244,644
Investment properties	1,860,000
Bank deposits	1,545,726
Investments in associates	416,499
Investments in jointly controlled entities	101,036
	<hr/>
	28,161,124
	<hr/> <hr/>

**Debt securities**

As at the close of business on the Indebtedness Cut-off Date, the Enlarged Group had outstanding debt securities of approximately RMB9,765,329, the details of which are set out below:

	<b>As at the Indebtedness Cut-off Date</b> <i>RMB'000</i>
Senior notes	<hr/> 9,765,329
	<hr/> <hr/> 9,765,329

**Contingent liabilities**

As at the close of business on the Indebtedness Cut-off Date, the Enlarged Group provided guarantees of RMB17,359,004 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Enlarged Group's developed properties.

The Enlarged Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	<b>As at the Indebtedness Cut-off Date</b> <i>RMB'000</i>
Associates	6,064,027
Jointly controlled entities	<u>2,471,531</u>
	<u><u>8,535,558</u></u>

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on the Indebtedness Cut-off Date, the Enlarged Group did not have any debt securities, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

## 2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected completion of the transactions contemplated under the Framework Agreement and the financial resources available to us including the available credit facilities and the internally generated funds, in the absence of unforeseeable circumstances, the Enlarged Group has sufficient working capital to satisfy its requirements for at least the next 12 months from the date of this circular.

## 3. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2012, 2013 and 2014 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.greentownchina.com>):

- annual report of the Company for the year ended 31 December 2014 published on 24 April 2015 (pages 82 to 199) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0424/LTN20150424646.pdf>);
- annual report of the Company for the year ended 31 December 2013 published on 28 April 2014 (pages 77 to 175) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0428/LTN20140428582.pdf>); and
- annual report of the Company for the year ended 31 December 2012 published on 26 April 2013 (pages 103 to 215) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0426/LTN201304261287.pdf>).



#### 4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

#### 5. FINANCIAL AND TRADING PROSPECTS

Set out below are the information in relation to the financial and trading prospects of the Group as extracted from the Company's annual report for the financial year ended 31 December 2014. The Directors have carefully considered the following information against the scenario after completion of the transactions and take the view that the following information would still be applicable to the Group after completion.

##### **"Outlook**

The real estate market index in China has been declining since 2014. Property investments experienced a significant slowdown, thus gross floor area sold and sales volume both dropped on a year-on-year basis. The declining trend of housing prices spread to 70 large and medium cities. As adjustments to the property market continued to deepen, local governments began to remove restrictions on real estate purchases from June 2014 and continue to loosen regulatory control.

Ultimately, the Central Bank also loosened mortgage rules for first-time home buyers and implemented measures to stimulate demand.

In 2015, under the government's policy guidance of "Adhering to differentiation guidance, policy implementation by land, implementation of local government's subject responsibility, support for owner-occupied and improvement-oriented housings demands to facilitate the stable and healthy development of the real estate market", the domestic real estate market is expected to continue its upward trend. The regulatory policy on the industry may be further relaxed and a variety of policies, such as lowering the interest rate and relaxation of purchase restriction, may be rolled out.

The entire profit model of the real estate industry has undergone fundamental changes with the gradual erosion of the land premium. Being able to cope with the trend of separation in investment and development, enhance the capability on professional development and living service, and realise added-value in both property development and services will be essential for the continuous survival and growth of enterprises.

From a long-term perspective, the PRC will undergo a steady urbanization process. Huge demand for home purchase driven by this trend will continue to fuel expansion of this industry. In 2015, the Company will focus on improving its finance, sales, product, service and manpower with the objective of "One Low, Five High", representing low debt ratio, high turnover, high reputation, high value for

money, high added-value and high growth rate. With the initiative to develop strategic policies, we are well positioned for long term development.

*Strategic Alliance for Development*

In 2014, the Company successfully introduced CCCG, another strategic investor which has, along with Wharf, become co-largest shareholders of the Company. Being one of the Global Top 500 Enterprises and the market leader in the building segment, CCCG has strong advantage in resources. Its strengths will complement with the brand value, management experience and customer recognition of Greentown. Currently being the sole property platform of CCCG in the overseas listing arena, Greentown will benefit from the background of CCCG as a state-owned enterprise in terms of land acquisition, development and financing while CCCG will be able to expand its overall real estate segment rapidly with Greentown's assistance. On the other hand, Wharf, as a renowned Hong Kong blue-chip company with over one hundred years of history, has a wealth of practical experience in dealing with industry risk and market changes, which in turn will safeguard the rapid and healthy growth of Greentown. Greentown and Wharf together with CCCG represent a strong alliance in the market and will complement with each other to create strategic values.

*Realise Product Diversity and Pursue Asset Light and Service Shift with Excellent Quality*

After 20 years of development, the key strengths of Greentown have been gradually consolidated and optimized. In 2015, the Company will increase the proportion of investments in first-tier and key cities, expand the coverage in regions and further grow the production lines from high-end product to medium and high-end products, continuously enhance the cost effectiveness of the products, realise the diversity of product, expand the customer base and intensify the development of product which target at white collar customers in cities. Furthermore, the Company will restructure its assets actively to improve the liquidity and increase the proportion of asset-light businesses such as project management services. By leveraging on our brand and management expertise, we will fully utilize our commercial value in our capability regarding professional development. Customer and community support is a valuable asset and driver of the Company.

Continuous improvement of service quality is one of our long-term development strategies. In 2015, the Company will make a material change to its service strategy we will increase investments in projects with a high level of return attributable by services, transform its service model from a traditional property management developer to a comprehensive and ideal living services provider, and explore and implement both a service model and a commerce model of the living services industry in China. We aim to integrate the online service channels such as the internet, Wechat, cloud computing and big data with the offline servicing mechanism to upgrade the Greentown Living Services System. By combining the wisdom living concepts together, we can provide more and better soft services to cover a comprehensive range of areas including education, healthcare, culture,

health maintenance and retirement needs. These will improve both the value-added and value for money of Greentown's products, as well as customer recognition and satisfaction.

Quality is vital to Greentown. The Company will still adhere to the principle of "fine and excellence product" to ensure that high quality products are delivered even in volatile market conditions. The Company will focus on building the "Greentown" brand, increasing the brand impact and profitability and upgrading the brand positioning in order to strengthen market confidence and enhance our customer loyalty.

*Refine Sales Strategies and Unwavering Efforts to Reduce Inventory*

The Company's top priority in 2015 is to increase sales, expand sales channels and increase the inventory turnover. The Company will continue to maintain a clear strategy and effective management, learn from the good sales experience of our peers, and implement flexible sales and pricing strategies after taking into account some refined market research. In order to effectively reduce inventory, the Company will implement specific and effective measures to address the characteristics of different regions, cities and projects and to speed up the delivery of new housing projects and the sales of existing projects with respect to regions with higher inventory and longer turnover period, we will refine sales strategies and adopt flexible pricing strategies, and increase turnover rates to ensure a steady capital flow for the Company's future development of new products more competitively. Meanwhile, we will continue to improve the quality of our products, enhance our product value, products' competitiveness and customer satisfaction to expedite the sales of our products.

*Refine Financial Management and Reduce Finance Cost*

Wharf, being a renowned property developer in Hong Kong with over a hundred years of history, has facilitated us in broadening our financing channels and improving our internal financial and risk management since it has become one of our largest shareholders. We believe that with CCCG becoming another largest shareholder of the Company, by leveraging on the strength of CCCG in global resources as a global Top 500 enterprise and a leading state-owned enterprise, CCCG will bring in further onshore and offshore financing opportunities to us, facilitate us in diversifying financing channels, improve our debt structure and reduce our finance costs.

By refining financial management and controls, we set to balance between quality and profit by conducting product research at the stage of land acquisition and planning. We will optimize the cost control mechanism, the bidding and tender mechanism and procedure supervision system in order to improve the cost controls for the whole production process.

*Optimize Staff Structure and Enhance Team Competency*

Being people-oriented is our development motto. The Company values staff advancement and development as a driver of the Group's long-term growth. In 2015, the Company will optimize the staff structure in five aspects to enhance the Company's overall competency. First, we will elucidate our manpower measure, strengthen supervision on the core values of our manpower, and employ talents with aspiration, sense of responsibilities and competency. Second, we will improve training for internal staff, build up a team of young operational managing staff, and increase our efforts on the nomination and recruitment of a team of young and middle-aged management talent in order to maintain the vitality of our senior management. Third, we will optimize our structure on talent recruitment, senior appointment and team composition to expedite the development of our versatile management talent with specific emphasis on operational management. Fourth, we will build a sound and stable scientific remuneration incentive system which links to the management and operational results of the Company. Fifth, we will pursue and facilitate the brain flow and transfer mechanism between Greentown and the renowned companies.

Looking ahead, Greentown has a long way to go. Faced with the policies and challenges of the market, we have to work closely with our strategic partners, fully commit ourselves to further mutual development, and continuously improve our products, services, sales, financial and manpower in order to enhance the Company's core competitiveness and sustainability and set a landmark on the real estate market in the PRC."

*The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu.*



29 June 2015

The Directors  
Greentown China Holdings Limited  
綠城中國控股有限公司

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Zhejiang Jinying Real Estate Co., Ltd.<sup>#</sup> (浙江金盈置業有限公司) (“Zhejiang Jinying”) (referred to as the “Target Company”) for each of the 3 years ended 31 December 2014 (the “Relevant Periods”) for inclusion in the circular of Greentown China Holdings Limited (the “Company”) dated 29 June 2015 (the “Circular”) in connection with the proposed acquisition of the 50% equity interest in Zhejiang Jinying as part of a series of transactions contemplated under framework agreement entered into between the Company and Sunac China Holdings Limited on 15 May 2015, constituting a major transaction under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Zhejiang Jinying was established in the People’s Republic of China (the “PRC”) on 9 May 2008 and registered as a domestic company with limited liability. The registered office of Zhejiang Jinying is No 6, Industrial Park, Liuzhuan Road, Xihu district, Hangzhou, Zhejiang Province, the PRC.

Zhejiang Jinying has adopted 31 December as its financial year end date.

The statutory financial statements of Zhejiang Jinying for the Relevant Periods were prepared in accordance with the relevant accounting principles and regulations applicable to enterprises established in the PRC and were audited by Zhonghui Certified Public Accountants LLP<sup>#</sup> (中匯會計師事務所(特殊普通合伙)), certified public accountants registered in the PRC.

For the purpose of this report, the directors of the Target Company has prepared the financial statements of the Target Company for the Relevant Periods (the “Underlying Financial Statements”) using accounting policies in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). We have undertaken an independent audit on the

<sup>#</sup> *The English name is translated for identification purpose only.*

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Target Company for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustment was considered necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

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

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company as at 31 December 2012, 2013 and 2014, and of its results and cash flows for the Relevant Periods.

### A. FINANCIAL INFORMATION

#### STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>NOTES</i>	<b>Year ended 31 December</b>		
		<b>2012</b>	<b>2013</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	7	186,626	521,183	1,308,990
Cost of sales		<u>(167,889)</u>	<u>(501,263)</u>	<u>(1,441,238)</u>
Gross profit		18,737	19,920	(132,248)
Other income	8	467	3,468	1,745
Selling expenses		(23,330)	(23,261)	(23,022)
Administrative expenses		<u>(10,310)</u>	<u>(7,617)</u>	<u>(11,392)</u>
Loss before taxation	9	(14,436)	(7,490)	(164,917)
Taxation	10	<u>(5,513)</u>	<u>1,644</u>	<u>20,275</u>
Loss and total comprehensive expense for the year		<u><u>(19,949)</u></u>	<u><u>(5,846)</u></u>	<u><u>(144,642)</u></u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**STATEMENTS OF FINANCIAL POSITION**

		<b>At 31 December</b>		
	<i>NOTES</i>	<b>2012</b>	<b>2013</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-Current Assets</b>				
Property, plant and equipment	11	1,652	1,479	2,731
Deferred tax assets	12	–	1,644	49,667
		<u>1,652</u>	<u>3,123</u>	<u>52,398</u>
<b>Current Assets</b>				
Properties under development	13	4,242,647	3,634,134	2,618,749
Completed properties for sale		1,022,134	1,623,007	1,563,041
Other receivables, deposits and prepayments	14	4,545	11,818	14,619
Prepaid income taxes		27,858	37,498	24,050
Prepaid other taxes		62,580	50,720	242
Pledged bank deposits	14	73,506	610	40,996
Bank balances and cash	14	15,368	68,333	353,700
		<u>5,448,638</u>	<u>5,426,120</u>	<u>4,615,397</u>
<b>Current Liabilities</b>				
Trade and other payables	15	63,762	68,516	59,189
Pre-sale deposits		1,193,134	1,111,220	357,233
Amounts due to related parties	21	3,348,408	3,464,274	3,464,274
Other taxes payable		179	272	4,440
Bank borrowings	16	119,000	–	40,000
		<u>4,724,483</u>	<u>4,644,282</u>	<u>3,925,136</u>
<b>Net Current Assets</b>		<u>724,155</u>	<u>781,838</u>	<u>690,261</u>
<b>Total Assets Less Current Liabilities</b>		<u><u>725,807</u></u>	<u><u>784,961</u></u>	<u><u>742,659</u></u>

<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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		<b>At 31 December</b>		
	<i>NOTES</i>	<b>2012</b>	<b>2013</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current Liabilities</b>				
Bank borrowings	16	<u>430,000</u>	<u>495,000</u>	<u>597,340</u>
		<u>430,000</u>	<u>495,000</u>	<u>597,340</u>
<b>Net Assets</b>		<b><u>295,807</u></b>	<b><u>289,961</u></b>	<b><u>145,319</u></b>
<b>Capital and Reserves</b>				
Registered capital		400,000	400,000	400,000
Reserves		<u>(104,193)</u>	<u>(110,039)</u>	<u>(254,681)</u>
<b>Total Equity</b>		<b><u>295,807</u></b>	<b><u>289,961</u></b>	<b><u>145,319</u></b>



<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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**STATEMENTS OF CHANGES IN EQUITY**

	<b>Registered capital RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2012	400,000	(84,244)	315,756
Loss and total comprehensive expense for the year	<u>—</u>	<u>(19,949)</u>	<u>(19,949)</u>
At 31 December 2012	<u>400,000</u>	<u>(104,193)</u>	<u>295,807</u>
Loss and total comprehensive expense for the year	<u>—</u>	<u>(5,846)</u>	<u>(5,846)</u>
At 31 December 2013	<u>400,000</u>	<u>(110,039)</u>	<u>289,961</u>
Loss and total comprehensive expense for the year	<u>—</u>	<u>(144,642)</u>	<u>(144,642)</u>
At 31 December 2014	<u>400,000</u>	<u>(254,681)</u>	<u>145,319</u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**STATEMENTS OF CASH FLOWS**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>OPERATING ACTIVITIES</b>			
Loss before taxation	(14,436)	(7,490)	(164,917)
Adjustments for:			
Interest income	(234)	(885)	(1,733)
Depreciation of property, plant and equipment	729	758	433
	<u>          </u>	<u>          </u>	<u>          </u>
Operating cash flows before movements in working capital	(13,941)	(7,617)	(166,217)
Decrease in properties under development	765,729	647,128	1,075,629
(Increase) decrease in completed properties for sale	(1,022,134)	(600,873)	59,966
Decrease (Increase) in other receivables, deposits and prepayments	33,523	(7,273)	(2,801)
(Increase) decrease in prepaid other taxes	(35,481)	11,860	50,478
Increase (decrease) in pre-sale deposits	607,227	(81,914)	(753,987)
Increase (decrease) in trade and other payables	19,520	4,754	(9,327)
Increase in other taxes payable	179	93	4,168
	<u>          </u>	<u>          </u>	<u>          </u>
Cash generated from (used in) operations	354,622	(33,842)	257,909
Income taxes paid	(20,331)	(9,640)	(14,300)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<u>334,291</u>	<u>(43,482)</u>	<u>243,609</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(47)	(668)	(1,735)
(Increase) decrease in pledged bank deposits	(73,506)	72,896	(40,386)
Interest received	234	885	1,733
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<u>(73,319)</u>	<u>73,113</u>	<u>(40,388)</u>

<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>FINANCING ACTIVITIES</b>			
Bank borrowings raised	29,000	350,000	450,000
Repayment of bank borrowings	(730,000)	(404,000)	(307,660)
Advance from borrowings from related parties	508,135	115,866	–
Interest paid	<u>(68,008)</u>	<u>(38,532)</u>	<u>(60,194)</u>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(260,873)</u>	<u>23,334</u>	<u>82,146</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	99	52,965	285,367
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>15,269</u>	<u>15,368</u>	<u>68,333</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	15,368	68,333	353,700
REPRESENTED BY BANK BALANCES AND CASH	<u><u>15,368</u></u>	<u><u>68,333</u></u>	<u><u>353,700</u></u>

## NOTES TO THE FINANCIAL INFORMATION

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

#### (A) General Information

Zhejiang Jinying is established in the PRC with limited liability. The address of its registered office and principal place of business is No 6, Industrial Park, Liuzhuan Road, Xihu district, Hangzhou, Zhejiang Province, the PRC. The Target Company is a joint venture between Huiying Real Estate (Hangzhou) Company Limited (會盈房地產(杭州)有限公司) and Shanghai Greentown Forest Golf Villa Development Company Limited (上海綠城森林高爾夫別墅開發有限公司). The ultimate holding company of Huiying Real Estate (Hangzhou) Company Limited is Wharf (Holdings) Limited (九龍倉集團有限公司) and the ultimate holding company of Shanghai Greentown Forest Golf Villa Development Company Limited is the Company. Shanghai Greentown Forest Golf Villa Development Company Limited acquired 50% equity interest in the Target Company from Jindu Real Estate Group Company Limited (金都房產集團有限公司) on 16 April 2013.

Zhejiang Jinying is principally engaged in the development for sale of residential properties in Hangzhou, the PRC.

The Financial Information are presented in Renminbi (the "RMB"), which is the same as the functional currency of the Target Company.

### 2. APPLICATION OF NEW AND REVISED IFRSs

For the purposes of preparing and presenting Financial Information for the Relevant Periods, the Target Company has adopted all IFRSs issued by the IASB which are effective for annual period beginning on 1 January 2014 consistently throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and amendments to standards that are not yet effective in the Relevant Periods. The Target Company has not early applied the following new and amendments to standards that have been issued but not yet effective.

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 14	Regulatory Deferral Accounts <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to IAS 1	Disclosure Initiative <sup>5</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle <sup>6</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle <sup>5</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to IAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for first annual IFRS financial statements beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The directors of the Target Company anticipate the application of these new and revised IFRSs will have no material impact on the Financial Information.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

The Financial Information has been prepared in accordance with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of the Ordinance.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

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

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

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

These policies have been consistently applied throughout the Relevant Periods.

The principal accounting policies are set out below.

**Revenue recognition**

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

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Borrowing costs**

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

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

**Taxation**

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**Retirement benefit costs**

The Target Company participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Target Company pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

**Property, plant and equipment**

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

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

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

**Impairment of tangible assets**

At the end of each reporting period, the Target Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

**Properties under development**

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

**Completed properties for sale**

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

**Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

The Target Company's financial assets are accounted for as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Effective interest method*

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

Interest income is recognised on an effective interest basis.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

*Impairment of financial assets*

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

Objective evidence of impairment could include:

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

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

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



For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *Financial liabilities and equity*

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

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

The Target Company's financial liabilities are generally classified into other financial liabilities.

#### *Effective interest method*

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

#### *Other financial liabilities*

Other financial liabilities including bank borrowings, trade and other payables, amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

#### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Target Company and not designated as at fair value through profit or loss is recognised initially at its fair value. Subsequent to initial recognition, the Target Company measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

#### *Derecognition*

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

*Net realisable value for properties under development and completed properties for sale*

Properties under development and completed properties remaining unsold at the end of each reporting periods are stated at the lower of cost and net realisable value.

Net realisable value for properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties under development and completed properties for sale may be required. As at 31 December 2012, 2013 and 2014, the carrying amounts of properties under development are RMB4,242,647,000, RMB3,634,134,000 and RMB2,618,749,000 respectively; the carrying amounts of completed properties for sales are RMB1,022,133,000, RMB1,623,007,000 and RMB1,563,041,000 respectively. There were no impairment loss for the properties under development and completed properties for sales during the Relevant Periods.

**5. CAPITAL RISK MANAGEMENT**

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

The capital structure of the Target Company consists of net debt, which includes the borrowings disclosed in Note 16 and 21(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Target Company review the capital structure on a regular basis. As part of this review, the directors of the Target Company consider the cost of capital and the risks associated with each class of capital. The Target Company will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December		
	2012	2013	2014
<i>Financial assets</i>			
Loans and receivables (including cash and cash equivalents)	93,419	69,989	400,444
<i>Financial liabilities</i>			
Financial liabilities at amortised cost	3,961,170	4,027,790	4,160,803

b. Financial risk management objectives and policies

The Target Company's major financial instruments include other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties and bank borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change in the Target Company's exposure to these risks or the manner in which it manages and measures risks.

*Interest rate risk*

The Target Company's exposure to fair value interest rate risk relates to its fixed-rate pledged bank deposits. The Target Company currently does not have an interest rate risk hedging policy as the management considers the Target Company is not exposed to significant fair value interest rate risk. The management will continue to monitor interest rate risk exposure and consider hedging against it should the need arises.

The Target Company is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and amount due to related parties.

No sensitivity analysis has been prepared because the Target Company capitalised all of its interest expense into properties under development for the years ended 31 December 2012, 2013 and 2014.

*Credit risk*

At the end of each reporting period, the Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Target Company arises from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and
- the amount of contingent liabilities disclosed in Note 20.

In order to minimise the credit risk, the directors of the Target Company continuously monitor the level of exposure by frequent review of the credit evaluation of the financial condition and credit quality of its counterparties to ensure that prompt follow-up action is taken to recover other receivables. To minimise the credit risk arising from customer mortgage guarantees, the Target Company has reserved the right to collect the properties sold to customers should they default on their mortgage payments and demanded the application for building ownership certificates by customers since these guarantees provided by the Target Company to the banks will be released upon receiving such certificates. In this regard, the directors consider that the Target Company's credit risk is significantly reduced.

The directors of the Target Company considers that the credit risk on liquid funds is low as counterparties are banks with good reputation.

*Liquidity risk*

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Target Company relies on amounts due to related parties as a significant source of liquidity.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

The following table details the Target Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Total RMB'000
At 31 December 2012					
<b>Financial liabilities</b>					
Trade and other payables	-	63,762	-	63,762	63,762
Bank borrowings					
- variable-rate	7.20	158,528	494,500	653,028	549,000
Amounts due to related parties					
- interest-free	-	3,134	-	3,134	3,134
- variable-rate	6.00	3,345,274	-	3,345,274	3,345,274
Financial guarantee contracts		198,074	-	198,074	-
		<u>3,768,772</u>	<u>494,500</u>	<u>4,263,272</u>	<u>3,961,170</u>
At 31 December 2013					
<b>Financial liabilities</b>					
Trade and other payables	-	68,516	-	68,516	68,516
Bank borrowings					
- variable-rate	6.52	-	566,095	566,095	495,000
Amounts due to related parties					
- interest-free	-	3,464,274	-	3,464,274	3,464,274
Financial guarantee contracts	-	161,058	-	161,058	-
		<u>3,693,848</u>	<u>566,095</u>	<u>4,259,943</u>	<u>4,027,790</u>
At 31 December 2014					
<b>Financial liabilities</b>					
Trade and other payables	-	59,189	-	59,189	59,189
Bank borrowings					
- variable-rate	6.65	41,385	645,324	686,709	637,340
Amounts due to related parties					
- interest-free	-	3,464,274	-	3,464,274	3,464,274
Financial guarantee contracts	-	178,558	-	178,558	-
		<u>3,743,406</u>	<u>645,324</u>	<u>4,388,730</u>	<u>4,160,803</u>

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

The amounts included above for financial guarantee contracts are the maximum amounts the Target Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Target Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

**c. Fair value**

The directors of the Target Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

**7. SEGMENT INFORMATION**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property sales	<u>186,626</u>	<u>521,183</u>	<u>1,308,990</u>

The chief operating decision-maker of the Target Company has been identified as the directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Target Company's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Target Company is organised and managed.

The Target Company's revenue and results are attributable to the market in the PRC (country of domicile) and all of the Target Company's assets are located in the PRC. The CODM regularly reviews revenue analysis and the result of the Target Company as a whole for the purpose of performance assessment and making decisions about resources allocation. Accordingly, the Target Company has only one operating and reporting segment for financial reporting purpose, which is the development for sale of residential properties. The Target Company's segment loss is the same as loss for the year of the Target Company. No customers account for 10% or more of the Target Company's revenue.

**8. OTHER INCOME**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on bank balances	234	885	1,733
Others	<u>233</u>	<u>2,583</u>	<u>12</u>
	<u>467</u>	<u>3,468</u>	<u>1,745</u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**9. LOSS BEFORE TAXATION**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax has been arrived at after charging (crediting):			
Salaries and other benefits	7,065	12,772	17,237
Retirement benefits scheme contributions	364	639	1,137
	<u>7,429</u>	<u>13,411</u>	<u>18,374</u>
Staff costs (including directors' emoluments)	7,429	13,411	18,374
Less: Capitalised in properties under development	(1,982)	(5,621)	(5,635)
	<u>5,447</u>	<u>7,790</u>	<u>12,739</u>
Depreciation of property, plant and equipment	729	841	483
Less: Capitalised in properties under development	–	(83)	(50)
	<u>729</u>	<u>758</u>	<u>433</u>
Auditors' remuneration	60	80	80
Cost of properties recognised as an expense	167,889	501,263	1,441,238
Interest expense on:			
– bank borrowings (wholly repayable within five years)	68,008	38,532	60,194
– amount due to shareholders (wholly repayable within five years)	151,370	–	–
	<u>219,378</u>	<u>38,532</u>	<u>60,194</u>
Less: Capitalised in properties under development	(219,378)	(38,532)	(60,194)
	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

Interest expense capitalised during each reporting period are calculated by applying a capitalisation rate of 6.17%, 6.52% and 6.65% per annum respectively for the years ended 31 December 2012, 2013 and 2014.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**10. TAXATION**

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Current tax:			
LAT	5,513	–	27,748
	<u>5,513</u>	<u>–</u>	<u>27,748</u>
Deferred tax ( <i>Note 12</i> ):			
Current year	–	(1,644)	(48,023)
	<u>5,513</u>	<u>(1,644)</u>	<u>(20,275)</u>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The tax charge for the year can be reconciled to the profit per the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Loss before taxation	(14,436)	(7,490)	(164,917)
Tax at the applicable PRC enterprise income tax rate of 25%	(3,609)	(1,872)	(41,229)
Tax effect of expenses not deductible for tax purposes	–	228	144
Tax effect of tax losses not recognised	3,609	–	–
LAT provision for the year	5,513	–	27,748
Tax effect of LAT	–	–	(6,938)
Tax charge for the year	<u>5,513</u>	<u>(1,644)</u>	<u>(20,275)</u>

Details of deferred taxation for the years ended 31 December 2012, 2013 and 2014 are set out in Note 12.

**PRC LAT**

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.



## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Target Company is required to pre-pay LAT on pre-sale proceeds at 2-3% for ordinary residential properties.

For the years ended 31 December 2012, 2013 and 2014, the Target Company estimated and made a provision for LAT in the amount of RMB5,513,000, Nil and RMB27,748,000, according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

### 11. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>COST</b>			
At 1 January 2012	2,415	1,614	4,029
Additions	47	–	47
At 31 December 2012	2,462	1,614	4,076
Additions	288	380	668
At 31 December 2013	2,750	1,994	4,744
Additions	735	1,000	1,735
At 31 December 2014	3,485	2,994	6,479
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2012	875	820	1,695
Charge for the year	400	329	729
At 31 December 2012	1,275	1,149	2,424
Charge for the year	475	366	841
At 31 December 2013	1,750	1,515	3,265
Charge for the year	442	41	483
At 31 December 2014	2,192	1,556	3,748
<b>CARRYING VALUES</b>			
At 31 December 2012	1,187	465	1,652
At 31 December 2013	1,000	479	1,479
At 31 December 2014	1,293	1,438	2,731

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

The above items of property, plant and equipment are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Furniture, fixtures and equipment	31 <sup>2</sup> / <sub>3</sub> %
Transportation equipment	19%

### 12. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Relevant Periods:

	Tax losses <i>RMB'000</i>	LAT provision <i>RMB'000</i>	Other <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2012	-	-	-	-
Charge to profit or loss	-	-	-	-
At 31 December 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Credit to profit or loss	768	-	876	1,644
At 31 December 2013	<u>768</u>	<u>-</u>	<u>876</u>	<u>1,644</u>
Credit (charge) to profit or loss	41,962	6,937	(876)	48,023
At 31 December 2014	<u>42,730</u>	<u>6,937</u>	<u>-</u>	<u>49,667</u>

At 31 December 2012, 2013 and 2014, the Target Company had unutilised tax losses of RMB14,436,000, RMB17,508,000 and RMB185,355,000 available for offset against future profits. Deferred tax asset has been recognised in respect of RMB nil, RMB3,072,000 and RMB167,848,000 of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB14,436,000, Nil and Nil due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	Year ended 31 December		
	2012 <i>RMB'000</i>	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>
2017	<u>14,436</u>	<u>14,436</u>	<u>14,436</u>

Based on the latest budgets, management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**13. PROPERTIES UNDER DEVELOPMENT**

	At 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Long-term leasehold land – at cost	2,770,298	2,337,075	1,710,063
Development costs	655,390	643,765	474,935
Finance costs capitalised	816,959	653,294	433,751
	<u>4,242,647</u>	<u>3,634,134</u>	<u>2,618,749</u>

Included in the properties under development for sales classified as current assets as at 31 December 2012, 2013 and 2014 are carrying value of approximately RMB3,137,767,000, RMB2,192,968,000 and RMB2,618,749,000 respectively which represents the carrying value of the properties expected to be completed and sold after more than twelve months from the end of each reporting periods.

**14. OTHER CURRENT ASSETS**

**Other receivables, deposits and prepayments**

	At 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other receivables	4,545	1,046	5,748
Prepayments and deposits	–	10,772	8,871
	<u>4,545</u>	<u>11,818</u>	<u>14,619</u>

Other receivables are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

No allowance was made for other receivables.

**Bank balances and cash/pledged bank deposits**

Bank balances and cash comprise cash held by the Target Company and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates of 0.35%, 0.35% and 0.35% per annum for the years ended 31 December 2012, 2013, and 2014, respectively.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Target Company. The pledged bank deposits carry interest at fixed rates of 0.35%, 0.35% and 0.35% per annum for the years ended 31 December 2012, 2013, and 2014, respectively

As at 31 December 2012, 2013 and 2014, the Target Company had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB88,874,000 RMB68,943,000 and RMB394,696,000 respectively. Renminbi is not freely convertible into other currencies.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**15. TRADE AND OTHER PAYABLES**

The aged analysis of trade payables is stated as follows:

	At 31 December		
	2012 RMB'000	2013 RMB'000	2014 RMB'000
Within 30 days	54,270	65,685	49,351
Trade payables	54,270	65,685	49,351
Other payables and accrued expenses	9,492	2,831	9,838
	<u>63,762</u>	<u>68,516</u>	<u>59,189</u>

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

**16. BANK BORROWINGS**

	At 31 December		
	2012 RMB'000	2013 RMB'000	2014 RMB'000
Secured bank borrowings ( <i>Note 18</i> )	<u>549,000</u>	<u>495,000</u>	<u>637,340</u>
	At 31 December		
	2012 RMB'000	2013 RMB'000	2014 RMB'000
Carrying amount repayable*:			
Within one year	119,000	-	40,000
More than one year, but not exceeding two years	-	145,000	527,340
More than two years, but not exceeding three years	430,000	350,000	70,000
	<u>549,000</u>	<u>495,000</u>	<u>637,340</u>
Less: Amounts due within one year shown under current liabilities	<u>(119,000)</u>	<u>-</u>	<u>(40,000)</u>
	<u>430,000</u>	<u>495,000</u>	<u>597,340</u>

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Bank borrowings can be further analysed as follows:

	At 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Variable-rate	549,000	495,000	637,340

Interest on variable-rate bank borrowings is based on The People's Bank of China benchmark rate.

The average interest rates were as follows:

	At 31 December		
	2012	2013	2014
Bank borrowings	7.20%	6.52%	6.65%

At the end of the reporting period, certain bank borrowings are guaranteed by the following companies:

	At 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Secured bank borrowings:			
Shareholders	430,000	350,000	637,340
Independent third parties	–	145,000	–

### 17. COMMITMENTS

	At 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commitments contracted for but not provided in the financial statements in respect of:			
Properties under development	440,582	325,048	485,593

### 18. PLEDGE OF ASSETS

At the end of each reporting period, the following assets were pledged to secure credit facilities granted to the Target Company:

	At 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties under development	1,351,994	1,436,955	958,398
Completed properties for sale	–	–	371,351
	1,351,994	1,436,955	1,329,749

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

### 19. RETIREMENT BENEFITS PLANS

The employees of the Target Company in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC company is required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Target Company with respect to the retirement benefits schemes is to make the specified contributions.

### 20. CONTINGENT LIABILITIES

#### (i) Guarantees

The Target Company provided guarantees of RMB198,074,000, RMB161,058,000 and RMB178,558,000 at 31 December 2012, 2013 and 2014 respectively to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Target Company's developed properties. These guarantees provided by the Target Company to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.

### 21. RELATED PARTY DISCLOSURES

(i) During the year, in addition to those disclosed in other notes to the Financial Information, the Target Company entered into the following transactions with related parties:

	Year ended 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense arising from amounts due to shareholders wholly repayable within 5 years (capitalised in properties for development)	75,685	-	-
Property management fees paid to a shareholder	3,631	-	-
Other service fees to shareholder's companies	891	-	-
Rental expense paid to a shareholder	101	-	-
Rental income from a shareholder's company	400	-	-

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

- (ii) As at the end of each reporting period, the Target Company had balances with related parties, which are all unsecured and repayable on demand, as follows:

	<b>2012</b>	
	<b>Project-related</b>	
	<b>Interest bearing</b> <i>RMB'000</i>	<b>Non-interest bearing</b> <i>RMB'000</i>
Due to:		
Shareholders	3,345,274	–
Shareholder's companies	–	3,134
	3,345,274	3,134
	3,345,274	3,134

	<b>2013</b>	
	<b>Project-related</b>	
	<b>Interest bearing</b> <i>RMB'000</i>	<b>Non-interest bearing</b> <i>RMB'000</i>
Due to Shareholders	–	3,464,274
	–	3,464,274
	–	3,464,274

	<b>2014</b>	
	<b>Project-related</b>	
	<b>Interest bearing</b> <i>RMB'000</i>	<b>Non-interest bearing</b> <i>RMB'000</i>
Due to Shareholders	–	3,464,274
	–	3,464,274
	–	3,464,274

In respect of project-related balances with related parties:

- (a) The trade balance due to shareholder(s) are mainly project advances to the Target Company and are tied to the project development cycle. The advances carry interest at variable rate based on 1 year People's Bank of China basis rate, Nil and Nil for the year ended 31 December 2012, 2013 and 2014 respectively.
- (b) The trade balance due to shareholder's companies in 2012 was mainly property management fees and service fees.

**B. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 31 December 2014.

Yours faithfully,  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
 Hong Kong



29 June 2015

The Directors  
Greentown China Holdings Limited  
綠城中國控股有限公司

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Shanghai Huazhe Bund Real Estate Co., Ltd.<sup>#</sup> (上海華浙外灘置業有限公司) (“Huazhe Bund”) (referred to as the “Target Company”) for each of the 3 years ended 31 December 2014 (the “Relevant Periods”) for inclusion in the circular of Greentown China Holdings Limited (the “Company”) dated 29 June 2015 (the “Circular”) in connection with the proposed acquisition of the return on investment in respect of the 51% equity interest in Huazhe Bund as part of a series of transactions contemplated under framework agreement entered into between the Company and Sunac China Holdings Limited on 15 May 2015, constituting a major transaction under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Huazhe Bund was established in the People’s Republic of China (the “PRC”) on 26 September 2002 and registered as a domestic company with limited liability. The registered office of Huazhe Bund is Room 3803, No 222, Yan’an Road East, Huangpu district, Shanghai, the PRC.

Huazhe Bund has adopted 31 December as its financial year end date.

The statutory financial statements of Huazhe Bund for the Relevant Periods were prepared in accordance with the relevant accounting principles and regulations applicable to enterprises established in the PRC and were audited by Shanghai Shenwei Certified Public Accountants<sup>#</sup> (上海申威聯合會計師事務所), certified public accountants registered in the PRC.

For the purpose of this report, the directors of the Target Company has prepared the financial statements of the Target Company for the Relevant Periods (the “Underlying Financial Statements”) using accounting policies in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and

<sup>#</sup> The English name is translated for identification purpose only.



<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Target Company for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustment was considered necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

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

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company as at 31 December 2012, 2013 and 2014, and of its results and cash flows for the Relevant Periods.

**A. FINANCIAL INFORMATION**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<i>NOTES</i>	<b>Year ended 31 December</b>		
		<b>2012</b>	<b>2013</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	7	2,772,737	734,719	246,256
Cost of sales		<u>(1,744,923)</u>	<u>(338,342)</u>	<u>(274,083)</u>
Gross profit		1,027,814	396,377	(27,827)
Other income	8	193	245	12,241
Selling expenses		(20,955)	(17,832)	(25,458)
Administrative expenses		(20,742)	(10,352)	(14,503)
Finance costs	9	<u>–</u>	<u>–</u>	<u>(10,567)</u>
Profit (loss) before taxation	9	986,310	368,438	(66,114)
Taxation	10	<u>(480,947)</u>	<u>(146,983)</u>	<u>56,454</u>
Profit (loss) and total comprehensive income (expense) for the year		<u>505,363</u>	<u>221,455</u>	<u>(9,660)</u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**STATEMENTS OF FINANCIAL POSITION**

	NOTES	At 31 December		
		2012 <i>RMB'000</i>	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Non-Current Assets</b>				
Property, plant and equipment	11	4,317	3,177	2,167
Deferred tax assets	12	65,314	78,331	80,657
		<u>69,631</u>	<u>81,508</u>	<u>82,824</u>
<b>Current Assets</b>				
Properties under development	13	1,951,696	2,294,511	3,144,704
Completed properties for sale		455,863	117,520	63,880
Trade and other receivables, deposits and prepayments	14	57,121	46,218	110,771
Amounts due from related parties	20	28,207	149,926	29,647
Prepaid income taxes		55,232	5,670	81,376
Prepaid other taxes		–	6,456	79,854
Pledged bank deposits	14	21,148	505	64,464
Bank balances and cash	14	73,967	341,916	671,903
		<u>2,643,234</u>	<u>2,962,722</u>	<u>4,246,599</u>
<b>Current Liabilities</b>				
Trade and other payables	15	252,784	235,132	457,025
Pre-sale deposits		311,385	114,258	1,259,197
Amounts due to related parties	20	856,369	279,861	24,066
Income taxes payable		510,350	604,266	421,673
Other taxes payable		19,172	52,548	69,971
		<u>1,950,060</u>	<u>1,286,065</u>	<u>2,231,932</u>
<b>Net Current Assets</b>		<u>693,174</u>	<u>1,676,657</u>	<u>2,014,667</u>
<b>Total Assets Less Current Liabilities</b>		<u><u>762,805</u></u>	<u><u>1,758,165</u></u>	<u><u>2,097,491</u></u>

<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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		<b>At 31 December</b>		
		<b>2012</b>	<b>2013</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current Liabilities</b>				
Bank and other borrowings	16	226,095	1,000,000	1,348,986
		226,095	1,000,000	1,348,986
<b>Net Assets</b>		536,710	758,165	748,505
<b>Capital and Reserves</b>				
Registered capital		50,000	50,000	50,000
Reserves		486,710	708,165	698,505
<b>Total Equity</b>		536,710	758,165	748,505

<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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**STATEMENTS OF CHANGES IN EQUITY**

	<b>Registered capital RMB'000</b>	<b>Retained earnings RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2012	50,000	(18,653)	31,347
Profit and total comprehensive income for the year	<u>—</u>	<u>505,363</u>	<u>505,363</u>
At 31 December 2012	<u><u>50,000</u></u>	<u><u>486,710</u></u>	<u><u>536,710</u></u>
Profit and total comprehensive income for the year	<u>—</u>	<u>221,455</u>	<u>221,455</u>
At 31 December 2013	<u><u>50,000</u></u>	<u><u>708,165</u></u>	<u><u>758,165</u></u>
Loss and total comprehensive expense for the year	<u>—</u>	<u>(9,660)</u>	<u>(9,660)</u>
At 31 December 2014	<u><u>50,000</u></u>	<u><u>698,505</u></u>	<u><u>748,505</u></u>

<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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**STATEMENTS OF CASH FLOWS**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>OPERATING ACTIVITIES</b>			
Profit before tax	986,310	368,438	(66,114)
Adjustments for:			
Loss on disposal of property, plant and equipment	7	–	–
Interest income	(193)	(245)	(11,779)
Finance costs	–	–	10,567
	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	986,124	368,193	(67,326)
Decrease (increase) in properties under development	1,980,939	(328,778)	(709,820)
Decrease (increase) in completed properties for sale	(455,863)	338,343	53,640
Decrease (increase) in trade and other receivables, deposits and prepayments	9,643	10,903	(64,553)
Decrease (increase) in prepaid other taxes	126,967	(6,456)	(73,398)
(Decrease) increase in pre-sale deposits	(2,021,007)	(197,127)	1,144,939
(Decrease) increase in trade and other payables	(210,441)	(17,652)	221,893
(Decrease) increase in other taxes payable	(7,243)	33,376	17,423
	<hr/>	<hr/>	<hr/>
Cash generated from operations	409,119	200,802	522,798
Income taxes paid	(4,177)	(16,522)	(204,171)
	<hr/>	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>404,942</b>	<b>184,280</b>	<b>318,627</b>

<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(3,632)	(73)	(155)
Repayment from (advance to) related parties	16,093	(121,719)	120,279
(Increase) decrease in pledged bank deposits	(21,148)	20,643	(63,959)
Interest received	193	245	11,779
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<u>(8,494)</u>	<u>(100,904)</u>	<u>67,944</u>
<b>FINANCING ACTIVITIES</b>			
Bank and other borrowings raised	500,000	1,000,000	1,348,986
Repayment of bank and other borrowings	(773,905)	(226,095)	(1,000,000)
Advance from (repayment to) borrowings from related parties	28,352	(576,508)	(255,795)
Interest paid	(77,098)	(12,824)	(149,775)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<u>(322,651)</u>	<u>184,573</u>	<u>(56,584)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	73,797	267,949	329,987
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>170</u>	<u>73,967</u>	<u>341,916</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	73,967	341,916	671,903
<b>REPRESENTED BY BANK BALANCES AND CASH</b>	<u><u>73,967</u></u>	<u><u>341,916</u></u>	<u><u>671,903</u></u>

## NOTES TO THE FINANCIAL INFORMATION

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

#### (A) General Information

Huazhe Bund is established in the PRC with limited liability. The address of its registered office and principal place of business is Room 3803, No. 222, Yan'an Road East, Huangpu district, Shanghai, the PRC. Shanghai Sunac Greentown Investment Holdings Co., Ltd. (上海融創綠城投資控股有限公司) ("Shanghai Sunac Greentown") acquired 51% equity interest in the Target Company from Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) ("Greentown Real Estate") on 1 July 2012. After the acquisition, the 51% equity interests in Huazhe Bund is still held by Greentown Real Estate as nominee for the benefit of Shanghai Sunac Greentown as the requisite filings to be made with the relevant government authorities in relation to the change in shareholders have not yet been completed pending assistance from other shareholders of Huazhe Bund. Shanghai Sunac Greentown has the beneficial interest in, and is entitled to, all the shareholder's rights in relation to 51% of equity interest in Shanghai Huazhe Bund, notwithstanding the absence of the legal title, therefore, in the opinion of the director of the Target Company, the immediate holding company of the Target Company since 1 July 2012 is Shanghai Sunac Greentown and the ultimate holding company of the Target Company is Sunac China Holdings Limited (融創中國控股有限公司).

Huazhe Bund is principally engaged in the development for sale of residential properties in Shanghai, the PRC.

The Financial Information are presented in Renminbi (the "RMB"), which is the same as the functional currency of the Target Company.

### 2. APPLICATION OF NEW AND REVISED IFRSs

For the purposes of preparing and presenting Financial Information for the Relevant Periods, the Target Company has adopted all IFRSs issued by the IASB which are effective for annual period beginning on 1 January 2014 consistently throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and amendments to standards that are not yet effective in the Relevant Periods. The Target Company has not early applied the following new and amendments to standards that have been issued but not yet effective.

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 14	Regulatory Deferral Accounts <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to IAS 1	Disclosure Initiative <sup>5</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle <sup>6</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle <sup>5</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to IAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for first annual IFRS financial statements beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The directors of the Target Company anticipate the application of these new and revised IFRSs will have no material impact on the Financial Information.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

The Financial Information has been prepared in accordance with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of the Ordinance.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

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

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

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

These policies have been consistently applied throughout the Relevant Periods.

The principal accounting policies are set out below.

**Revenue recognition**

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

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.



Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Borrowing costs**

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

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

#### **Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit (loss) before taxation" as reported in the statements of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

#### **Retirement benefit costs**

The Target Company participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Target Company pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

**Property, plant and equipment**

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

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

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

**Impairment of tangible assets**

At the end of each reporting period, the Target Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

**Properties under development**

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

**Completed properties for sale**

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

**Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

The Target Company's financial assets are accounted for as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Effective interest method*

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

Interest income is recognised on an effective interest basis.

*Loans and receivables*

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

*Impairment of financial assets*

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

Objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *Financial liabilities and equity*

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

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

The Target Company's financial liabilities are generally classified into other financial liabilities.

#### *Effective interest method*

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

#### *Other financial liabilities*

Other financial liabilities including bank and other borrowings, trade and other payables, amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

#### *Derecognition*

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

*Net realisable value for properties under development and completed properties for sale*

Properties under development and completed properties remaining unsold at the end of each Relevant Periods are stated at the lower of cost and net realisable value.

Net realisable value for properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties under development and completed properties for sale may be required. As at 31 December 2012, 2013 and 2014, the carrying amounts of properties under development are RMB1,951,696,000, RMB2,294,511,000 and RMB3,144,704,000 respectively; the carrying amounts of completed properties for sales are RMB455,863,000, RMB117,520,000 and RMB63,880,000 respectively. There were no impairment loss for the properties under development and completed properties for sales during the Relevant Periods.

*Estimated impairment of trade and other receivables and amounts due from related parties*

When there is objective evidence of impairment loss, the Target Company takes into consideration the estimation of future cash flows to determine impairment loss. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2012, 2013 and 2014, the carrying amount of trade and other receivables and amounts due from related parties is RMB85,328,000, RMB196,144,000 and RMB140,418,000 respectively there were no impairment loss for the trade and other receivables during the Relevant Periods.

*Land Appreciation Tax*

For the years ended 31 December 2012, 2013 and 2014, the provision for Land Appreciation Tax ("LAT") amounting to RMB261,256,000, RMB313,324,000 and RMB222,008,000 (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

5. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged throughout the relevant periods.

The capital structure of the Target Company consists of net debt, which includes the borrowings disclosed in Note 16 and 20(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Target Company review the capital structure on a regular basis. As part of this review, the directors of the Target Company consider the cost of capital and the risks associated with each class of capital. The Target Company will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December		
	2012	2013	2014
<i>Financial assets</i>			
Loans and receivables (including cash and cash equivalents)	180,443	538,565	876,785
<i>Financial liabilities</i>			
Financial liabilities at amortised cost	1,335,248	1,514,993	1,830,077

b. Financial risk management objectives and policies

The Target Company's major financial instruments include trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties and bank and other borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change in the Target Company's exposure to these risks or the manner in which it manages and measures risks.

*Interest rate risk*

The Target Company's exposure to fair value interest rate risk relates to its fixed-rate amounts due to related parties and bank and other borrowings. The Target Company currently does not have an interest rate risk hedging policy as the management considers the Target Company is not exposed to significant fair value interest rate risk. The management will continue to monitor interest rate risk exposure and consider hedging against it should the need arise.

The Target Company is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings.

*Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. For variable-rate bank and other borrowings, the analysis is prepared assuming the balances outstanding at the end of the Relevant Periods were outstanding for the whole financial years. A 50 basis point increase or decrease in interest rates throughout the Relevant Periods represent management's assessment of the reasonably possible change in interest rates.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Target Company's post-tax profit for the year ended 31 December 2012, 2013 and 2014 would have decreased/increased by Nil, Nil and RMB5,059,000 respectively. This is mainly attributable to the Target Company's exposure to interest rates on its variable-rate bank and other borrowings. There was no impact on the Target Company's post-tax profit for the year ended 31 December 2012 and 2013, because the interest expense was all capitalised into properties under development.

*Credit risk*

At the end of each reporting period, the Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Target Company arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise the credit risk, the directors of the Target Company continuously monitor the level of exposure by frequent review of the credit evaluation of the financial condition and credit quality of its counterparties to ensure that prompt follow-up action is taken to recover overdue trade debts, other receivables and amounts due from related parties. In addition, the Target Company reviews the recoverable amount of each overdue debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Target Company's credit risk is significantly reduced.

The directors of the Target Company considers that the credit risk on liquid funds is low as counterparties are banks with good reputation.

*Liquidity risk*

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Target Company relies on bank and other borrowings and amounts due to related parties as a significant source of liquidity.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

The following table details the Target Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Total RMB'000
At 31 December 2012					
<b>Financial liabilities</b>					
Trade and other payables	-	252,784	-	252,784	252,784
Bank and other borrowings					
- fixed-rate	12.57	28,420	235,568	263,988	226,095
Amounts due to related parties					
- interest-free	-	85	-	85	85
- fixed-rate	10.98	856,284	-	856,284	856,284
		<u>1,137,573</u>	<u>235,568</u>	<u>1,373,141</u>	<u>1,335,248</u>
At 31 December 2013					
<b>Financial liabilities</b>					
Trade and other payables	-	235,132	-	235,132	235,132
Bank and other borrowings					
- fixed-rate	14.85	148,500	1,136,125	1,284,625	1,000,000
Amounts due to related parties					
- interest-free	-	85	-	85	85
- fixed-rate	10.98	279,776	-	279,776	279,776
		<u>663,493</u>	<u>1,136,125</u>	<u>1,799,618</u>	<u>1,514,993</u>
At 31 December 2014					
<b>Financial liabilities</b>					
Trade and other payables	-	457,025	-	457,025	457,025
Bank and other borrowings					
- variable-rate	6.46	87,388	1,570,050	1,657,438	1,348,986
Amounts due to related parties					
- interest-free	-	85	-	85	85
- fixed-rate	10.98	23,981	-	23,981	23,981
		<u>568,479</u>	<u>1,570,050</u>	<u>2,138,529</u>	<u>1,830,077</u>



## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

**c. Fair value**

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

**7. SEGMENT INFORMATION**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property sales	<u>2,772,737</u>	<u>734,719</u>	<u>246,256</u>

The chief operating decision-maker of the Target Company has been identified as the directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Target Company's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Target Company is organised and managed.

The Target Company's revenue and results are attributable to the market in the PRC (country of domicile) and all of the Target Company's assets are located in the PRC. The CODM regularly reviews revenue analysis and the result of the Target Company as a whole for the purpose of performance assessment and marking decisions about resources allocation. Accordingly, the Target Company has only one operating and reporting segment for financial reporting purpose, which is the development for sale of residential properties. The Target Company's segment profit is the same as profit for the year of the Target Company. No customers account for 10% or more of the Target Company's revenue.

**8. OTHER INCOME**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	193	245	11,779
Others	<u>–</u>	<u>–</u>	<u>462</u>
	<u>193</u>	<u>245</u>	<u>12,241</u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**9. PROFIT (LOSS) BEFORE TAXATION**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit (loss) before tax has been arrived at after charging (crediting):			
Salaries and other benefits	14,024	14,438	20,152
Retirement benefits scheme contributions	787	1,526	1,583
	<u>14,811</u>	<u>15,964</u>	<u>21,735</u>
Staff costs (including directors' emoluments)	14,811	15,964	21,735
Less: Capitalised in properties under development	(7,465)	(8,156)	(11,856)
	<u>7,346</u>	<u>7,808</u>	<u>9,879</u>
Depreciation of property, plant and equipment	490	1,213	1,165
Less: Capitalised in properties under development	(490)	(1,213)	(1,165)
	<u>-</u>	<u>-</u>	<u>-</u>
Auditors' remuneration	48	55	80
Cost of properties recognised as an expense	1,744,923	338,342	274,083
Net loss on disposal of property, plant and equipment	7	-	-
	<u>33,988</u>	<u>12,063</u>	<u>147,143</u>
Interest expense on:			
- bank borrowings (wholly repayable within five years)	33,988	12,063	147,143
- amount due to shareholders (wholly repayable within five years)	32,772	36,781	2,633
	<u>66,760</u>	<u>48,844</u>	<u>149,776</u>
Less: Capitalised in properties under development	(66,760)	(48,844)	(139,209)
	<u>-</u>	<u>-</u>	<u>10,567</u>

Interest expense capitalised during each reporting period are calculated by applying a capitalisation rate of 12.06%, 12.15% and 10.14% per annum respectively for the years ended 31 December 2012, 2013 and 2014.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**10. TAXATION**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:			
PRC enterprise income tax	192,644	87,202	–
LAT	311,934	72,798	(54,127)
	<u>504,578</u>	<u>160,000</u>	<u>(54,127)</u>
Deferred tax ( <i>Note 12</i> ):			
Current year	<u>(23,631)</u>	<u>(13,017)</u>	<u>(2,327)</u>
	<u>480,947</u>	<u>146,983</u>	<u>(56,454)</u>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25%.

The tax charge can be reconciled to the profit (loss) per the statements of profit or loss and other comprehensive income as follows:

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit (loss) before taxation	<u>986,310</u>	<u>368,438</u>	<u>(66,114)</u>
Tax at the applicable PRC enterprise income tax rate of 25%	246,578	92,109	(16,529)
Tax effect of expenses not deductible for tax purposes	419	275	670
LAT provision for the year	311,934	72,798	(54,127)
Tax effect of LAT	<u>(77,984)</u>	<u>(18,200)</u>	<u>13,532</u>
Tax charge for the year	<u>480,947</u>	<u>146,983</u>	<u>(56,454)</u>

Details of deferred taxation for the years ended 31 December 2012, 2013 and 2014 are set out in Note 12.

**PRC LAT**

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Target Company is required to pre-pay LAT on pre-sale proceeds at 1% to 5% for ordinary residential properties.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

For the years ended 31 December 2012 and 2013, the Target Company estimated and made a provision for LAT in the amount of RMB311,934,000, RMB72,798,000 according to the requirements set forth in the relevant PRC tax laws and regulations. In 2014, the Target Company estimated and reversed the provision for LAT in the amount of RMB54,127,000 after finalisation of construction cost. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Furniture, fixtures and equipment</b> <i>RMB'000</i>	<b>Transportation equipment</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>COST</b>			
At 1 January 2012	849	3,197	4,046
Additions	269	3,363	3,632
Disposals	(154)	–	(154)
	<u>964</u>	<u>6,560</u>	<u>7,524</u>
At 31 December 2012	964	6,560	7,524
Additions	73	–	73
	<u>1,037</u>	<u>6,560</u>	<u>7,597</u>
At 31 December 2013	1,037	6,560	7,597
Additions	155	–	155
	<u>1,192</u>	<u>6,560</u>	<u>7,752</u>
At 31 December 2014	1,192	6,560	7,752
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2012	636	2,228	2,864
Charge for the period	98	392	490
Eliminated on disposals	(147)	–	(147)
	<u>587</u>	<u>2,620</u>	<u>3,207</u>
At 31 December 2012	587	2,620	3,207
Charge for the year	158	1,055	1,213
	<u>745</u>	<u>3,675</u>	<u>4,420</u>
At 31 December 2013	745	3,675	4,420
Charge for the year	153	1,012	1,165
	<u>898</u>	<u>4,687</u>	<u>5,585</u>
At 31 December 2014	898	4,687	5,585
<b>CARRYING VALUES</b>			
At 31 December 2012	<u>377</u>	<u>3,940</u>	<u>4,317</u>
At 31 December 2013	<u>292</u>	<u>2,885</u>	<u>3,177</u>
At 31 December 2014	<u>294</u>	<u>1,873</u>	<u>2,167</u>

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

The above items of property, plant and equipment are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Furniture, fixtures and equipment	19%–31 <sup>2</sup> / <sub>3</sub> %
Transportation equipment	11 <sup>7</sup> / <sub>8</sub> %–23 <sup>3</sup> / <sub>4</sub> %

### 12. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	<b>Tax losses</b> <i>RMB'000</i>	<b>LAT provision</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2012	17,175	24,508	41,683
(Charge) credit to profit or loss	(17,175)	40,806	23,631
At 31 December 2012	–	65,314	65,314
Credit to profit or loss	–	13,017	13,017
At 31 December 2013	–	78,331	78,331
(Charge) credit to profit or loss	25,155	(22,829)	2,326
At 31 December 2014	25,155	55,502	80,657

At 31 December 2012, 2013 and 2014, the Target Company had unutilised tax losses of Nil, Nil and RMB100,622,000 available for offset against future profits. Deferred tax asset has been recognised in respect of Nil, Nil and RMB100,622,000 of such losses.

### 13. PROPERTIES UNDER DEVELOPMENT

	<b>At 31 December</b>		
	<b>2012</b> <i>RMB'000</i>	<b>2013</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
Long-term leasehold land – at cost	1,576,970	1,781,361	2,225,376
Development costs	12,097	101,677	368,646
Finance costs capitalised	362,629	411,473	550,682
	1,951,696	2,294,511	3,144,704

As at 31 December 2012, 2013 and 2014, properties under development for sales classified as current assets are all expected to be completed and sold after more than twelve months from the end of each reporting periods.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**14. OTHER CURRENT ASSETS**

**Trade and other receivables**

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	–	–	62,000
Other receivables	57,121	46,218	48,771
	<u>57,121</u>	<u>46,218</u>	<u>110,771</u>

The Target Company allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated below.

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	–	–	62,000
Trade receivables	<u>–</u>	<u>–</u>	<u>62,000</u>

Other receivables are interest-free, unsecured and are repayable on demand. No allowance was made for trade and other receivables.

**Bank balances and cash/pledged bank deposits**

Bank balances and cash comprise cash held by the Target Company and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates of 0.35%, 0.35%, 0.35% per annum for the year ended 31 December 2012, 2013, and 2014, respectively.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Target Company. The pledged bank deposits carry interest at fixed rates of 0.35%, 0.35%, 0.35% per annum for the year ended 31 December 2012, 2013, and 2014, respectively.

As at 31 December 2012, 2013 and 2014, the Target Company had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB95,115,000, RMB342,421,000 and RMB736,367,000 respectively. Renminbi is not freely convertible into other currencies.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**15. TRADE AND OTHER PAYABLES**

The aged analysis of trade payables is stated as follows:

	At 31 December		
	2012 RMB'000	2013 RMB'000	2014 RMB'000
Within 30 days	196,233	213,799	428,013
Over 365 days	–	–	80
	<u>196,233</u>	<u>213,799</u>	<u>428,093</u>
Trade payables	196,233	213,799	428,093
Other payables and accrued expenses	56,551	21,333	28,932
	<u>252,784</u>	<u>235,132</u>	<u>457,025</u>

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

**16. BANK AND OTHER BORROWINGS**

	At 31 December		
	2012 RMB'000	2013 RMB'000	2014 RMB'000
Secured bank loans ( <i>Note 18</i> )	–	–	1,348,986
Secured other loans from non-bank financial institutions ( <i>Note 18</i> )	226,095	1,000,000	–
	<u>226,095</u>	<u>1,000,000</u>	<u>1,348,986</u>

	At 31 December		
	2012 RMB'000	2013 RMB'000	2014 RMB'000
Carrying amount repayable*:			
More than one year, but not exceeding two years	226,095	1,000,000	–
More than two years, but not exceeding three years	–	–	597,520
More than four years, but not exceeding five years	–	–	751,466
	<u>226,095</u>	<u>1,000,000</u>	<u>1,348,986</u>

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

Bank and other borrowings can be further analysed as follows:

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Variable-rate	–	–	1,348,986
Fixed-rate	226,095	1,000,000	–
	<u>226,095</u>	<u>1,000,000</u>	<u>1,348,986</u>

Interest on variable-rate bank borrowings is based on The People's Bank of China benchmark rate.

The average interest rates were as follows:

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
Bank and other loans	<u>12.57%</u>	<u>14.85%</u>	<u>9.12%</u>

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Guaranteed bank loans:			
Immediate holding company	–	–	751,466
Intermediate holding company	–	–	597,520
	<u>–</u>	<u>–</u>	<u>1,348,986</u>

**17. COMMITMENTS**

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commitments contracted for but not provided in the financial statements in respect of:			
Properties under development	<u>196,233</u>	<u>218,149</u>	<u>428,093</u>



## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

### 18. PLEDGE OF ASSETS

At the end of the Relevant Periods, the following assets were pledged to secure borrowings granted to the Target Company:

	At 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties under development	2,012,619	–	1,580,759
Completed properties for sale	–	81,494	–
	2,012,619	81,494	1,580,759
	2,012,619	81,494	1,580,759

### 19. RETIREMENT BENEFITS PLANS

The employees of the Target Company in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC company is required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Target Company with respect to the retirement benefits schemes is to make the specified contributions.

### 20. RELATED PARTY DISCLOSURES

- (i) During the year, in addition to those disclosed in other notes to the Financial Information, the Target Company entered into the following transactions with related parties:

	Year ended 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense arising from amounts due to shareholders (capitalised in properties under development)	32,772	36,781	2,633
	32,772	36,781	2,633
	32,772	36,781	2,633

- (ii) As at the end of the reporting period, the Target Company had balances with related parties, which are all unsecured and repayable on demand, as follows:

	2012					
	Project-related		Non-project related		Total	
	Interest bearing	Non-interest bearing	Interest bearing	Non-interest bearing	Interest bearing	Non-interest bearing
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due from Shareholders	–	–	–	28,207	28,207	–
	–	–	–	28,207	28,207	–
	–	–	–	28,207	28,207	–
Due to Shareholders	856,284	–	–	–	–	856,284
Related company	–	85	–	–	85	–
	856,284	85	–	–	85	856,284
	856,284	85	–	–	85	856,284





29 June 2015

The Directors  
Greentown China Holdings Limited  
綠城中國控股有限公司

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Beijing Xingye Wanfa Real Estate Development Co., Ltd.<sup>#</sup> (北京興業萬發房地產開發有限公司) (“Xingye Wanfa”) (referred to as the “Target Company”) for each of the 3 years ended 31 December 2014 (the “Relevant Periods”) for inclusion in the circular of Greentown China Holdings Limited (the “Company”) dated 29 June 2015 (the “Circular”) in connection with the proposed acquisition of the 45% equity interest in Xingye Wanfa as part of a series of transactions contemplated under framework agreement entered into between the Company and Sunac China Holdings Limited on 15 May 2015, constituting a major transaction under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Xingye Wanfa was established in the People’s Republic of China (the “PRC”) on 26 October 2000 and registered as a domestic company with limited liability. The registered office of Xingye Wanfa is 50 meters east of Yan’qi Town Hall, Huai’rou district, Beijing, the PRC.

Xingye Wanfa has adopted 31 December as its financial year end date.

The statutory financial statements of Xingye Wanfa for the Relevant Periods were prepared in accordance with the relevant accounting principles and regulations applicable to enterprises established in the PRC and were audited by Beijing Tianhongyongxin Certified Public Accountants LLP<sup>#</sup> (北京天鴻永信會計師事務所 (普通合夥)), certified public accountants registered in the PRC.

For the purpose of this report, the directors of the Target Company has prepared the financial statements of the Target Company for the Relevant Periods (the “Underlying Financial Statements”) using accounting policies in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

<sup>#</sup> The English name is translated for identification purpose only.

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

The Financial Information of the Target Company for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustment was considered necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

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

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company as at 31 December 2012, 2013 and 2014, and of its results and cash flows for the Relevant Periods.

### A. FINANCIAL INFORMATION

#### STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December		
		2012	2013	2014
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	7	–	1,938	–
Cost of sales		–	(223)	–
		<u>–</u>	<u>(223)</u>	<u>–</u>
Gross profit		–	1,715	–
Other income	8	598	1,089	101
Selling expenses		(4,314)	(1,013)	(221)
Administrative expenses		(6,575)	(3,369)	(6,406)
		<u>(6,575)</u>	<u>(3,369)</u>	<u>(6,406)</u>
Loss before taxation	9	(10,291)	(1,578)	(6,526)
Taxation	10	(29,933)	(389)	–
		<u>(29,933)</u>	<u>(389)</u>	<u>–</u>
Loss and total comprehensive expense for the year		<u>(40,224)</u>	<u>(1,967)</u>	<u>(6,526)</u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**STATEMENTS OF FINANCIAL POSITION**

	NOTES	At 31 December		
		2012 RMB'000	2013 RMB'000	2014 RMB'000
<b>Non-Current Assets</b>				
Property, plant and equipment	12	2,477	1,521	756
Deferred tax assets	13	11,755	11,864	11,864
		<u>14,232</u>	<u>13,385</u>	<u>12,620</u>
<b>Current Assets</b>				
Properties under development	14	2,502,919	2,699,454	2,732,263
Completed properties for sale		9,181	8,958	8,958
Trade and other receivables	15	14,630	68,149	62,575
Amounts due from related parties	20	34,012	33,453	33,453
Prepaid other taxes		–	101	50
Pledged bank deposits	15	14,026	6,280	3,843
Bank balances and cash	15	17,631	5,289	3,119
		<u>2,592,399</u>	<u>2,821,684</u>	<u>2,844,261</u>
<b>Current Liabilities</b>				
Trade and other payables	16	465,565	308,744	271,111
Pre-sale deposits		10,000	13,499	13,499
Amounts due to related parties	20	1,887,476	2,271,037	2,338,832
Dividend payable		–	260,040	260,040
Income taxes payable		67,437	67,748	65,924
Other taxes payable		145	–	–
		<u>2,430,623</u>	<u>2,921,068</u>	<u>2,949,406</u>
<b>Net Current Assets (Liabilities)</b>		<u>161,776</u>	<u>(99,384)</u>	<u>(105,145)</u>
<b>Total Assets Less Current Liabilities</b>		<u>176,008</u>	<u>(85,999)</u>	<u>(92,525)</u>
<b>Net Assets (Liabilities)</b>		<u>176,008</u>	<u>(85,999)</u>	<u>(92,525)</u>
<b>Capital and Reserves</b>				
Registered capital		50,000	50,000	50,000
Reserves		126,008	(135,999)	(142,525)
<b>Total Equity</b>		<u>176,008</u>	<u>(85,999)</u>	<u>(92,525)</u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**STATEMENTS OF CHANGES IN EQUITY**

	<b>Registered capital</b>	<b>Retained profits/ (accumulated losses)</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2012	50,000	166,232	216,232
Loss and total comprehensive expense for the year	<u>—</u>	<u>(40,224)</u>	<u>(40,224)</u>
At 31 December 2012	<u>50,000</u>	<u>126,008</u>	<u>176,008</u>
Loss and total comprehensive expense for the year	—	(1,967)	(1,967)
Dividends recognised as distributions (Note 11)	<u>—</u>	<u>(260,040)</u>	<u>(260,040)</u>
At 31 December 2013	<u>50,000</u>	<u>(135,999)</u>	<u>(85,999)</u>
Loss and total comprehensive expense for the year	<u>—</u>	<u>(6,526)</u>	<u>(6,526)</u>
At 31 December 2014	<u>50,000</u>	<u>(142,525)</u>	<u>(92,525)</u>

<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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**STATEMENTS OF CASH FLOWS**

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>OPERATING ACTIVITIES</b>			
Loss before taxation	(10,291)	(1,578)	(6,526)
Adjustments for:			
Interest income	(387)	(249)	(101)
Depreciation of property, plant and equipment	250	179	140
	<u>          </u>	<u>          </u>	<u>          </u>
Operating cash flows before movements in working capital	(10,428)	(1,648)	(6,487)
Increase in properties under development	(109,393)	(149,035)	(32,177)
Decrease in completed properties for sale	–	223	–
Decrease in trade and other receivables, deposits and prepayments	5,429	4,507	408
(Increase) decrease in prepaid other taxes	–	(101)	51
Increase in pre-sale deposits	8,000	3,499	–
Increase (decrease) in trade and other payables	42,642	(156,821)	(37,633)
Decrease in other taxes payable	(464)	(145)	–
	<u>          </u>	<u>          </u>	<u>          </u>
Cash generated from operations	(64,214)	(299,521)	(75,838)
Income taxes paid	(250)	(187)	(1,824)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(64,464)</u>	<u>(299,708)</u>	<u>(77,662)</u>

<b>APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES</b>
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	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(39)	(67)	(7)
Repayment from (advance to) third parties	8,172	(58,026)	5,166
Repayment from related parties	549	559	–
Decrease in pledged bank deposits	7,877	7,746	2,437
Interest received	387	249	101
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<u>16,946</u>	<u>(49,539)</u>	<u>7,697</u>
<b>FINANCING ACTIVITIES</b>			
Advance from borrowings from related parties	61,233	336,905	67,795
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>61,233</u>	<u>336,905</u>	<u>67,795</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	13,715	(12,342)	(2,170)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>3,916</u>	<u>17,631</u>	<u>5,289</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>17,631</u>	<u>5,289</u>	<u>3,119</u>
<b>REPRESENTED BY BANK BALANCES AND CASH</b>	<u>17,631</u>	<u>5,289</u>	<u>3,119</u>



## NOTES TO THE FINANCIAL INFORMATION

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

#### (A) General Information

Xingye Wanfa is established in the PRC with limited liability. The address of its registered office is 50 meters east of Yan'qi Town Hall, Huai'rou district, Beijing, the PRC. The address of its principal place of business is diagonally across from Liu'yi Kindergarten, Qing'long Bridge, Hai'ding District, Beijing, the PRC. In the opinion of the directors of the Target Company, the immediate holding company of the Target Company is Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司), the intermediate holding company is Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), and the ultimate holding company of the Target Company is the Company throughout the Relevant Periods.

Xingye Wanfa is principally engaged in the development for sale of residential properties in Beijing, the PRC.

The Financial Information are presented in Renminbi (the "RMB"), which is the same as the functional currency of the Target Company.

#### (B) Basis of preparation

The Target Company reported a net loss of RMB40,224,000 RMB1,967,000 and RMB6,526,000 for the years ended 31 December 2012, 2013 and 2014 respectively, and the Target Company's current liabilities exceeded its total current assets by RMB105,145,000 as at 31 December 2014. The directors of Target Company prepared the Underlying Financial Statements on a going concern basis because the Company has agreed that it will provide adequate funds to enable the Target Company to meet in full its financial obligations as they fall due for the foreseeable future.

### 2. APPLICATION OF NEW AND REVISED IFRSs

For the purposes of preparing and presenting the Financial Information for the Relevant Periods, the Target Company has adopted all IFRSs issued by the IASB which are effective for annual period beginning on 1 January 2014 consistently throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and amendments to standards that are not yet effective in the Relevant Periods. The Target Company has not early applied the following new and amendments to standards that have been issued but not yet effective.

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 14	Regulatory Deferral Accounts <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to IAS 1	Disclosure Initiative <sup>5</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle <sup>6</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle <sup>5</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to IAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception <sup>5</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>2</sup> Effective for first annual IFRS financial statements beginning on or after 1 January 2016
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2017
- <sup>4</sup> Effective for annual periods beginning on or after 1 July 2014
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2016
- <sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The directors of the Target Company anticipates the application of these new and revised IFRSs will have no material impact on the Financial Information.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The Financial Information has been prepared in accordance with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of the Ordinance.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

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

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

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

These policies have been consistently applied throughout the Relevant Periods.

The principal accounting policies are set out below.

**Revenue recognition**

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

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Borrowing costs**

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

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

**Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before taxation" as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**Retirement benefit costs**

The Target Company participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Target Company pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

**Property, plant and equipment**

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

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

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

**Impairment of tangible assets**

At the end of each reporting period, the Target Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

**Properties under development**

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

**Completed properties for sale**

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

**Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

The Target Company's financial assets are accounted for as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Effective interest method*

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

Interest income is recognised on an effective interest basis.

*Loans and receivables*

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

*Impairment of financial assets*

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

Objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *Financial liabilities and equity*

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

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

The Target Company's financial liabilities are generally classified into other financial liabilities.

#### *Effective interest method*

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

*Other financial liabilities*

Other financial liabilities including trade and other payables and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

*Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Target Company and not designated as at fair value through profit or loss is recognised initially at its fair value. Subsequent to initial recognition, the Target Company measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

*Derecognition*

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

*Net realisable value for properties under development and completed properties for sale*

Properties under development and completed properties remaining unsold at the end of each Relevant Periods are stated at the lower of cost and net realisable value.

Net realisable value for properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties under development and completed properties for sale may be required. As at 31 December 2012, 2013 and 2014, the carrying amounts of properties under development are RMB2,502,919,000, RMB2,699,454,000 and RMB2,732,263,000 respectively; the

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

carrying amounts of completed properties for sales are RMB9,181,000, RMB8,958,000 and RMB8,958,000 respectively. There were no impairment loss for the properties under development and completed properties for sales during the Relevant Periods.

### *Estimated impairment of trade and other receivables and amounts due from related parties*

When there is objective evidence of impairment loss, the Target Company takes into consideration the estimation of future cash flows to determine impairment loss. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2012, 2013 and 2014, the carrying amount of trade and other receivables and amounts due from related parties are RMB48,642,000, RMB101,602,000 and RMB96,028,000 respectively, there were no impairment loss for the trade and other receivables and amounts due from related parties during the Relevant Periods.

### *Land Appreciation Tax*

For the years ended 31 December 2012, 2013 and 2014, the provision for Land Appreciation Tax ("LAT") amounting to RMB36,729,000, RMB37,166,000 and RMB37,166,000 (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

## 5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Target Company consists of net debt, which includes the borrowings disclosed in Note 20(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Target Company review the capital structure on a regular basis. As part of this review, the directors of the Target Company consider the cost of capital and the risks associated with each class of capital. The Target Company will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

## 6. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	At 31 December		
	2012	2013	2014
<i>Financial assets</i>			
Loans and receivables (including cash and cash equivalents)	69,836	47,463	42,448
<i>Financial liabilities</i>			
Financial liabilities at amortised cost	2,353,041	2,579,781	2,609,943



**b. Financial risk management objectives and policies**

The Target Company's major financial instruments include trade and other receivables, amount due from related parties, pledged bank deposits, bank balances and cash, trade and other payables and amounts due to related parties.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change in the Target Company's exposure to these risks or the manner in which it manages and measures risks.

*Interest rate risk*

The Target Company's exposure to fair value interest rate risk relates to its fixed-rate bank deposits and amounts due to related parties. The Target Company currently does not have an interest rate risk hedging policy as the management considers the Target Company is not exposed to significant fair value interest rate risk. The management will continue to monitor interest rate risk exposure and consider hedging against it should the need arises.

No sensitivity analysis has been presented because the Target Company capitalised all of its interest expense into properties under development for the years ended 31 December 2012 and 2013. There was no interest expense for the year ended 31 December 2014.

*Credit risk*

At the end of each reporting period, the Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Target Company arises from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and
- the amount of contingent liabilities disclosed in Note 19.

In order to minimise the credit risk, the management of the Target Company continuously monitor the level of exposure by frequent review of the credit evaluation of the financial condition and credit quality of its counterparties to ensure that prompt follow-up action is taken to recover overdue trade debts, other receivables and amounts due from related parties. In addition, the Target Company reviews the recoverable amount of each overdue debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To minimise the credit risk arising from customer mortgage guarantees, the Target Company has reserved the right to collect the properties sold to customers should they default on their mortgage payments and demanded the application for building ownership certificates by customers since these guarantees provided by the Target Company to the banks will be released upon receiving such certificates. In this regard, the directors consider that the Target Company's credit risk is significantly reduced.

The management of the Target Company considers that the credit risk on liquid funds is low as counterparties are banks with good reputation.

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

### *Liquidity risk*

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows.

The Company had undertaken to provide necessary financial support to enable the Target Company to continue operations as set out in note 1(B).

The Target Company relies on amounts due to related parties as a significant source of liquidity.

The following table details the Target Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or less than 1 year RMB'000	Total undiscounted cash flows RMB'000	Total RMB'000
At 31 December 2012				
<b>Financial liabilities</b>				
Trade and other payables	–	465,565	465,565	465,565
Amounts due to related parties				
– interest-free	–	3,425	3,425	3,425
– fixed-rate	10.98	1,884,051	1,884,051	1,884,051
Financial guarantee contracts	–	317,037	317,037	–
		<u>2,670,078</u>	<u>2,670,078</u>	<u>2,353,041</u>
At 31 December 2013				
<b>Financial liabilities</b>				
Trade and other payables	–	308,744	308,744	308,744
Amounts due to related parties				
– interest-free	–	793,986	793,986	793,986
– fixed-rate	10.98	1,477,051	1,477,051	1,477,051
Financial guarantee contracts	–	158,756	158,756	–
		<u>2,738,537</u>	<u>2,738,537</u>	<u>2,579,781</u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

	Weighted average effective interest rate %	On demand or less than 1 year RMB'000	Total undiscounted cash flows RMB'000	Total RMB'000
At 31 December 2014				
<b>Financial liabilities</b>				
Trade and other payables	–	271,111	271,111	271,111
Amounts due to related parties				
– interest-free	–	2,338,832	2,338,832	2,338,832
Financial guarantee contracts	–	18,118	18,118	–
		<u>2,628,061</u>	<u>2,628,061</u>	<u>2,609,943</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Target Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Target Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

**c. Fair value**

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

**7. SEGMENT INFORMATION**

An analysis of the Group's revenue from its major products is as follows:

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Property sales	–	1,938	–

The chief operating decision-maker of the Target Company has been identified as the directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Target Company's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Target Company is organised and managed.

The Target Company's revenue and results are attributable to the market in the PRC (country of domicile) and all of the Target Company's assets are located in the PRC. The Target Company is engaged in a single operating segment, the development for sale of residential properties. The CODM regularly renews revenue analysis and the result of the Target Company as a whole for the purpose of performance assessment and making decisions about resources allocation.

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Accordingly, the Target Company has only one operating and reporting segment for financial reporting purpose, which is the development for sale of residential properties. The Target Company's segment loss is the same as loss for the year of the Target Company. No customers account for 10% or more of the Target Company's revenue.

### 8. OTHER INCOME

	Year ended 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on bank balances	387	249	101
Others	211	840	–
	598	1089	101
	598	1089	101

### 9. LOSS BEFORE TAXATION

	Year ended 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax has been arrived at after charging (crediting):			
Salaries and other benefits	7,576	3,475	6,782
Retirement benefits scheme contributions	674	428	432
	8,250	3,903	7,214
Staff costs (including directors' emoluments)	8,250	3,903	7,214
Less: Capitalised in properties under development	(3,689)	(1,603)	(2,008)
	4,561	2,300	5,206
Depreciation of property, plant and equipment	1,267	1,023	772
Less: Capitalised in properties under development	(1,017)	(844)	(632)
	250	179	140
Auditors' remuneration	40	40	52
Net gain on disposal of property, plant and equipment	–	–	–
	–	–	–
Interest expense on:			
– amount due to shareholders	216,497	46,656	–
	216,497	46,656	–
Less: Capitalised in properties under development	(216,497)	(46,656)	–
	–	–	–
	–	–	–

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Interest expense capitalised during each reporting period are calculated by applying a capitalisation rate of 10.98%, 10.98% and Nil per annum respectively for the years ended 31 December 2012, 2013 and 2014.

### 10. TAXATION

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Current tax:			
LAT	–	498	–
	–	498	–
Under-provision in prior years:			
PRC enterprise income tax	22,731	–	–
LAT	10,993	–	–
	33,724	–	–
Deferred tax ( <i>Note 13</i> ):			
Current year	(3,791)	(109)	–
	(29,933)	(389)	–
	(29,933)	(389)	–

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The tax charge for the year can be reconciled to the loss per the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Loss before taxation	(10,291)	(1,578)	(6,526)
Tax at the applicable PRC enterprise income tax rate of 25%	(2,573)	(394)	(1,632)
Tax effect of expenses not deductible for tax purposes	1,530	–	–
Tax effect of tax losses not recognised	–	410	1,632
EIT under-provided respect of prior years	22,731	–	–
LAT under-provided respect of prior years	10,993	–	–
LAT provision for the year	–	498	–
Tax effect of LAT	(2,748)	(125)	–
Tax charge for the year	29,933	389	–
	29,933	389	–

Details of deferred taxation for the years ended 31 December 2012, 2013 and 2014 are set out in Note 13.

**PRC LAT**

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Target Company is required to pre-pay LAT on pre-sale proceeds at 3% for ordinary residential properties and 2% for other properties.

For the years ended 31 December 2012, 2013 and 2014, the Target Company estimated and made a provision for LAT in the amount of RMB10,993,000, RMB498,000 and Nil, according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

**11. DIVIDENDS**

During the year ended 31 December 2013, the Target Company declared dividend of RMB260,040,000 to its then shareholders. The Target Company did not further declare dividends after the year ended 31 December 2013.

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**12. PROPERTY, PLANT AND EQUIPMENT**

	<b>Machinery</b> <i>RMB'000</i>	<b>Furniture, fixtures and equipment</b> <i>RMB'000</i>	<b>Transportation equipment</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>COST</b>				
At 1 January 2012	66	2,127	8,129	10,322
Additions	<u>–</u>	<u>39</u>	<u>–</u>	<u>39</u>
At 31 December 2012	66	2,166	8,129	10,361
Additions	<u>–</u>	<u>67</u>	<u>–</u>	<u>67</u>
At 31 December 2013	<u>66</u>	<u>2,233</u>	<u>8,129</u>	<u>10,428</u>
Additions	<u>–</u>	<u>7</u>	<u>–</u>	<u>7</u>
At 31 December 2014	<u>66</u>	<u>2,240</u>	<u>8,129</u>	<u>10,435</u>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2012	44	1,514	5,059	6,617
Charge for the period	<u>13</u>	<u>202</u>	<u>1,052</u>	<u>1,267</u>
At 31 December 2012	57	1,716	6,111	7,884
Charge for the year	<u>6</u>	<u>150</u>	<u>867</u>	<u>1,023</u>
At 31 December 2013	<u>63</u>	<u>1,866</u>	<u>6,978</u>	<u>8,907</u>
Charge for the year	<u>–</u>	<u>117</u>	<u>655</u>	<u>772</u>
At 31 December 2014	<u>63</u>	<u>1,983</u>	<u>7,633</u>	<u>9,679</u>
<b>CARRYING VALUES</b>				
At 31 December 2012	<u>9</u>	<u>440</u>	<u>2,018</u>	<u>2,477</u>
At 31 December 2013	<u>3</u>	<u>367</u>	<u>1,151</u>	<u>1,521</u>
At 31 December 2014	<u>3</u>	<u>257</u>	<u>496</u>	<u>756</u>

The above items of property, plant and equipment are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Machinery	19%
Furniture, fixtures and equipment	19%
Transportation equipment	19%

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**13. DEFERRED TAXATION**

The following are the major deferred tax assets recognised and movements thereon during the Relevant Periods:

	<b>Tax losses</b> <i>RMB'000</i>	<b>LAT</b> <b>provision</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2012	–	7,964	7,964
Credit to profit or loss	2,573	1,218	3,791
	<u>2,573</u>	<u>1,218</u>	<u>3,791</u>
At 31 December 2012	<u>2,573</u>	<u>9,182</u>	<u>11,755</u>
Credit to profit or loss	–	109	109
	<u>–</u>	<u>109</u>	<u>109</u>
At 31 December 2013	<u>2,573</u>	<u>9,291</u>	<u>11,864</u>
Credit to profit or loss	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2014	<u>2,573</u>	<u>9,291</u>	<u>11,864</u>

At 31 December 2012, 2013 and 2014, the Target Company had unutilised tax losses of RMB RMB91,351,000, RMB88,008,000 and RMB94,922,000 available for offset against future profits. Deferred tax asset has been recognised in respect of RMB10,291,000, RMB10,291,000 and RMB10,291,000 of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB81,060,000, RMB77,717,000 and RMB84,631,000 due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	<b>Year ended 31 December</b>		
	<b>2012</b> <i>RMB'000</i>	<b>2013</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
2016	81,060	77,717	77,717
2017	–	–	–
2018	–	–	–
2019	–	–	6,914
	<u>81,060</u>	<u>77,717</u>	<u>84,631</u>

Based on the latest budgets, management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of tax losses.



**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

**14. PROPERTIES UNDER DEVELOPMENT**

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Long-term leasehold land – at cost	1,196,283	1,276,951	1,298,665
Development costs	296,369	365,581	376,676
Finance costs capitalised	<u>1,010,267</u>	<u>1,056,922</u>	<u>1,056,922</u>
	<u><u>2,502,919</u></u>	<u><u>2,699,454</u></u>	<u><u>2,732,263</u></u>

The properties under development as at 31 December 2012, 2013 and 2014, were previously designated as relocation housing for properties that have been developed at the same piece of land. The Target Company is currently in the process of applying for conversion of the properties under development into commercial residential development project and obtaining the land use right certificates.

As at 31 December 2012, 2013 and 2014, properties under development for sales classified as current assets are all expected to be completed and sold after more than twelve months from the end of each reporting periods.

**15. OTHER CURRENT ASSETS**

**Trade and other receivables, deposits and prepayments**

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	979	1,028	419
Other receivables	<u>13,651</u>	<u>67,121</u>	<u>62,156</u>
	<u><u>14,630</u></u>	<u><u>68,149</u></u>	<u><u>62,575</u></u>

The Target Company allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated below. The trade receivables which are aged 91 days or above are all past due but not impaired.

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Over 365 days	<u>979</u>	<u>1,028</u>	<u>419</u>
Trade receivables	<u><u>979</u></u>	<u><u>1,028</u></u>	<u><u>419</u></u>

Most of the Target Company's customers take out mortgages from banks to buy their properties. Should a customer fail to obtain a mortgage and honour the property sale and purchase agreement between himself and the Target Company, the Target Company has the right to revoke the agreement, reclaim the property and re-sell it in the market. The Target Company does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

As at 31 December 2012, 2013 and 2014, included in other receivables were advances to third parties of RMB8,733,000, RMB66,758,000 and RMB61,592,000 respectively, which are interest-free, unsecured and are repayable on demand. The advances comprise mainly earnest money for settlement housing development project. The Target Company does not notice any significant changes in the credit quality of its advances to third parties and the amounts are considered to be recoverable.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

No allowance was made for trade and other receivables.

### **Bank balances and cash/pledged bank deposits**

Bank balances and cash comprise cash held by the Target Company and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.35% to 1.27%, 0.35% to 1.27%, and 0.35% to 1.27% per annum for the year ended 31 December 2012, 2013, and 2014, respectively.

Pledged bank deposits represent deposits pledged to banks to secure mortgage in favour of the Target Company's customers. The pledged bank deposits carry interest at fixed rates which range from 0.35% to 0.50%, 0.35%, and 0.35% per annum for the year ended 31 December 2012, 2013, and 2014, respectively.

As at 31 December 2012, 2013 and 2014, the Target Company had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB31,657,000, RMB11,569,000 and RMB6,962,000 respectively. Renminbi is not freely convertible into other currencies.

## **16. TRADE AND OTHER PAYABLES**

The aged analysis of trade payables is stated as follows:

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
181-365 days	–	22,543	–
Over 365 days	173,680	125,643	111,031
	<hr/>	<hr/>	<hr/>
Trade payables	173,680	148,186	111,031
Other payables and accrued expenses	291,885	160,558	160,080
	<hr/>	<hr/>	<hr/>
	<b>465,565</b>	<b>308,744</b>	<b>271,111</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

## APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

### 17. COMMITMENTS

	At 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commitments contracted for but not provided in the financial statements in respect of:			
Properties under development	90,051	-	-

### 18. RETIREMENT BENEFITS PLANS

The employees of the Target Company in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC company is required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Target Company with respect to the retirement benefits schemes is to make the specified contributions.

### 19. CONTINGENT LIABILITIES

#### Guarantees

The Target Company provided guarantees of RMB317,037,000, RMB158,756,000 and RMB18,118,000 at 31 December 2012, 2013 and 2014 respectively to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Target Company's developed properties. These guarantees provided by the Target Company to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.

### 20. RELATED PARTY DISCLOSURES

- (i) During the year, in addition to those disclosed in other notes to the financial statements, the Target Company entered into the following transactions with related parties:

	Year ended 31 December		
	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense arising from amounts due to shareholders (capitalised in properties under development)	216,497	46,656	-
Other service fees to related company	753	266	-

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

(ii) As at the end of the reporting period, the Target Company had balances with related parties, which are all unsecured and repayable on demand, as follows:

	2012					
	Project-related		Non-project related		Total	
	Interest bearing RMB'000	Non-interest RMB'000	Interest bearing RMB'000	Non-interest RMB'000	Interest bearing RMB'000	Non-interest RMB'000
Due from a shareholder	-	-	-	22,776	-	22,776
Due from a related company	-	-	-	642	-	642
Due from an officer	-	10,594	-	-	-	10,594
	<u>-</u>	<u>10,594</u>	<u>-</u>	<u>23,418</u>	<u>-</u>	<u>34,012</u>
Due to a shareholder	1,884,051	-	-	-	1,884,051	-
Due to related companies	-	3,425	-	-	-	3,425
	<u>1,884,051</u>	<u>3,425</u>	<u>-</u>	<u>-</u>	<u>1,884,051</u>	<u>3,425</u>
	2013					
	Project-related		Non-project related		Total	
	Interest bearing RMB'000	Non-interest RMB'000	Interest bearing RMB'000	Non-interest RMB'000	Interest bearing RMB'000	Non-interest RMB'000
Due from a shareholder	-	-	-	22,776	-	22,776
Due from a related company	-	-	-	642	-	642
Due from an officer	-	10,035	-	-	-	10,035
	<u>-</u>	<u>10,035</u>	<u>-</u>	<u>23,418</u>	<u>-</u>	<u>33,453</u>
Due to shareholders	-	2,268,817	-	-	-	2,268,817
Due to related companies	-	2,220	-	-	-	2,220
	<u>-</u>	<u>2,271,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,271,037</u>

**APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES**

	Project-related		2014 Non-project related		Total	
	Interest bearing	Non-interest	Interest bearing	Non-interest	Interest bearing	Non-interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Due from						
a shareholder	-	-	-	22,776	-	22,776
a related company	-	-	-	642	-	642
an officer	-	10,035	-	-	-	10,035
	<u>-</u>	<u>10,035</u>	<u>-</u>	<u>23,418</u>	<u>-</u>	<u>33,453</u>
Due to						
shareholders	-	2,337,817	-	-	-	2,337,817
related companies	-	1,015	-	-	-	1,015
	<u>-</u>	<u>2,338,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,338,832</u>

In respect of project-related balances with related parties:

- (a) The trade balance due from an officer arise mainly from property sales.
- (b) The project-related balances due to shareholder are mainly project advances to the Target Company and are tied to the project development cycle. In 2013, Beijing Greentown Investment Co., Ltd. (the "Seller") sold 45% equity interest in the Target Company to Beijing Sunac Construction Investment Real Estate Co., Ltd. (the "Buyer") and as part of the sales and purchase agreement, both the Seller and the Buyer agreed that the interest for the advance to the Target Company shall be 10.98%. Beginning from 10 March 2013, the shareholders agree not to charge interest on the project advance.
- (c) The trade balance due to related company(ies) are mainly construction purchases.

**B. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 31 December 2014.

Yours faithfully,  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
 Hong Kong

In accordance with Framework Agreement, the transactions contemplated thereunder include the acquisition of the following Target Companies:

1. acquisition of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund (Shanghai Huazhe Bund) by Greentown Real Estate from Shanghai Sunac Greentown;
2. acquisition of 45% equity interests in Beijing Xingye Wanfa (Beijing Xingye Wanfa) by Greentown Real Estate from Sunac Construction; and
3. acquisition of 50% equity interests in Zhejiang Jinying (Zhejiang No. 1) from Shanghai Forest Golf and shareholder 's loan of Zhejiang Jinying from Sunac Zhidi by Greentown Real Estate.

Our management discussion and analysis is prepared pursuant to the structure of the transactions and the disclosure method of the financial information of relevant Target Companies.

## 1. MANAGEMENT DISCUSSION AND ANALYSIS OF SHANGHAI HUAZHE BUND

### Business Overview

Shanghai Huazhe Bund is a company established in the PRC and principally engaged in property development in the PRC. Details of which please refer to the details of Shanghai Huazhe Bund set out in the section "Letter from the Board" in this circular.

### Revenue and Profit (Loss)

For the years ended 31 December 2012, 2013 and 2014, properties of Shanghai Huazhe Bund recorded aggregated revenue of RMB2,773 million, RMB735 million and RMB246 million, respectively.

The revenue was decreased for the year ended 31 December 2013 when compared with the year ended 31 December 2012, mainly attributed to the delivery areas of properties from 45,919 sqm decreased 81% to 8,698 sqm as the majority of the properties of phase I of the Shanghai Bund House project was completed and delivered in 2012 and the average selling price of properties from RMB60,383 per sqm increased 39% to RMB84,472 per sqm. The revenue was decreased for the year ended 31 December 2014 when compared with for the year ended 31 December 2013, which mainly attributed to the delivery areas of properties from 8,698 sqm decreased 79% to 1,846 sqm for the same reason set out above.

The profit/loss before taxation of Shanghai Huazhe Bund for the year ended 31 December 2012, 2013 and 2014 amounted to RMB986 million, RMB368million and RMB-66 million, respectively, and the profit/loss after taxation of Shanghai Huazhe Bund for the year ended 31 December 2012, 2013 and 2014 amounted to RMB505 million, RMB221

million and RMB-10 million, respectively. The loss before and after taxation of Shanghai Huazhe Bund for the year ended 31 December 2014 was mainly caused by an adjustment for previously understated cost of sales in the amount of RMB174 million, RMB33 million and RMB7 million in relation to the cost of sales for the years ended 31 December 2012, 2013 and 2014, respectively. Such understated figure was finally confirmed in 2014 following final account of the phase 1 of the Shanghai Bund House project in 2014. Since Shanghai Huazhe Bund was not a subsidiary of the Company as of 31 December 2012, 2013 and 2014, such understated cost of sales for the years ended 31 December 2012, 2013 and 2014 would not have a direct impact on the cost of sales of the Company as set out in its financial statements for the same period. The Directors take the view that such amount was not considered to be material to the performance of the Group as a whole, and therefore adjustment was made to the financial statements of the Company for the year ended 31 December 2014 as disclosed in the Company's annual report for the same period without any adjustment to the Company's financial statements for the years prior to 2014.

#### **Gross Profit Margin from the Sales of Properties**

For the years ended 31 December 2012, 2013 and 2014, the average gross profit margin of properties of Shanghai Huazhe Bund were 37%, 54% and -11%, respectively. The high gross profit margin of properties in 2013 mainly attributed to higher average selling price compared to 2012. The low gross profit margin of properties in 2014 mainly attributed to the adjustment of pre-settle cost by Shanghai Huazhe Bund and the cost of sales was previously understated in accordance with such cost adjustment.

#### **Selling and Administrative Expenses**

Selling and administrative expenses principally include human resources cost, expenses in marketing and related fees and the daily operating expenses.

For the years ended 31 December 2012, 2013 and 2014, the selling and administrative expenses of Shanghai Huazhe Bund were RMB42 million, RMB28 million and RMB40 million, respectively. The selling and administrative expenses were relatively high for the year ended 31 December 2012 and for the year ended 31 December 2014 when compared to for the year ended 31 December 2013, mainly attributed to the increase of expenses in marketing and related fees and property management fees, along with sales and delivery in 2012 and pre-sales promotion in 2014 of Shanghai Huazhe Bund.

#### **Interest Expenses**

For the years ended 31 December 2012, 2013 and 2014, finance costs recorded by properties of Shanghai Huazhe Bund in the statement of profit or loss and other comprehensive income were nil, nil and RMB11 million, respectively. The total interest expenses were RMB67 million, RMB49 million and RMB139 million for the years ended 31 December 2012, 2013 and 2014, respectively. The change of interest expenses were mainly due to the changes of borrowings and the funding needs in different stages of the project development and the fluctuation of capitalized finance costs during construction period.

**Number of Employees and Employee's Remuneration and Policy**

As at 31 December 2012, 2013 and 2014, the aggregate number of employees of Shanghai Huazhe Bund was 72, 62 and 81, respectively. For the years ended 31 December 2012, 2013 and 2014, the employees' remuneration was RMB15 million, RMB16 million and RMB22 million, respectively. The employees were remunerated on the basis of their performance, experience and prevailing industry practices.

**Pre-sale Deposits**

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties.

As at 31 December 2012, 2013 and 2014, the pre-sale deposits of Shanghai Huazhe Bund were RMB311 million, RMB114 million and RMB1,259 million, respectively. As at 31 December 2014, the increase of pre-sale deposits was mainly attributed to the sales of new housing projects.

**Bank Balances and Cash**

As at 31 December 2012, 2013 and 2014, the bank balances and cash (including pledged bank deposits) of Shanghai Huazhe Bund were RMB95 million, RMB342 million and RMB736 million, respectively.

**Bank and Other Borrowings**

As at 31 December 2012, 2013 and 2014, the bank and other borrowings of Shanghai Huazhe Bund were RMB226 million, RMB1,000 million and RMB1,349 million, respectively. All of which are secured borrowings and set out as below:

	31 December 2012 <i>RMB'000</i>	31 December 2013 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Bank borrowings	–	–	1,348,986
Other borrowings	226,095	1,000,000	–
<b>Total</b>	<b>226,095</b>	<b>1,000,000</b>	<b>1,348,986</b>
Of which:			
Borrowings due within one year	–	–	–
Borrowings due over one year	226,095	1,000,000	1,348,986



As at 31 December 2012, 2013 and 2014, the net gearing ratio (measured by net borrowings over net assets) of Shanghai Huazhe Bund was 24%, 87% and 82%, respectively. The net gearing ratio of 31 December 2013 and 2014 was high than that of 31 December 2012, mainly attributed to obtaining of the bank and other borrowings as a results of the payment of land costs and construction fees.

#### **Pledge of Assets**

As at 31 December 2012, 2013 and 2014, Shanghai Huazhe Bund pledged properties under development and completed properties for sale with an aggregate carrying value of RMB2,013 million, RMB81 million and RMB1,581 million, respectively to secure general credit facilities granted by banks and other financial institutions.

#### **Capital Commitments**

As at 31 December 2012, 2013 and 2014, Shanghai Huazhe Bund had contracted, but not provided for, capital expenditure commitments of RMB196 million, RMB218 million and RMB428 million, respectively, in respect of properties under development.

#### **Contingent Liabilities**

As at 31 December 2012, 2013 and 2014, Shanghai Huazhe Bund did not have any contingent liabilities.

#### **Future Plans for Material Investments or Capital Assets**

Shanghai Huazhe Bund currently does not have any future plans for material investments or capital assets.

#### **Significant Investments**

For the years ended 31 December 2012, 2013 and 2014, Shanghai Huazhe Bund did not hold any significant investments.

#### **Material Acquisitions and Disposals**

For the years ended 31 December 2012, 2013 and 2014, Shanghai Huazhe Bund did not conduct any substantial acquisition and disposal of subsidiaries, associates and joint ventures.

#### **Exchange Rate Risk**

The principal place of operation of Shanghai Huazhe Bund is the PRC, and the majority of the income and expenditure were transacted in Renminbi and also all assets and liabilities were denominated in Renminbi. Therefore, the operating cash flow or liquidity of Shanghai Huazhe Bund is not subject to significant influence from fluctuations in exchange rates.

#### **Capital Expenditure Plan**

In consideration of the complicated and highly uncertain economic environment, Shanghai Huazhe Bund takes a prudent approach towards the use of funds to secure the capital chain. Currently there is no material capital expenditure plan.

## 2. MANAGEMENT DISCUSSION AND ANALYSIS OF BEIJING XINGYE WANFA

### Business Overview

Beijing Xingye Wanfa is a company established in the PRC and principally engaged in property development in the PRC. Details of which please refer to the details of Beijing Xingye Wanfa set out in the section “Letter from the Board” in this circular.

### Revenue and Gross Profit Margin

Since phase 1 and phase 2 of the Beijing Majestic Mansion project had been sold and delivered by 2011 and phase 3, phase 4 and phase 5 of the project were still pending the necessary development approvals from the relevant PRC authorities as of the Latest Practicable Date, Beijing Xingye Wanfa did not record any revenue for the years ended 31 December 2012, 2013 and 2014, except for revenue of RMB2 million recorded for the year of 2013, being the increase in the sale price for a property resold in 2013. For the same reason, there were no fluctuations in terms of gross profit margin of Beijing Xingye Wanfa during the same period.

### Selling and Administrative Expenses

Selling and administrative expenses principally include human resources cost, expenses in marketing and related fees and the daily operating expenses.

For the years ended 31 December 2012, 2013 and 2014, the selling and administrative expenses of Beijing Xingye Wanfa were RMB11 million, RMB4 million and RMB7 million, respectively. Human resource cost, which is the largest single expense item in selling and administrative expenses amounted to RMB5 million, RMB2 million and RMB5 million for the year ended 31 December 2012, 2013 and 2014, respectively.

### Interest Expenses

For the years ended 31 December 2012, 2013 and 2014, finance costs recorded by properties of Beijing Xingye Wanfa in the statement of profit or loss and other comprehensive income were nil, nil and nil, respectively. The total interest expenses were RMB216 million, RMB47 million and nil for the years ended 31 December 2012, 2013 and 2014, respectively. The interest expenses were mainly attributed to the demolition and settlement funding of the project contributed by the shareholders based on the agreed interest rate 10.98% per annum and was capitalized into properties under development, and it was agreed that the contribution of shareholders will not carry any interest from the moment when the equity interests was transferred to Sunac Construction by Greentown Real Estate in 2013.

### Number of Employees and Employee’s Remuneration and Policy

As at 31 December 2012, 2013 and 2014, the aggregate number of employees of Beijing Xingye Wanfa was 35, 16 and 21, respectively. For the years ended 31 December 2012, 2013 and 2014, the employees’ remuneration was RMB8 million, RMB4 million and RMB7 million, respectively. The employees were remunerated on the basis of their performance, experience and prevailing industry practices.

**Pre-sale Deposits**

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties.

As at 31 December 2012, 2013 and 2014, the pre-sale deposits of Beijing Xingye Wanfa were RMB10 million, RMB13 million and RMB13 million, respectively.

**Bank Balances and Cash**

As at 31 December 2012, 2013 and 2014, the bank balances and cash (including pledged bank deposits) of Beijing Xingye Wanfa were RMB32 million, RMB12 million and RMB7 million, respectively.

**Bank and Other Borrowings**

As at 31 December 2012, 2013 and 2014, Beijing Xingye Wanfa did not have any bank and other borrowings.

**Pledge of Assets**

As at 31 December 2012, 2013 and 2014, Beijing Xingye Wanfa did not pledge any assets to banks and other financial institutions.

**Capital Commitments**

As at 31 December 2012, 2013 and 2014, Beijing Xingye Wanfa did not have any contracted, but not provided for, capital expenditure commitments.

**Contingent Liabilities**

As at 31 December 2012, 2013 and 2014, Beijing Xingye Wanfa have any contingent liabilities.

**Future Plans for Material Investments or Capital Assets**

Beijing Xingye Wanfa currently does not have any future plans for material investments or capital assets.

**Significant Investments**

For the years ended 31 December 2012, 2013 and 2014, Beijing Xingye Wanfa did not hold any significant investments.

**Material Acquisitions and Disposals**

For the years ended 31 December 2012, 2013 and 2014, Beijing Xingye Wanfa did not conduct any substantial acquisition and disposal of subsidiaries, associates and joint ventures.

**Exchange Rate Risk**

The principal place of operation of Beijing Xingye Wanfa is the PRC, and the majority of the income and expenditure were transacted in Renminbi and also all assets and liabilities were denominated in Renminbi. Therefore, the operating cash flow or liquidity of Beijing Xingye Wanfa is not subject to significant influence from fluctuations in exchange rates.

**Capital Expenditure Plan**

In consideration of the complicated and highly uncertain economic environment, Beijing Xingye Wanfa takes a prudent approach towards the use of funds to secure the capital chain. Currently there is no material capital expenditure plan.

**3. MANAGEMENT DISCUSSION AND ANALYSIS OF ZHEJIANG JINYING****Business Overview**

Zhejiang Jinying is a company established in the PRC and principally engaged in property development in the PRC. Details of which please refer to the details of Zhejiang Jinying set out in the section "Letter from the Board" in this circular.

**Revenue**

For the years ended 31 December 2012, 2013 and 2014, properties of Zhejiang Jinying recorded aggregated revenue of RMB187 million, RMB521 million and RMB1,309 million, respectively.

The revenue was increased for the year ended 31 December 2013 when compared with for the year ended 31 December 2012, mainly attributed to the delivery areas of properties from 7,069 sqm increased 1.9 times to 20,841 sqm as a result of new properties completed and delivered in 2013. The revenue was significantly increased for the year ended 31 December 2014 when compared with for the year ended 31 December 2013, which mainly attributed to the delivery areas of properties from 20,841 sqm increased 2.5 times to 72,507 sqm and the average selling price of properties from RMB25,007 per sqm decreased 28% to RMB18,053 per sqm.

**Gross Profit Margin from the Sales of Properties**

For the years ended 31 December 2012, 2013 and 2014, the average gross profit margin of properties of Zhejiang Jinying were 10%, 4% and -10%, respectively. The low gross profit margin of properties mainly attributed to the position of Zhejiang Jinying is high-end housing properties which the construction cost is relatively high and the Company was affect by the relatively low selling price of the projects as a result of the macro control measures on the real estate industry for the three years ended 31 December 2014.

**Selling and Administrative Expenses**

Selling and administrative expenses principally include human resources cost, expenses in marketing and related fees and the daily operating expenses.

For the years ended 31 December 2012, 2013 and 2014, the selling and administrative expenses of Zhejiang Jinying were RMB34 million, RMB31 million and RMB34 million, respectively. The selling and administrative expenses remained stable for each years.

**Interest Expenses**

For the years ended 31 December 2012, 2013 and 2014, interest expenses recorded by properties of Zhejiang Jinying in the statement of profit or loss and other comprehensive income were nil, nil and nil, respectively. The total interest expenses were RMB219 million, RMB39 million and RMB60 million for the years ended 31 December 2012, 2013 and 2014, respectively. The change of interest expenses were mainly due to the change of finance structure of the sources of different borrowings for the funding needs in different stages of the project development and the fluctuation of capitalized finance costs during construction period.

**Number of Employees and Employee's Remuneration and Policy**

As at 31 December 2012, 2013 and 2014, the aggregate number of employees of Zhejiang Jinying was 37, 89 and 86, respectively. For the years ended 31 December 2012, 2013 and 2014, the employees' remuneration was RMB7 million, RMB13 million and RMB18 million, respectively. The employees were remunerated on the basis of their performance, experience and prevailing industry practices.

**Pre-sale Deposits**

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties.

As at 31 December 2012, 2013 and 2014, the pre-sale deposits of Zhejiang Jinying were RMB1,193 million, RMB1,111 million and RMB357 million, respectively. As at 31 December 2014, the decrease of pre-sale deposits was mainly attributed to the recognition of the projects delivery.

**Bank Balances and Cash**

As at 31 December 2012, 2013 and 2014, the bank balances and cash (including pledged bank deposits) of Zhejiang Jinying were RMB89 million, RMB69 million and RMB395 million, respectively.

**Bank and Other Borrowings**

As at 31 December 2012, 2013 and 2014, the bank and other borrowings of Zhejiang Jinying were RMB549 million, RMB495 million and RMB637 million, respectively. All of which are pledged borrowing and set out as below:

	<b>31 December 2012</b>	<b>31 December 2013</b>	<b>31 December 2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings	<u>549,000</u>	<u>495,000</u>	<u>637,340</u>
<b>Total</b>	<b><u>549,000</u></b>	<b><u>495,000</u></b>	<b><u>637,340</u></b>
Of which:			
Borrowings due within one year	119,000	–	40,000
Borrowings due over one year	<u>430,000</u>	<u>495,000</u>	<u>597,340</u>

As at 31 December 2012, 2013 and 2014, the net gearing ratio (measured by net borrowings over net assets) of Zhejiang Jinying was 156%, 147% and 167%, respectively.

**Pledge of Assets**

As at 31 December 2012, 2013 and 2014, Zhejiang Jinying pledged properties under development and completed properties for sale with an aggregate carrying value of RMB1,352 million, RMB1,437 million and RMB1,330 million, respectively to secure general credit facilities granted by banks and other financial institutions.

**Capital Commitments**

As at 31 December 2012, 2013 and 2014, Zhejiang Jinying had contracted, but not provided for, capital expenditure commitments of RMB441 million, RMB325 million and RMB486 million, respectively, in respect of properties under development.

**Contingent Liabilities**

Zhejiang Jinying provided financial guarantees to banks for mortgage facilities granted to buyers of its properties. As at 31 December 2012, 2013 and 2014, Zhejiang Jinying has made RMB198 million, RMB161 million and RMB179 million, respectively financial guarantees. Save as disclosed above, Zhejiang Jinying did not have any contingent liabilities as at 31 December 2012, 2013 and 2014.

**Future Plans for Material Investments or Capital Assets**

Zhejiang Jinying currently does not have any future plans for material investments or capital assets.

**Significant Investments**

For the years ended 31 December 2012, 2013 and 2014, Zhejiang Jinying did not hold any significant investments.

**Material Acquisitions and Disposals**

For the years ended 31 December 2012, 2013 and 2014, Zhejiang Jinying did not conduct any substantial acquisition and disposal of subsidiaries, associates and joint ventures.

**Exchange Rate Risk**

The principal place of operation of Zhejiang Jinying is the PRC, and the majority of the income and expenditure were transacted in Renminbi and also all assets and liabilities were denominated in Renminbi. Therefore, the operating cash flow or liquidity of Zhejiang Jinying is not subject to significant influence from fluctuations in exchange rates.

**Capital Expenditure Plan**

In consideration of the complicated and highly uncertain economic environment, Zhejiang Jinying takes a prudent approach towards the use of funds to secure the capital chain. Currently there is no material capital expenditure plan.

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The following is the unaudited pro forma financial information of the Enlarged Group (the “**Unaudited Pro Forma Financial Information**”) prepared by the Directors to illustrate the financial position of the Enlarged Group as at 31 December 2014 as if the series of transactions contemplated under the Framework Agreement had been completed on 31 December 2014. The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it does not purport to represent the true picture of the financial position of the Enlarged Group as at 31 December 2014 or at any future date had the transactions taken place on 31 December 2014. Capitalised terms used herein have the same meaning as those defined in this circular unless the context otherwise requires.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement financial position of the Group as at 31 December 2014 extracted from the 2014 annual report of the Company, and the audited consolidated statement of financial position of the Target Companies as at 31 December 2014 as set out in Appendix II to this circular after giving effect to the pro forma adjustments described in the accompanying notes and is prepared in accordance with Rule 4.29 of the Listing Rules.



	The Group	Pro forma adjustments				The Enlarged Group
		Reversal of interest in associates contributed from Hangzhou Sunac Greentown, Shanghai Sunac Greentown and Sunac Greentown upon disposals as at 31 December 2014	Exclusion of carrying value of Shanghai Forest Golf upon disposal as at 31 December 2014	Remeasurement of identifiable assets and liabilities of Shanghai Huazhe Bund upon acquisition as at 31 December 2014	Other adjustments	
	As at 31 December 2014	Shanghai Huazhe Bund as at 31 December 2014	Shanghai Huazhe Bund as at 31 December 2014	Shanghai Huazhe Bund as at 31 December 2014	Aggregated consideration of the transactions contemplated under the Framework Agreement	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets						
Property, plant and equipment	6,216,092	2,167	(20,989)	-	-	6,197,270
Investment properties	1,891,500	-	-	-	-	1,891,500
Interests in associates	8,724,954	-	(293,724)	-	-	5,425,575
Interests in joint ventures	1,807,755	-	-	-	-	1,514,031
Available-for-sale investments	388,617	-	-	-	-	388,617
Prepaid lease payment	662,061	-	-	-	-	662,061
Rental paid in advance	8,697	-	-	-	-	8,697
Deferred tax assets	1,116,046	80,657	(78,185)	-	-	1,118,518
Cross currency swaps	-	-	-	-	-	-
	<b>20,815,722</b>	<b>82,824</b>	<b>(392,898)</b>	<b>(3,299,379)</b>	<b>-</b>	<b>17,206,269</b>

	The Group	Pro forma adjustments				The Enlarged Group
		Reversal of interest in associates contributed from Hangzhou Sunac Greentown, Shanghai Sunac Greentown and Sunac Greentown upon disposals as at 31 December 2014	Exclusion of carrying value of Shanghai Forest Golf upon disposal as at 31 December 2014	Remeasurement of identifiable assets and liabilities of Shanghai Huazhe Bund upon acquisition as at 31 December 2014	Aggregated consideration of the transactions contemplated under the Framework Agreement	Other adjustments
	As at 31 December 2014	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current Assets</b>						
Properties for development	5,749,961					5,749,961
Properties under development	41,312,223		7,593,827			52,050,754
Completed properties for sales	15,651,236		(382,009)	154,120		15,487,227
Inventories	123,062					123,062
Trade and other receivables, deposits and prepayments	5,215,241		(33,251)			5,292,761
Amounts due from related parties	27,156,714		(2,208,116)		(2,797,439)	22,425,221
Prepaid income taxes	1,055,775		(35,538)			1,101,613
Prepaid other taxes	979,687					1,059,542
Pledged bank deposits	1,350,690					1,415,154
Bank balances and cash	7,733,567		(4,160)	-	3,390,687	11,791,997
	106,328,156	4,246,600	(2,663,074)	7,747,947	593,248	116,497,292
<b>Total assets</b>	127,143,878	4,329,424	(3,055,972)	7,747,947	593,248	133,703,561

	The Group	Pro forma adjustments				The Enlarged Group
		Reversal of interest in associates contributed from Hangzhou Sunac Greentown, Shanghai Sunac Greentown and Sunac Greentown upon disposals as at 31 December 2014	Exclusion of carrying value of Shanghai Forest Golf upon disposal as at 31 December 2014	Remeasurement of identifiable assets and liabilities of Shanghai Huazhe Bund upon acquisition as at 31 December 2014	Aggregated consideration of the transactions contemplated under the Framework Agreement	Other adjustments
	As at 31 December 2014	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 1	Note 3	Note 2	Note 5, Note 6	
<b>Current Liabilities</b>						
Trade and other payables	(19,380,948)	(457,025)	419,955			(19,418,018)
Pre-sale deposit	(20,116,444)	(1,259,198)	306,686			(21,068,956)
Amounts due to related parties	(9,850,372)	(24,066)	1,133		1,038,593	(8,804,962)
Income taxes payable	(5,290,359)	(421,673)	599,375			(5,112,657)
Other taxes payable	(969,807)	(69,971)				(1,039,778)
Bank and other borrowings – due within one year	(12,167,171)	-	200,000	-	-	(11,967,171)
	<b>(67,775,101)</b>	<b>(2,231,933)</b>	<b>1,527,149</b>	<b>-</b>	<b>1,038,593</b>	<b>29,750</b>
						<b>(67,411,542)</b>

	The Group	Pro forma adjustments				The Enlarged Group
		Reversal of interest in associates contributed from Hangzhou Sunac Greentown, Shanghai Sunac Greentown and Sunac Greentown upon disposals as at 31 December 2014	Exclusion of carrying value of Shanghai Forest Golf upon disposal as at 31 December 2014	Remeasurement of identifiable assets and liabilities of Shanghai Huazhe Bund upon acquisition as at 31 December 2014	Aggregated consideration of the transactions contemplated under the Framework Agreement	Other adjustments
	As at 31 December 2014	Shanghai Huazhe Bund as at 31 December 2014	Shanghai Huazhe Bund as at 31 December 2014	Shanghai Huazhe Bund as at 31 December 2014	Shanghai Huazhe Bund as at 31 December 2014	Shanghai Huazhe Bund as at 31 December 2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 1	Note 1	Note 2	Note 4	Note 5, Note 6	Note 5, Note 6
<b>Non-current Liabilities</b>						
Bank and other borrowings	(15,056,123)	(1,348,986)				(16,405,109)
– due after one year	(8,592,129)					(8,592,129)
Senior notes	(71,174)					(71,174)
Gross currency swaps	(804,043)		(3,746,427)			(4,550,470)
Deferred tax liabilities						
	<u>(24,523,469)</u>	<u>(1,348,986)</u>	<u>(3,746,427)</u>	<u>–</u>	<u>–</u>	<u>(29,618,882)</u>
<b>Total liabilities</b>	<u>(92,298,570)</u>	<u>(3,580,919)</u>	<u>(3,746,427)</u>	<u>–</u>	<u>1,038,593</u>	<u>(97,030,424)</u>

*Note 1* The financial information of the Group is extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2014 as published in its annual report on 24 April 2015. The financial information of Shanghai Huazhe Bund is extracted from the accountants' report as set out in Appendix II to this Circular.

*Note 2* The adjustments represent the re-measurement to fair value of the identifiable assets and liabilities of Shanghai Huazhe Bund upon acquisition of Shenghai Huazhe Bund as at 31 December 2014, which would have been accounted for as a business combination of the Group. For the purpose of this unaudited pro forma financial information, it is assumed that the future fair values of the properties held by Shanghai Huazhe Bund as at 31 December 2014 are equal to the valuations of the same properties estimated by the Company with reference to property valuation report prepared as at 31 March 2015 by DTZ Debenham Tie Leung Limited, an independent professional valuer not connected to the Enlarged Group. The table below illustrates the reconciliation between (i) the valuation of properties of Shanghai Huazhe Bund as at 31 December 2014; (ii) the valuation of the properties of Shanghai Huazhe Bund as at 31 March 2015 as set out under Group D of the valuation report set out in Appendix V, and (iii) the adjusted carrying amount of the properties of Shanghai Huazhe Bund as at 31 December 2014 as set out in this Appendix IV.

	<i>RMB'000</i>
Valuation of the properties of Shanghai Huazhe Bund as at 31 March 2015 as set out under Group D of the valuation report set out in Appendix V	10,884,000
The amount of properties increased during the period ended from 1 January 2015 to 31 March 2015	<u>(108,875)</u>
Valuation of the properties of Shanghai Huazhe Bund as at 31 December 2014, assuming the same future fair value of such properties	10,775,125
Net book value of the property interests of Shanghai Huazhe Bund as at 31 December 2014 as set out in the accountants' report set out in Appendix II:	
– Properties under development	3,144,704
– Completed properties held for sale	<u>63,880</u>
	3,208,584
Valuation surplus for the properties as at 31 December 2014 based on the aforementioned assumption	7,566,541
Re-recognition of the valuation surplus of properties after arm's-length negotiation of parties which has been taken into account in arriving at the adjusted net asset value of Shanghai Huazhe Bund as of 31 December 2014 in the amount of RMB4,750 million	7,747,947
Adjusted carrying amount as at 31 December 2014 as set out in this Appendix IV:	
– Properties under development	7,593,827
– Completed properties held for sale	<u>154,120</u>

Deferred tax liabilities arising from the future taxable temporary difference of the fair value surplus on properties under development and completed properties for sale are calculated based on the applicable corporate income tax rate of 25% and applicable land appreciation tax rate according to the relevant PRC tax laws.

The fair value of the identifiable assets and liabilities acquired and amount of adjustments to Shanghai Huazhe Bund are subject to change and would be recalculated upon the actual completion of the Proposed Transactions.

*Note 3* The adjustment represents deconsolidation of the assets and liabilities of Shanghai Forest Golf due to the disposal of equity interests in Shanghai Forest Golf under the Proposed Transactions. The carrying values of assets and liabilities of Shanghai Forest Golf being excluded here do not include the carrying amounts for interest in joint venture contributed from Zhejiang Jinying, because the 50% equity interests in Zhejiang Jinying would have been acquired by Greentown Real Estate under the Proposed Transactions,

and therefore Zhejiang Jinying will remain as a joint venture of the Group. The financial information of Shanghai Forest Golf is extracted from the financial statements of Shanghai Forest Golf as at 31 December 2014 prepared by the directors of Shanghai Forest Golf using accounting policies in accordance with International Financial Reporting Standards.

*Note 4* The adjustment represents reversal of interest in associates contributed from Hangzhou Sunac Greentown, Shanghai Sunac Greentown and Sunac Greentown due to the disposal of these three associates under the Proposed Transactions. The reversal of the carrying value of interest in associates contributed from Hangzhou Sunac Greentown, Shanghai Sunac Greentown and Sunac Greentown as at 31 December 2014 are RMB176,896,000, RMB1,457,090,000 and RMB1,665,393,000 respectively. The carrying values of interest in associates are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2014.

*Note 5* The aggregated net cash flow of the transactions contemplated under the Framework Agreement is approximately RMB3,390,687,000, this includes:

- a) The total consideration for the acquisition of 51% equity interests in Shanghai Huazhe Bund from Shanghai Sunac Greentown by Greentown Real Estate as detailed in Note 2 above, which amounted to approximately RMB1,970,285,000.
- b) The total consideration in the sum of approximately RMB1,062,140,000 to be paid by Greentown Real Estate to Sunac Construction comprises of:
  - i) approximately RMB191,374,000 for the acquisition of 45% equity interests in Beijing Xingye Wanfa; and
  - ii) approximately RMB870,766,000 for the shareholder's loan owing by Beijing Xingye Wanfa to Sunac Construction.
  - iii) As Beijing Xingye Wanfa was already a 55% owned subsidiary of the Group and its relevant financial information has been consolidated in the financial statements of the Group as at 31 December 2014, additional acquisition of 45% equity interest is accounted for as equity transaction, any difference between the amount of non-controlling interest acquired and the fair value of the consideration paid is recognised directly in equity and attributable to the Company.
- c) The total consideration in the sum of approximately RMB779,750,000 for the acquisition of 50% equity interests in Zhejiang Jinying from Shanghai Forest Golf as detailed in Note 3 above, comprises of:
  - i) RMB200,000,000 as consideration for the 50% equity interests in Zhejiang Jinying to be paid by Greentown Real Estate to Shanghai Forest Golf. As Shanghai Forest Golf being 50% owned subsidiary of the Group, only RMB100,000,000 counts as cash paid out of the Enlarged Group; and
  - ii) approximately RMB679,750,000 to be paid by Greentown Real Estate for the shareholder's loan owing by Zhejiang Jinying to Sunac Zhidi.
- d) The total cashflow to be received amounted to approximately RMB560,849,000 for the disposal of 50% equity interests in Shanghai Forest Golf as detailed in Note 3 above, comprises of:
  - i) approximately RMB104,540,000 consideration to be received from Sunac Zhidi for the disposal of 50% equity interests in Shanghai Forest Golf; and
  - ii) distribution to be received from Shanghai Forest Golf in the sum of approximately RMB456,309,000 immediately prior to the completion of disposal.

- e) The net cashflow to be received amounted to approximately RMB7,894,000 for the disposal of 25% equity interests in Hangzhou Sunac Greentown as detailed in Note 4 above, comprises of:
- i) The consideration to be received from Zhuo Yue Property for the disposal of 25% equity interests in Hangzhou Sunac Greentown amount to US\$28,729,000 (equivalent to approximately RMB175,721,000); and
  - ii) approximately RMB167,827,000 to be paid by Greentown Real Estate for the outstanding amount owed by Greentown Real Estate to Hangzhou Sunac Greentown.
- f) The total cashflow to be received amounted to approximately RMB4,584,025,000 for the disposal of 50% equity interests in Shanghai Sunac Greentown as detailed in Note 4 above, comprises of:
- i) the distribution to be received from Shanghai Sunac Greentown amount to approximately RMB897,006,000 immediately prior to the completion of disposal;
  - ii) the repayment by Shanghai Sunac Greentown of the outstanding shareholders loan owing by it to Greentown Real Estate in the sum of approximately RMB2,687,019,000; and
  - iii) the consideration to be received amount to RMB1,000,000,000 for the disposal of 50% equity interests in Shanghai Sunac Greentown in the form of prepayment of an interest-free loan to be paid by Shanghai Sunac Greentown to Greentown Real Estate, the loan will be set-off by the consideration from Shanghai Sunac Real Estate to Greentown Investment.
- g) The total cashflow to be received amounted to approximately RMB2,136,331,000 for the disposal of 50% of the issued share capital of Sunac Greentown as detailed in Note 4 above, comprises of
- i) the distribution to be received from Sunac Greentown amounted to approximately US\$49,241,000 (equivalent to approximately RMB301,182,000 immediately prior to completion of disposal);
  - ii) the repayment by Sunac Greentown of the outstanding shareholders loan owing by it to the Company in the sum of approximately RMB196,657,000, which comprises of RMB430,000, US\$14,265,011.30 (equivalent to approximately RMB87,252,000) and HK\$138,099,990 (equivalent to approximately RMB108,975,000); and
  - iii) the consideration to be received amount to USD1 and approximately RMB1,638,491,000 for the disposal of 50% of the issued share capital of Sunac Greentown in the form of prepayment of an interest-free loan to be paid by Sunac Greentown to the Company, the loan will be set-off by the consideration from Sunac China to the Company.
- h) An estimated additional investment of approximately RMB86,237,000 that the Company needs to contribute in the form of shareholder's loan to Tianjin National Game Village Project in order to bring the total investment in Tianjin National Game Village Project to a 51:49 proportion with Sunac China. The amount of additional investment that the Company needs to contribute is subject to change and would be recalculated upon the actual completion of the Proposed Transactions.

*Note 6* The exchange rates used to translate foreign currencies in the preparation of unaudited pro forma financial information are 1 USD to 6.1165 RMB and 1 HK\$ to 0.7891 RMB. The exchange rates have made reference to the RMB exchange rate published by the People's Bank of China on 4 May 2015. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in HK\$ or US\$ or RMB have been, could have been or may be converted at such rate. The exchange rates are subject to change and foreign currencies would be retranslated to RMB upon actual completion of the Proposed Transactions.

*Note 7* No adjustments have been made to reflect any trading results or other transactions of the Group and the Target Companies entered into subsequent to 31 December 2014.

**B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the Company's reporting accountants, Deloitte Touche Tohmatsu.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF GREENTOWN CHINA HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Greentown China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 December 2014 and related notes as set out on pages IV-1 to IV-8 of the circular issued by the Company dated 29 June 2015 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages IV-1 to IV-8 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of a series of proposed transactions contemplated under framework agreement entered into between the Company and Sunac China Holdings Limited ("Sunac China") on 15 May 2015 ("Proposed Transactions") on the Group's financial position as at 31 December 2014 as if the Proposed Transactions had taken place at 31 December 2014. The Proposed Transactions include:

- (a) acquisition of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund Realty Co., Ltd. by Greentown Real Estate Co., Ltd. ("Greentown Real Estate") from Shanghai Sunac Greentown Investment Holdings Limited ("Shanghai Sunac Greentown");
- (b) acquisition of 45% equity interests in, and shareholder's loan of Beijing Xingye Wanfa Real Estate Development Co., Ltd., by Greentown Real Estate from Beijing Sunac Construction Investment Real Estate Co., Ltd.;
- (c) acquisition of 50% equity interests in Zhejiang Jinying Realty Co., Ltd. ("Zhejiang Jinying") from Shanghai Forest Golf Villa Development Co., Ltd. ("Shanghai Forest Golf") and shareholder's loan of Zhejiang Jinying from Sunac Zhidi Co., Ltd. ("Sunac Zhidi") by Greentown Real Estate;
- (d) disposal of 50% equity interests in Shanghai Forest Golf by Greentown Real Estate to Sunac Zhidi;



- (e) disposal of 25% equity interests in Hangzhou Sunac Greentown Real Estate Development Co., Ltd, by On Century Investment Limited to Zhuo Yue Property Investment Holdings Limited;
- (f) disposal of 50% equity interests in Shanghai Sunac Greentown by Greentown Investment Management Co., Ltd. to Shanghai Sunac Real Estate Development Co., Ltd.;
- (g) disposal of 50% of the issued share capital of Sunac Greentown Investment Holdings Limited by the Company to Sunac China; and
- (h) development of the Tianjin National Game Village Project on a joint venture basis in the proportion of 51:49 by the Company and Sunac China.

As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2014, on which an audit report has been published.

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

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

#### **Reporting Accountants' Responsibilities**

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transactions at 31 December 2014 would have been as presented.

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

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

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

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

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

### **Opinion**

In our opinion:

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

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong, 29 June 2015

*The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in the Circular, received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of values of the property interest to be acquired or disposed of by the Group as at 31 March 2015.*



16/F  
Jardine House  
1 Connaught Place  
Central Hong Kong

29 June 2015

The Directors  
Greentown China Holdings Ltd.  
10/F, Block A, Century Plaza  
No. 1 Hangda Road  
Hangzhou, Zhejiang Province  
The People's Republic of China  
Dear Sirs,

#### **Instructions, Purpose & Valuation date**

In accordance with your instructions for us to value the properties to be acquired or disposed of by Greentown China Holdings Limited (referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC") (as more particularly described in the valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary to provide you with our opinion of the values of such properties as at 31 March 2015 (the "valuation date").

#### **Definition of Market Value**

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

#### **Valuation Basis and Assumptions**

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, The Code on Takeovers and Mergers and Share Repurchases of Securities and Future Commission and the HKIS Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid.

We have relied on the information provided by the Group and the advice provided by JT & N Law Firm, the Group's legal advisor, regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the grantees has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates approvals and licenses, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificates.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values. In respect of the properties, we have relied on the legal opinion given to us by the Group's legal advisor.

Our valuations are each of the properties on an entire interest basis.

For the properties situated in the PRC, we have been advised by the Group that the potential tax liabilities include Land Appreciation Tax (土地增值稅) at progressive tax rates from 30% to 60%, Business Tax (營業稅) at 5% of sales amount, related surcharge (附加稅) at 11% of Business Tax (營業稅), and Income Tax (所得稅) at 25% on profit before tax. The exact amount of tax payable upon realization of the relevant properties in the PRC will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal of relevant properties upon representation of the relevant transaction documents.

In respect of the properties to be acquired or disposed of by the Group for sale and under construction in the PRC under Groups AI, AII, BI, BII, CI, CII, DI, DII, EI and EII, the likelihood of the relevant tax liability being crystallized is high. As advised by the Group, the potential tax liabilities is estimated to be approximately RMB8,083 million would arise if such properties were to be sold at the amount of the valuation. The above amount is for indicative purpose and is calculated based on prevailing rules and information available as at the Latest Practicable Date.

In respect of the properties to be acquired or disposed of by the Group for future development in the PRC under Groups BIII, CIII and DIII, the likelihood of the relevant tax liability being crystallized is remote as the Group has no plan for the disposal of such properties yet.

### **Method of Valuation**

In valuing Properties in Groups AI, BI, CI, DI and EI, which are disposed of or acquired by the Group for sale in the PRC, we have used the direct comparison approach assuming sale of these properties in its existing state with the benefit of vacant possession by making reference to comparables sales transactions as available in the relevant market.

In valuing Properties in Groups AII, BII, BIII, CII, CIII, DII, DIII and EII, which are disposed of or acquired by the Group under development and for future development respectively in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Group (if any). We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The “market value when completed” represents our opinion of the aggregate selling prices of the development assuming that it was completed as at the valuation date.

### **Source of Information**

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group in respect of the properties in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, site and floor areas, interest attributable to Shanghai Sunac Greentown Investment Holdings Ltd. (referred to as Shanghai Sunac Greentown), interest attributable to Sunac Greentown Investment Holdings Limited (referred to as Sunac Greentown) and interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

### **Title Investigation**

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group regarding the Group's interests in the PRC properties.

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

### **Site Inspection**

Our DTZ Shanghai office valuers Jenny Liang, Rick Sun, David Zhu, Jack Wang, Kevin Xu and Jack Sun, Tianjin Office valuer Joey Chen inspected the exterior and, whenever possible, the interior of the properties in February 2015. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct. For those properties which are under or held for future development, we have not carried out any soil investigations to determine the suitability of soil conditions and services for any future development. Moreover, we have not undertaken any environmental survey for the properties. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction.

Jenny Liang, our Shanghai office valuer, has 3 years' experience in property valuation in the PRC.

Rick Sun, our Shanghai office valuer, has 10 years' experience in property valuation in the PRC.

David Zhu, our Shanghai office valuer, has 2 years' experience in property valuation in the PRC.

Jack Wang, our Shanghai office valuer, has 3 years' experience in property valuation in the PRC.

Kevin Xu, our Shanghai office valuer, has 6 years' experience in property valuation in the PRC.

Jack Sun, our Shanghai office valuer, is a Chartered Property Valuer (CPV) of China and has 11 years' experience in property valuation in the PRC.

Joey Chen, our Tianjin office valuer, has 7 years' experience in property valuation in the PRC.

**Currency**

Unless otherwise stated, all money amounts indicated herein our valuations are in Renminbi (RMB), official currency of the PRC.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**Andrew K.F. Chan**  
Registered Professional Surveyor (GP)  
Registered China Real Estate Appraiser  
*MSc., M.H.K.I.S.*  
*Senior Director*

*Note:* Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 27 years of experience in the valuation of properties in the PRC.

## Summary of Valuations

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Sunac Greentown (%)	Market value in existing state attributable to Sunac Greentown as at 31 March 2015 (RMB)
<b>Group A — Properties held under Offshore Target Group to be disposed of by the Group in the PRC</b>			
<b>Group A I — Completed properties held under Offshore Target Group to be disposed of by the Group for sale in the PRC</b>			
A 1. Unsold portion of Block Nos. 8, 9, 14 to 17, 23 and basement car park of Dynasty on the Bund, No. 500 Zhongshan Nanyi Road, Huangpu District, Shanghai, the PRC	3,533,000,000	100	3,533,000,000
A 2. Unsold portion of Majestic Mansion, No. 99 Xihualin Street, Suzhou Industrial Park District, Suzhou, Jiangsu Province, the PRC	1,724,000,000	100	1,724,000,000
<b>Sub-total of Group A I:</b>	<u>5,257,000,000</u>		<u>5,257,000,000</u>



Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Sunac Greentown (%)	Market value in existing state attributable to Sunac Greentown as at 31 March 2015 (RMB)
<b>Group A II — Property held under Offshore Target Group to be disposed of by the Group under development in the PRC</b>			
A 3. The under construction development known as Block Nos. 4 to 7, 11 to 13, 18 to 22, 24 of Dynasty on the Bund, No. 500 Zhongshan Nanyi Road, Huangpu District, Shanghai, the PRC	7,207,000,000	100	7,207,000,000
<b>Sub-total of Group A II:</b>	<u>7,207,000,000</u>		<u>7,207,000,000</u>
<b>Sub-total of Groups A I and A II</b>	<u>12,464,000,000</u>		<u>12,464,000,000</u>

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Shanghai Sunac Greentown (%)	Market value in existing state attributable to Shanghai Sunac Greentown as at 31 March 2015 (RMB)
<b>Group B — Properties held under Onshore Target Group to be disposed of by the Group in the PRC</b>			
<b>Group B I — Completed properties held under Onshore Target Group to be disposed of by the Group for sale in the PRC</b>			
B 1. Unsold portion of Shanghai Magnolia Garden, Tanglong Road, Tang Town, Pudong New District, Shanghai, the PRC	309,000,000	100	309,000,000
B 2. Unsold portion of Shanghai Magnolia Garden-Glorious Garden, Tanglong Road, Tang Town, Pudong New District, Shanghai, the PRC	1,115,000,000	49	546,350,000
B 3. Unsold portion of Phases 1 and 2 of Shanghai Central Garden, Yichuan New Estate Street, Putuo District, Shanghai, the PRC	1,509,000,000	60.18	908,116,200

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Shanghai Sunac Greentown (%)	Market value in existing state attributable to Shanghai Sunac Greentown as at 31 March 2015 (RMB)
B 4. Unsold portion of Phases 1 and 2 of Magnolia Garden, the intersection of Gaolang Road and Lide Road, Binhu District, Wuxi, Jiangsu Province, the PRC	287,000,000	85	243,950,000
B 5. Unsold portion of Block Nos. 1 and 3 of Phase 1 of Magnolia West Project, the intersection of Gaolang Road and Lixin Road, Binhu District, Wuxi, Jiangsu Province, the PRC	108,000,000	39	42,120,000
B 6. Unsold portion of Phase 1 of Magnolia Square, West of Wuyi Road, Wujin District, Changzhou, Jiangsu Province, the PRC	283,000,000	97	274,510,000
<b>Sub-total of Group B I:</b>	<u>3,611,000,000</u>		<u>2,324,046,200</u>

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Shanghai Sunac Greentown (%)	Market value in existing state attributable to Shanghai Sunac Greentown as at 31 March 2015 (RMB)
<b>Group B II — Properties held under Onshore Target Group to be disposed of by the Group under development in the PRC</b>			
B 7. The under construction development known as Magnolia Mansion, Tanglong Road, Tang Town, Pudong New District, Shanghai, the PRC	1,996,000,000	50	998,000,000
B 8. The under construction development known as Shanghai Hongkou Project located at No. 387 Shangqiu Road, Hongkou District, Shanghai, the PRC	1,411,000,000	51	719,610,000
B 9. The under construction development known as Shanghai Gucun Project, located in 68/11 Qiu 0010 Block Gucun Town, Baoshan District, Shanghai, the PRC	2,580,000,000	51	1,315,800,000
B 10. The under construction development known as Francais Demeure, Block 6, 2/39 Qiu, Gaohang Town, Pudong New District, Shanghai, the PRC	4,842,000,000	49	2,372,580,000

<b>Property</b>	<b>Market value in existing state as at 31 March 2015 (RMB)</b>	<b>Interest attributable to Shanghai Sunac Greentown (%)</b>	<b>Market value in existing state attributable to Shanghai Sunac Greentown as at 31 March 2015 (RMB)</b>
B 11. The under construction development known as Phase 3 of Shanghai Central Garden, Yichuan New Estate Street, Putuo District, Shanghai, the PRC	3,515,000,000	60.18	2,115,327,000
B 12. The under construction development known as Phase 3 of Magnolia Garden, the intersection of Gaolang Road and Lide Road, Binhu District, Wuxi, Jiangsu Province, the PRC	603,000,000	85	512,550,000
B 13. The under construction development known as Block Nos. 2, 4 and 7 of Phases 1 and 2 of Magnolia West Project, the intersection of Gaolang Road and Lixin Road, Binhu District, Wuxi, Jiangsu Province, the PRC	1,617,000,000	39	630,630,000

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Shanghai Sunac Greentown (%)	Market value in existing state attributable to Shanghai Sunac Greentown as at 31 March 2015 (RMB)
B 14. The under construction development known as Phases 1 and 2 of Fairy Land, south of Gaohu Road, north of Dushu Lake, Suzhou Industry Park District, Suzhou, Jiangsu Province, the PRC	3,300,000,000	56.67	1,870,110,000
B 15. The under construction development known as Phases 1 to 3 of Magnolia Square, West of Wuyi Road, Wujin District, Changzhou, Jiangsu Province, the PRC	1,654,000,000	97	1,604,380,000
B 16. The under construction development of Phases 1 and 2 of Azure Coast, east of Binhe West Road, south of Wanshun North Road, north of Hengfu Road, Tanggu District, Tianjin, the PRC	223,000,000	80	178,400,000
<b>Sub-total of Group B II:</b>	<u>21,741,000,000</u>		<u>12,317,387,000</u>

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Shanghai Sunac Greentown (%)	Market value in existing state attributable to Shanghai Sunac Greentown as at 31 March 2015 (RMB)
<b>Group B III — Properties held under Onshore Target Group to be disposed of by the Group for future development in the PRC</b>			
B 17. The development site for the proposed development known as Phase 2 of Caobaolu Project, Caobao Road, Meilong Town, Minhang District, Shanghai, the PRC	1,786,000,000	50	893,000,000
B 18. The development site for the proposed development known as Phase 3 of Magnolia West Project, the intersection of Gaolang Road and Lixin Road, Binhu District, Wuxi, Jiangsu Province, the PRC	317,000,000	39	123,630,000
B 19. The development site for the proposed development known as Phase 3 of Fairy Land, south of Gaohu Road, north of Dushu Lake, Suzhou Industry Park District, Suzhou, Jiangsu Province, the PRC	1,282,000,000	56.67	726,509,400

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Shanghai Sunac Greentown (%)	Market value in existing state attributable to Shanghai Sunac Greentown as at 31 March 2015 (RMB)
B 20. The development site situated at Land Plot G58, North of Shishan Street and Jinshan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC	669,000,000	100	669,000,000
B 21. The development site for the proposed development known as Phases 4 and 5 of Magnolia Square, Chenjia village, Wujin District, Changzhou, Jiangsu Province, the PRC	443,000,000	97	429,710,000
B 22. The development site for the proposed development known as Shanghai Fuyuan Binjiang Project situated at land plot Nos. E04-2 and E04-4 of Huangpu Riverbank Unit E10, Pudong New District, Shanghai, the PRC	1,270,000,000	23.03	292,481,000
<b>Sub-total of Group B III:</b>	<b>5,767,000,000</b>		<b>3,134,330,400</b>
<b>Sub-total of Groups B I to B III:</b>	<b>31,119,000,000</b>		<b>17,775,763,600</b>



Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to be disposed of by the Group (%)	Market value in existing state attributable to be disposed of by the Group as at 31 March 2015 (RMB)
<b>Group C — Other properties to be disposed of by the Group in the PRC</b>			
<b>Group C I — Other completed properties to be disposed of by the Group for sale in the PRC</b>			
C 1. Unsold portion of Phase 5 to 7 and the clubhouse of Shanghai Rose Garden, No. 1555 Lane, Zhongqing Road, Minhang District, Shanghai, the PRC	1,119,000,000	50	559,500,000
C 2. Unsold portion of Phase 1 and 2 of Central Garden, Yichuan New Estate Street, Putuo District, Shanghai, the PRC	1,509,000,000	19.91	300,441,900
C 3. Unsold portion of Phase 1 of Hangzhou Melodious Manor, South of Jingchang Street, Wuchang Block, Yuhang District, Hangzhou, Jiangsu Province, the PRC	426,000,000	25	106,500,000
<b>Sub-total of Group C I:</b>	<u>3,054,000,000</u>		<u>966,441,900</u>

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to be disposed of by the Group (%)	Market value in existing state attributable to be disposed of by the Group as at 31 March 2015 (RMB)
<b>Group C II — Other property to be disposed of by the Group under development in the PRC</b>			
C 4. The under construction development known as Phase 3 of Central Garden, Yichuan New Estate Street, Putuo District, Shanghai, the PRC	3,515,000,000	19.91	699,836,500
<b>Sub-total of Group C II:</b>	<u>3,515,000,000</u>		<u>699,836,500</u>
<b>Group C III — Other property to be disposed of by the Group for future development in the PRC</b>			
C 5. The development site for the proposed development known as Tianjin National Game Village Project, east of Meilin Road, west of Linhai Road, Hexi District, Tianjin, the PRC	3,460,000,000	39.20	1,356,320,000
<b>Sub-total of Group C III:</b>	<u>3,460,000,000</u>		<u>1,356,320,000</u>
<b>Sub-total of Groups C I to C III:</b>	<u>10,029,000,000</u>		<u>3,022,598,400</u>

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Shanghai Sunac Greentown (%)	Market value in existing state attributable to be acquired by the Group as at 31 March 2015 (RMB)
<b>Group D — Properties held under Onshore Target Group to be acquired by the Group in the PRC</b>			
<b>Group D 1 — Completed property held under Onshore Target Group to be acquired by the Group for sale in the PRC</b>			
D 1. Unsold portion of Phase 1 of Shanghai Bund House, Nos. 1 and 2, Lane 566, South Zhongshan Road, Huangpu District, Shanghai, the PRC	218,000,000	51	111,180,000
<b>Sub-total of Group D I:</b>	<u>218,000,000</u>		<u>111,180,000</u>
<b>Group D 2 — Property held under Onshore Target Group to be acquired by the Group under development in the PRC</b>			
D 2. The under construction development known as Phases 2 to 4 of Shanghai Bund House, Qiu 1/1, 620 Jiefang, Dongjiadu, Huangpu District, Shanghai, the PRC	8,095,000,000	51	4,128,450,000
<b>Sub-total of Group D II:</b>	<u>8,095,000,000</u>		<u>4,128,450,000</u>

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to Shanghai Sunac Greentown (%)	Market value in existing state attributable to be acquired by the Group as at 31 March 2015 (RMB)
<b>Group D 3 — Property held under Onshore Target Group to be acquired by the Group for future development in the PRC</b>			
D 3. The development site for the proposed development known as Phases 5 and 6 of Shanghai Bund House, Qiu 1/1, 620 Jiefang, Dongjiadu, Huangpu District Shanghai, the PRC	2,571,000,000	51	1,311,210,000
<b>Sub-total of Group D III:</b>	<u>2,571,000,000</u>		<u>1,311,210,000</u>
<b>Sub-total of Group D:</b>	<u>10,884,000,000</u>		<u>5,550,840,000</u>

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to by acquired by the Group (%)	Market value in existing state attributable to be acquired by the Group as at 31 March 2015 (RMB)
<b>Group E — Other properties to be acquired by the Group in the PRC</b>			
<b>Group E I — Other completed property to be acquired by the Group for sale in the PRC</b>			
E 1. Unsold portion of Phases West 1, West 2, East 1 and the car parking spaces in the basement of Hangzhou Zhijiang No. 1, No. 7 Xiangshan Road, Zhuantang Community, Xihu District, Hangzhou, Zhejiang Province, the PRC	1,472,000,000	50	736,000,000
<b>Sub-total of Group E I:</b>	<u>1,472,000,000</u>		<u>736,000,000</u>

Property	Market value in existing state as at 31 March 2015 (RMB)	Interest attributable to by acquired by the Group (%)	Market value in existing state attributable to be acquired by the Group as at 31 March 2015 (RMB)
<b>Group E II — Other property to be acquired by the Group under development in the PRC</b>			
E 2. The under construction development known as Phases East 2, East 3, West 3 and retail portion in West District of Hangzhou Zhijiang No. 1, No. 7 Xiangshan Road, Zhuantang Community, Xihu District, Hangzhou, Zhejiang Province, the PRC	2,662,000,000	50	1,331,000,000
<b>Sub-total of Group E II:</b>	<u>2,662,000,000</u>		<u>1,331,000,000</u>
<b>Sub-total of Groups EI and E II:</b>	<u>4,134,000,000</u>		<u>2,067,000,000</u>
<b>Grand-total of Groups A to E:</b>	<u><u>68,630,000,000</u></u>		<u><u>40,880,202,000</u></u>

## VALUATION CERTIFICATE

## Group A — Properties held under Offshore Target Group to be disposed of by the Group in the PRC

## Group A I — Completed properties held under Offshore Target Group to be disposed of by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015										
A 1. Unsold portion of Block Nos. 8, 9, 14 to 17, 23 and basement car park of Dynasty on the Bund, No. 500 Zhongshan Nanyi Road, Huangpu District, Shanghai, the PRC	<p>Dynasty on the Bund is a composite development with apartment, residential, retail and office buildings to be developed on 2 parcels of land with a total site area of approximately 105,045.10 sq m.</p> <p>The property comprises the unsold portion of Block Nos. 8, 9, 14 to 17, 23 and basement of Dynasty on the Bund.</p> <p>Completed in 2012, the property has the gross floor areas with details as follows:</p>	As at the valuation date, the property was vacant.	RMB3,533,000,000 (100% interest attributable to Sunac Greentown: RMB3,533,000,000)										
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise apartments</td> <td>46,829.02</td> </tr> <tr> <td>Retail properties</td> <td>7,520.00</td> </tr> <tr> <td>Car parking spaces in basement</td> <td>63,119.55</td> </tr> <tr> <td><b>Total (Saleable)</b></td> <td><b>117,468.57</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq m)	High-rise apartments	46,829.02	Retail properties	7,520.00	Car parking spaces in basement	63,119.55	<b>Total (Saleable)</b>	<b>117,468.57</b>		
Use	Approximate gross floor area (sq m)												
High-rise apartments	46,829.02												
Retail properties	7,520.00												
Car parking spaces in basement	63,119.55												
<b>Total (Saleable)</b>	<b>117,468.57</b>												
	<p>The property is held with land use rights for terms of 40 years, 50 years and 70 years for uses of commercial, office and residential from 1 May 1999 respectively.</p>												

## Notes:-

- (1) According to Supplementary Agreement of Shanghai Grant Contract of State-owned Land Use Rights No. (2010) 19 entered into between Shanghai Planning and Land Administration Bureau (“the Grantor”) and New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) (“the Grantee”) on 5 July 2010, the Grantor has granted the land use rights of Dynasty on the Bund to the Grantee with the particulars as follows:

- (i) Site area: 99,187.1 sq m

- (ii) Land use term: 40, 50 and 70 years for commercial, office and residential uses respectively
- (iii) Permitted gross floor area: total gross floor area not more than 389,030.33 sq m

According to Supplementary Agreement of Shanghai Grant Contract of State-owned Land Use Rights No. (2012) 12 entered into between Shanghai Planning and Land Administration Bureau (“the Grantor”) and Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) (“the Grantee”) on 26 March 2012, the land use rights of Dynasty on the Bund, comprising a total site area of approximately 5,858 sq m, have been granted to the grantee for a term of 50 years for composite use.

- (2) According to Shanghai Certificate of Real Estate Ownership No. (2010) 002216 issued by Shanghai Planning Land and Resources Administration Bureau and Shanghai Housing Security and Administration Bureau on 19 July 2010, the land use rights of Dynasty on the Bund, comprising a total site area of approximately 99,187.1 sq m, have been vested in New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) for terms of 40 years, 50 years and 70 years for uses of commercial, office and residential from 1 May 1999 respectively.

According to Shanghai Certificate of Real Estate Ownership No. (2012) 051027 which is issued by Shanghai Planning Land and Resources Administration Bureau and Shanghai Housing Security and Administration Bureau on 31 May 2012, the land use rights of Dynasty on the Bund, comprising a total site area of approximately 5,858 sq m, have been vested in Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) for terms of 40 years, 50 years and 70 years for uses of commercial, office and residential from 1 May 1999 respectively.

- (3) According to Shanghai Certificate of Real Estate Ownership No. (2012) 052700 issued by Shanghai Planning Land and Resources Administration Bureau and Shanghai Housing Security and Administration Bureau on 21 December 2012, the title ownership of Dynasty on the Bund, comprising a total gross floor area of 122,322.96 sq m, have been vested in New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) for terms of 40 years, 50 years and 70 years for uses of commercial, office and residential from 1 May 1999 respectively.
- (4) According to Shanghai Certificate of Real Estate Ownership No. (2012) 052727 issued by Shanghai Planning Land and Resources Administration Bureau and Shanghai Housing Security and Administration Bureau on 25 December 2012, the title ownership of Dynasty on the Bund, comprising a total gross floor area of 61,569.70 sq m, have been vested in New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) for terms of 40 years, 50 years and 70 years for uses of commercial, office and residential from 1 May 1999 respectively.
- (5) According to Planning Permit for Construction Use of Land No. (2008) 00080423B00441 issued by Shanghai Planning Bureau on 21 April 2008, the construction site of a parcel of land with an area of 99,187.1 sq m, is in compliance with the requirements of urban planning.

According to Planning Permit for Construction Use of Land No. (2008) 00080423E00437 issued by Shanghai Planning Bureau on 21 April 2008, the construction site of a parcel of land with an area of 5,858 sq m, is in compliance with the requirements of urban planning.

- (6) According to seven Completion and Acceptance Certificates of Construction Works issued on the period between 4 August 2010 and 7 November 2012, the development of Dynasty on the Bund with a total gross floor area of approximately 302,104.36 sq m was completed.
- (7) As advised by the Group, portion of the property with a total gross floor area of approximately 20,828.25 sq m is subject to various agreements for sale and purchase for a total consideration of approximately RMB953,238,513. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
- (8) According to Business License No. 310000400061616, New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) has been established on 5 October 1993 as a limited company with a registered capital of RMB765,000,000 and a valid operation period from 5 October 1993 to 5 October 2043.



According to Business License No. 310000400672844, Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) has been established on 16 January 2012 as a limited company with a registered capital of RMB135,000,000 and a valid operation period from 16 January 2012 to 15 January 2062.

- (9) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) and Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) are the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of the property is subject to legal charges in favor of 招商銀行股份有限公司上海田林支行 (China Merchants Bank Corporation Limited Tianlin Branch), 中國農業銀行股份有限公司上海普陀支行 (Agricultural Bank of China Corporation Limited Shanghai Putuo Branch), 上海浦東發展銀行股份有限公司上海虹橋支行 (Shanghai Pudong Development Bank Corporation Limited Shanghai Hongqiao Branch) and 寧波銀行股份有限公司上海靜安支行 (Ningbo Bank Corporation Limited Jingan Branch) for a total consideration of RMB2,790,000,000;
  - (iv) New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) and Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) have the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (10) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Supplementary Agreement of Shanghai Grant Contract of State-owned Land Use Rights	Yes
Shanghai Certificates of Real Estate Ownership	Yes
Planning Permits for Construction Use of Land	Yes
Completion and Acceptance Certificates of Construction Works	Yes
Business Licenses	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015								
A 2. Unsold portion of Majestic Mansion, No. 99 Xihualin Street, Suzhou Industrial Park District, Suzhou, Jiangsu Province, the PRC	<p>Majestic Mansion is a residential development with detached villas, low-rise residential and car parking spaces developed on a parcel of land with a site area of approximately 155,644.07 sq m in two phases.</p> <p>Completed in 2013, the property comprises the unsold portion of Majestic Mansion and has a total gross floor areas as follows:</p>	As at the valuation date, the property was vacant.	RMB1,724,000,000 (100% interest attributable to Sunac Greentown: RMB1,724,000,000)								
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Detached villas</td> <td>28,661.51</td> </tr> <tr> <td>Mid-rise residential</td> <td>9,761.20</td> </tr> <tr> <td><b>Total</b></td> <td><b>38,422.72</b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq m)	Detached villas	28,661.51	Mid-rise residential	9,761.20	<b>Total</b>	<b>38,422.72</b>		
Use	Approximate Gross Floor Area (sq m)										
Detached villas	28,661.51										
Mid-rise residential	9,761.20										
<b>Total</b>	<b>38,422.72</b>										

The property is held with land use rights for a term due to expire on 11 January 2080 for residential use and 11 January 2050 for commercial use.

## Notes:-

- (1) According to State-owned Land Use Rights Certificate No. (2011) 00007 dated 17 January 2011, the land use rights of the property, comprising a total site area of approximately 155,644.07 sq m have been vested in Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. (蘇州綠城御園房地產開發有限公司) for a term due to expire on 11 January 2080 for residential use and 11 January 2050 for commercial use.
- (2) According to Grant Contract of State-owned Land Use Rights No. 3205032009CR0061 entered into between Land and Real Estate Bureau of Suzhou Industry District (the "Grantor") and Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) (the "Grantee") on 22 September 2009, the land use rights of the property, having a total site area of approximately 155,644.07 sq m, has been granted to the grantee for a consideration of RMB2,500,000,000.
- (3) According to Supplementary Agreement of Grant Contract for State-owned Land Use Rights No. 3205032009CR0061 entered into between Land and Real Estate Bureau of Suzhou Industry Area (the "Grantor"), Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) and Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. (蘇州綠城御園房地產開發有限公司) on 8 January 2010, the land use rights of the property has been transferred from Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) to Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. (蘇州綠城御園房地產開發有限公司).
- (4) According to Construction Works Completion Examination Record Form No. 201440642 issued by Suzhou Industrial Park District Planning and Construction Bureau on 23 May 2014, the construction works of the property with a total gross floor area of 145,607.03 sq m has been completed.

- (5) According to three Pre-sale Permits for Commodity Housing Nos. (2011) 039, (2012) 071 and 2012 (168) all issued by Suzhou Housing and Construction Bureau, the property, with a total gross floor area of 102,320.96 sq m, has been permitted for pre-sale.
- (6) As advised by the Group, portion of the property with a gross floor area of approximately 23,227.94 sq m is subject to various agreements for sale and purchase for a total consideration of RMB945,792,378. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
- (7) According to Business License No. 320594000150433, Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. (蘇州綠城御園房地產開發有限公司) was established on 22 December 2009 as a limited company with a registered capital of RMB250,000,000 for a valid operation period from 22 December 2009 to 20 December 2039.
- (8) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. (蘇州綠城御園房地產開發有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. (蘇州綠城御園房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (9) The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate                                   | Yes |
| Grant Contract of State-owned Land Use Rights                             | Yes |
| Supplementary Agreement of Grant Contract for State-owned Land Use Rights | Yes |
| Construction Works Completion Examination Record Form                     | Yes |
| Pre-sale Permits for Commodity Housing                                    | Yes |
| Business License  | Yes |

## VALUATION CERTIFICATE

## Group A II — Property held under Offshore Target Group to be disposed of by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
A 3. The under construction development known as Block Nos. 4 to 7, 11 to 13, 18 to 22, 24 of Dynasty on the Bund, No. 500 Zhongshan Nanyi Road, Huangpu District, Shanghai, the PRC	<p>Dynasty on the Bund is a composite development with apartment, residential, retail and office buildings to be developed on 2 parcels of land with a total site area of approximately 105,045.10 sq m.</p> <p>The property comprises the proposed blocks known as Block Nos. 4 to 7, 11 to 13, 18 to 22 and 24 of Dynasty on the Bund.</p>	As at the valuation date, the property was under construction.	RMB7,207,000,000  (100% interest attributable to Sunac Greentown: RMB7,207,000,000)

As advised by the Group, the property is scheduled to be completed in 2017 and has the proposed gross floor area with details as follows:

Use	Approximate gross floor area (sq m)
Mid-rise residential	10,617.63
High-rise residential	115,463.19
Office	116,881.27
Retail	19,415.10
Car parking spaces in basement	128,568.01
<b>Total</b>	<b>390,945.20</b>

The property is held with land use rights for terms of 40 years, 50 years and 70 years for uses of commercial, office and residential from 1 May 1999 respectively.

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2010) 002216 issued by Shanghai Planning Land and Resources Administration Bureau and Shanghai Housing Security and Administration Bureau on 19 July 2010, the land use rights of Dynasty on the Bund, comprising a total site area of approximately 99,187.1 sq m, have been vested in New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) for terms of 40 years, 50 years and 70 years for uses of commercial, office and residential from 1 May 1999 respectively.

According to Shanghai Certificate of Real Estate Ownership No. (2012) 051027 which is issued by Shanghai Planning Land and Resources Administration Bureau and Shanghai Housing Security and Administration Bureau on 31 May 2012, the land use rights of Dynasty on the Bund, comprising a total site area of approximately 5,858 sq m, have been vested in Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) for terms of 40 years, 50 years and 70 years for uses of commercial, office and residential from 1 May 1999 respectively.

- (2) According to Supplementary Agreement of Shanghai Grant Contract of State-owned Land Use Rights No. (2010) 19 entered into between Shanghai Planning and Land Administration Bureau (“the Grantor”) and New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) (“the Grantee”) on 5 July 2010, the Grantor has granted the land use rights of Dynasty on the Bund to the Grantee with the particulars as follows:

Site area	:	99,187.1 sq m
Land use term	:	40, 50 and 70 years for commercial, office and residential uses respectively
Permitted gross floor area	:	total gross floor area not more than 389,030.33 sq m

According to Supplementary Agreement of Shanghai Grant Contract of State-owned Land Use Rights No. (2012) 12 entered into between Shanghai Planning and Land Administration Bureau (“the Grantor”) and Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) (“the Grantee”) on 26 March 2012, the land use rights of Dynasty on the Bund, comprising a total site area of approximately 5,858 sq m, have been granted to the grantee for a term of 50 years for composite use.

- (3) According to Planning Permit for Construction Use of Land No. (2008) 00080423B00441 issued by Shanghai Planning Bureau on 21 April 2008, the construction site of a parcel of land with an area of 99,187.1 sq m, is in compliance with the requirements of urban planning.

According to Planning Permit for Construction Use of Land No. (2008) 00080423E00437 issued by Shanghai Planning Bureau on 21 April 2008, the construction site of a parcel of land with an area of 5,858 sq m, is in compliance with the requirements of urban planning.

- (4) According to Planning Permit for Construction Works Nos. (2011) FA31000020110649, (2013) FA31000020135216, (2014) FA31000020144439, (2014) FA31000020144906, (2014) FA31000020144907, (2014) FA31000020144908, (2014) FA31000020144910, (2014) FA31000020145329, (2014) FA31000020145331 dated between 2 September 2013 and 18 September 2014, the construction works of the portion of the property with a total gross floor area of 393,153.48 sq m are in compliance with the construction works requirements and had been approved.
- (5) According to Permit for Commencement of Construction Works No. 9602LW7003 D28 to D32 issued by Shanghai Huangpu Construction and Transport Committee on 11 October 2013, the construction works of portion of the basement of Dynasty on the Bund, with a total gross floor area 258,774.66 sq m, are in compliance with the requirements for works commencement and have been permitted.
- (6) As advised by the Group, the total construction cost expended as at the valuation date was RMB918,633,760 and the estimated outstanding construction cost for completion of the property is RMB4,474,829,235. We have taken into account the said amounts in our valuation.
- (7) As advised by the Group, portion of the property with a total gross floor area of approximately 73,310.29 sq m has been pre-sold under various sales and purchase agreements for a total consideration of approximately RMB3,027,239,784. We have taken into account the said amount in our valuation.

(8) The market value of the property as if completed as at the valuation date is estimated to be RMB16,123,000,000.

(9) According to Business License No. 310000400061616, New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) has been established on 5 October 1993 as a limited company with a registered capital of RMB765,000,000 and a valid operation period from 5 October 1993 to 5 October 2043.

According to Business License No. 310000400672844, Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) has been established on 16 January 2012 as a limited company with a registered capital of RMB135,000,000 and a valid operation period from 16 January 2012 to 15 January 2062.

(10) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:

(i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;

(ii) New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) and Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) are the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) The land use rights of the property is subject to legal charges in favor of 招商銀行股份有限公司上海田林支行 (China Merchants Bank Corporation Limited Tianlin Branch), 中國農業銀行股份有限公司上海普陀支行 (Agricultural Bank of China Corporation Limited Shanghai Putuo Branch), 上海浦東發展銀行股份有限公司上海虹橋支行 (Shanghai Pudong Development Bank Corporation Limited Shanghai Hongqiao Branch) and 寧波銀行股份有限公司上海靜安支行 (Ningbo Bank Corporation Limited Jingan Branch) for a total consideration of RMB2,790,000,000;

(iv) New Richport Property Development Shanghai Co., Ltd. (上海新富港房地產發展有限公司) and Everbright Property Development Shanghai Co., Ltd. (上海豐明房地產發展有限公司) have the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

(11) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Supplementary Agreement of Shanghai Grant Contract of State-owned Land Use Rights	Yes
Shanghai Certificates of Real Estate Ownership	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Business Licenses	Yes

## VALUATION CERTIFICATE

**Group B — Properties held under Onshore Target Group to be disposed of by the Group in the PRC****Group B I — Completed properties held under Onshore Target Group to be disposed of by the Group for sale in the PRC**

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 1. Unsold portion of Shanghai Magnolia Garden, Tanglong Road, Tang Town, Pudong New District, Shanghai, the PRC	Completed in 2013, Shanghai Magnolia Garden is erected on two parcels of land with a total site area of approximately 58,163.00 sq m.  The property comprises the unsold portion of Shanghai Magnolia Garden with the gross floor area as follows:	As at the valuation date the property was vacant.	RMB309,000,000  (100% interest attributable to Shanghai Sunac Greentown: RMB309,000,000)
	<b>Use</b>	<b>Approximate GFA</b> (sq m)	
	High-rise residential	434.53	
	Mid-rise residential	5,038.00	
	Car parking spaces (171 lots)	7,918.95	
	<b>Total</b>	<b>13,391.48</b>	

The property is held with land use rights for a term due to expire on 31 January 2080 for residential use.

## Notes:-

- (1) According to three Shanghai Certificates of Real Estate Ownership No. (2014) 019250, No. (2013) 046408 and (2014) 019243 issued by Shanghai Housing and Land Resources Bureau, the title ownership of the property, comprising a total site area of 58,163 sq m and gross floor area of 122,643.11 sq m, have been vested in Shanghai Lvshun Real Estate Development Co., Ltd. for a term of 70 years for residential use due to expire on 31 January 2080.
- (2) According to Shanghai Grant Contract of State-owned Land Use Rights No. (2010) 1 entered into between Shanghai Housing and Land Resources Bureau ("the Grantor") and Lvcheng Real Estate Group Co., Ltd. (绿城房地產集團有限公司) ("the Grantee") dated 27 January 2010, the land use rights of the property, having a total site area of approximately 58,163 sq m and a total gross floor area above ground of 87,244.50 sq m, has been granted to the grantee for a term of 70 years for residential use for a consideration of RMB1,661,110,000.

- (3) According to Supplementary Agreement No. (2010) 24 of Shanghai Grant Contract for State-owned Land Use Rights No. (2010) 1 entered into between Shanghai Housing and Land Resources Bureau (“the Grantor”), Lvcheng Real Estate Group Co., Ltd. (綠城房地產集團有限公司) and Shanghai Lvshun Real Estate Development Co., Ltd. (上海綠順房地產開發有限公司) on 13 April 2010, the land use rights of the property has been transferred from Lvcheng Real Estate Group Co., Ltd. (綠城房地產集團有限公司) to Shanghai Lvshun Real Estate Development Co., Ltd. (上海綠順房地產開發有限公司).
- (4) According to Construction Works Completion Examination Record Forms Nos. 2012PD0666 and 2012PD0211 dated between 27 November 2012 and 7 June 2013, the construction works of the property with a total gross floor area of 120,418.54 sq m have been examined and completed.
- (5) According to six Commodity Housing Pre-sale Permits Nos. (2011) 0000473, (2011) 0001269, (2012) 0000105, (2011) 0000472, (2011) 0000190 and (2011) 0000474 all issued by Shanghai Housing and Land Resources Bureau, the property, with a total gross floor area of 96,329.54 sq m, has been permitted to be pre-sale.
- (6) As advised by the Group, portion of the property with a total gross floor area of approximately 5,946.86 sq m is subject to various agreements for sales and purchase for a total consideration of approximately RMB266,637,201. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
- (7) According to Business License No. 310115001197087 dated 23 March 2010, Shanghai Lvshun Real Estate Development Co., Ltd. (上海綠順房地產開發有限公司) was established on 29 January 2010 as a limited company with a registered capital of RMB1,000,000,000 for a valid operation period from 29 January 2010 to 28 January 2020.
- (8) We have been provided with a legal opinion issued by the Company’s PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Lvshun Real Estate Development Co., Ltd. (上海綠順房地產開發有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights the property with site area 58,160.00 sq m is subject to a legal charge in favor of 中國建設銀行股份有限公司上海浦東分行 (China Construction Bank Corporation Limited (Shanghai Pudong Branch)) from 16 December 2010 to 15 December 2013 for a consideration of RMB700,000,000;
  - (iv) Shanghai Lvshun Real Estate Development Co., Ltd. (上海綠順房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee’s consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (9) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:
- |  |     |
|--|-----|
| Shanghai Certificates of Real Estate Ownership                                     | Yes |
| Grant Contract of State-owned Land Use Rights                                      | Yes |
| Supplementary Agreement of Shanghai Grant Contract for State-owned Land Use Rights | Yes |
| Construction Works Completion Examination Record Form                              | Yes |
| Commodity Housing Pre-sale Permits   | Yes |
| Business License   | Yes |



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 2. Unsold portion of Shanghai Magnolia Garden-Glorious Garden, Tanglong Road, Tang Town, Pudong New District, Shanghai, the PRC	Shanghai Magnolia Garden-Glorious Garden is a residential/commercial development erected on a parcel of land with a total site area of approximately 72,802.90 sq m.  The property comprises the unsold portion of Shanghai Magnolia Garden-Glorious Garden with a total gross floor area as follows:	As at the valuation date the property was vacant.	RMB1,115,000,000  (49% interest attributable to Shanghai Sunac Greentown: RMB546,350,000)
	<b>Use</b>	<b>Approximate GFA</b> (sq m)	
	High-rise residential	5,827.50	
	Mid-rise residential	15,023.13	
	Retail	523.21	
	Basement car park	42,142.94	
	<b>Total</b>	<b>63,516.78</b>	

The property is held with land use rights for a term due to expire on 10 October 2082 for residential use.

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2012) 051231 dated 16 October 2012, the land use rights of the property with a total site area of 72,802.90 sq m have been vested in Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd. (上海葛洲壩綠榮置業有限公司) for a term due to expire on 10 October 2082 for residential use.
- (2) According to Grant Contract of State-owned Land Use Rights No. (2012) 53 dated 24 September 2012, the land use rights of the land parcel with a total site area of 72,802.90 sq m have been granted to Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd. (上海葛洲壩綠榮置業有限公司) with details as follows:
- |                    |   |                                     |
|--------------------|---|-------------------------------------|
| Location           | : | Tang Zhen Xin Shi Town Plot A-03-11 |
| Site area (sq m)   | : | 72,802.90                           |
| Planned GFA (sq m) | : | 109,204.35                          |
| Land Use           | : | Residential                         |
| Land use term      | : | Residential: 70 years               |
| Land premium       | : | RMB1,644,000,000                    |
| Plot ratio         | : | Not more than 1.5                   |
- (3) According to Construction Works Completion Examination Record Form Nos. 2014PD0460 and 2014PD0461 issued by Shanghai Pudong New District Construction and Transport Committee on 2 December 2014, the construction works of the property with a total gross floor area of 162,914 sq m has been completed.

- (4) According to Pre-sale Permits for Commodity Housing Nos. (2014) 0000038, 0000039, 0000343, 0000522 and 0000523 dated between 21 October 2013 and 29 January 2014, the property with a total gross floor area of 110,285.14 sq m is permitted for pre-sale.
- (5) As advised by the Group, portion of the property with a total gross floor area of approximately 27,750.77 sq m is subject to various agreements for sales and purchase for a total consideration of approximately RMB627,470,989. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
- (6) According to Business License No. 310115002013204, Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd. (上海葛洲壩綠榮置業有限公司) has been established as a limited company with registered capital of RMB100,000,000 for a valid operating period until 28 August 2022.
- (7) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd. (上海葛洲壩綠榮置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd. (上海葛洲壩綠榮置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (8) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:
- |   |     |
|---|-----|
| Shanghai Certificate of Real Estate Ownership         | Yes |
| Grant Contract of State-owned Land Use Rights         | Yes |
| Construction Works Completion Examination Record Form | Yes |
| Pre-Sale Permit for Commodity Housing                 | Yes |
| Business License                                      | Yes |

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 3. Unsold portion of Phases 1 and 2 of Shanghai Central Garden, Yichuan New Estate Street, Putuo District, Shanghai, the PRC	Shanghai Central Garden is a composite development comprises residential, commercial, club house, services department and hotel development. As advised by the Group, Shanghai Central Garden is planned to be developed in 3 phases and is erected on 4 parcel of land with a total site area of approximately 182,758.50 sq m.	As at the valuation date, the property was vacant.	RMB1,509,000,000 (60.18% interest attributable to Shanghai Sunac Greentown: RMB908,116,200)

As advised by the Group, Phases 1 and 2 of Shanghai Central Garden is completed and is erected on a parcel of land with a total site area of 84,024 sq m which is a portion of land with a total site area of 98,543.00 sq m.

The property comprises the unsold portion of Phases 1 and 2 having various residential and commercial units, club house and car parking spaces in basement carport.

Completed in 2009 and 2014, the property has the gross floor area with details as follows:

Use	Approximate gross floor area (sq m)
High-rise residential	15,467.34
Retail	10,671.82
Car parking spaces in basement	24,429.56
<b>Total</b>	<b>50,568.72</b>

The property is held with a land use rights for a term due to expire on 20 July 2076 for residential use.

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2010) 026865 dated 11 November 2010, the land use rights of the property, having a total site area of approximately 98,543.00 sq m, have been vested in Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) for a term due to expire on 20 July 2076 for residential use.

- (2) According to Grant Contract of State-owned Land Use Rights No. (2005) 50 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 28 September 2005, the land use rights of the property having a site area of approximately 38,239.00 sq m, has been granted to the Grantee for a term of 70 years for residential use for a consideration of RMB14,966,745.

According to Grant Contract of State-owned Land Use Rights No. (2005) 61 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 2 December 2005, the land use rights of the property having a site area of approximately 39,061.00 sq m, has been granted to the Grantee for a term of 70 years for residential use for a consideration of RMB9,128,556.

According to Supplementary Agreement (2006) 5 of Grant Contracts of State-owned Land Use Rights No. (2005) 50 and (2005) 61 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 21 July 2006, the site area of the parcel of land had changed to 98,543.20 for a supplementary consideration of RMB14,856,551.

- (3) According to Completion and Acceptance Examination Record Forms Nos. 2009SH0315, 2013SH0362 and 2013SH0364 dated between 24 December 2009 and 26 December 2013, the property with a total gross floor area of 228,685 sq m was completed.
- (4) According to Business License No. 310107000362909, Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) was established on 18 December 2002 as a limited company with a registered capital of RMB50,000,000 for a valid operation period from 18 December 2002 to 17 December 2022.
- (5) As advised by the Group, portion of the property with a total gross floor area of approximately 12,961.95 sq m is subject to various agreements for sales and purchase for a total consideration of approximately RMB397,507,738. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
- (6) We have been provided with a legal opinion issued by the Company’s PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of the property with site area 26,180 sq m is subject to a legal charge in favor of 上海國際信託有限公司 (Shanghai International Trust Company Limited) from 15 April 2014 to 14 June 2016 for a consideration of RMB1,900,000,000;
  - (iv) Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee’s consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (7) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Supplementary Agreement of Grant Contract of State-owned Land Use Rights	Yes
Completion and Acceptance of Construction Works Examination Record Forms	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 4. Unsold portion of Phases 1 and 2 of Magnolia Garden, the intersection of Gaolang Road and Lide Road, Binhu District, Wuxi, Jiangsu Province, the PRC	<p>Upon full completion, Magnolia Garden is a residential development erected on a parcel of land with a total site area of approximately 180,826.30 sq m.</p> <p>Phases 1 and 2 of Magnolia Garden are completed between 2011 and 2012 and comprise high-rise residential buildings and car parking spaces in the basement.</p>	As at the valuation date the property was vacant.	RMB287,000,000  (85% interest attributable to Shanghai Sunac Greentown: RMB243,950,000)

The property comprises the unsold portion of Phases 1 and 2 of Magnolia Garden with a total gross floor area as follows:

Use	Approximate GFA (sq m)
High-rise residential	20,066.51
Car parking spaces in basement (84 lots)	38,681.00
<b>Total</b>	<b>58,747.51</b>

The property is held with land use rights for commercial and residential uses. For details, please see the note (1) below.

Notes:-

- (1) According to State-owned Land Use Rights Certificates listed below, the land use rights of the property have been vested in Wuxi Greentown Real Estate Development Co., Ltd. (無錫綠城房地產開發有限公司) with details as follows:

Certificate No.	Year of issue	Use	Expiry date of land use term	Site area (sq m)
(2008) 14	2008	Commercial and Residential	31 January 2078 for residential and 31 January 2048 for commercial	49,672.30
(2008) 15	2008	Commercial and Residential	31 January 2078 for residential and 31 January 2048 for commercial	84,540.40
(2008) 16	2008	Commercial and Residential	31 January 2078 for residential and 31 January 2048 for commercial	46,613.55
<b>Total:</b>				<b>180,826.20</b>

- (2) According to Completion and Acceptance Certificates of Construction Works Nos. (2011) 76 and (2012) 77 issued on 29 December 2011 and 28 December 2012, the property with a total gross floor area of approximately 446,171 sq m was completed.
- (3) As advised by the Group, portion of the property with a total gross floor area of approximately 8,547.15 sq m is subject to various sales and purchase agreements for a total consideration of approximately RMB89,417,207. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
- (4) According to Business License No. 32021100013326, Wuxi Greentown Real Estate Development Co., Ltd. (無錫綠城房地產開發有限公司) has been established as a limited company with registered capital of RMB174,807,200 for a valid operating period from 7 December 2007 and 6 December 2027.
- (5) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Wuxi Greentown Real Estate Development Co., Ltd. (無錫綠城房地產開發有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the Property;
  - (iii) The land use rights of the property with site area 46,613.5 sq m is subject to a legal charge in favor of 招商銀行股份有限公司無錫分行 (China Merchants Bank Corporation Limited Wuxi Branch) from 18 September 2013 to 26 April 2015 for a consideration of RMB555,000,000;
  - (iv) Wuxi Greentown Real Estate Development Co., Ltd. (無錫綠城房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

- (6) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Completion and Acceptance Certificates of Construction Works	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 5. Unsold portion of Block Nos. 1 and 3 of Phase 1 of Magnolia West Project, the intersection of Gaolang Road and Lixin Road, Binhu District, Wuxi, Jiangsu Province, the PRC	<p>Upon completion, Magnolia West Project is a residential development with communal facilities and is erected on a total site area of approximately 171,572.20 sq m.</p> <p>The property comprises the unsold portion of the completed high rise residential Blocks No. 1 and 3 of Phase 1 with total gross floor area of approximately 9,379.87 sq m.</p> <p>The land use rights of the property have been granted for residential use. For details, please see the note (2) below.</p>	As at the valuation date the property was vacant.	RMB108,000,000  (39% interest attributable to Shanghai Sunac Greentown: RMB42,120,000)

## Notes:-

- (1) According to State-owned Land Use Rights Certificates listed below, the land use rights of the property have been vested in Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area (sq m)
(2010) 017	26 April 2010	Commercial and Residence	12 August 2049 for commercial; 12 August 2079 for residence; 12 August 2059 for other uses.	43,452.80
(2010) 018	26 April 2010	Commercial and Residence	12 August 2049 for commercial; 12 August 2079 for residence; 12 August 2059 for other uses.	77,687.80
(2010) 019	26 April 2010	Commercial and Residence	12 August 2049 for commercial; 12 August 2079 for residence; 12 August 2059 for other uses.	50,431.60
<b>Total:</b>				<b>171,572.20</b>



- (2) According to Grant Contract of State-owned Land Use Rights No. 3202012009CR0025 dated 13 August 2009 (and its supplementary agreement dated 2 February 2010), the land use rights of the land parcel with a total site area of 171,572.2 sq m have been granted to Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) with details as follows:

Location	:	West of Lixin Avenue, North of Guanshan Road, East of Guanshun Road, and south of Gaolang Road, Lake Tai New Town, Binhu District
Site area (sq m)	:	171,572.2
Planned GFA (sq m)	:	377,458.8
Land Use	:	Commercial and residential
Land use term	:	Commercial: 40 years residential: 70 years, others: 50 years
Land premium	:	RMB1,100,000,000
Plot ratio	:	Not more than 2.2

- (3) According to a Letter of Completion and Acceptance of Construction Work No. (2014) 87, dated 28 November 2015, the construction works of the property with a total gross floor area of 33,988 sq m has been completed.

- (4) According to Pre-sale Permits Nos. (2012) 105, (2013) 100, (2013) 041, (2013) 068, and (2013) 116 dated between 30 October 2012 and 21 November 2013, the property with a total gross floor area of 249,122.56 sq m is permitted for pre-sale.

- (5) According to Business License No. 320211000156501, Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) has been established as a limited company with registered capital of RMB300,000,000 for a valid operating period from 25 January 2010.

- (6) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) The land use rights of a portion of the property with site area 77,687.8 sq m is subject to a legal charge in favor of 海爾集團財務有限責任公司 (Haier Group Finance Company Limited) from 4 March 2014 and 3 March 2017 for a consideration of RMB972,618,000;
- (iv) Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

- (7) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Grant Contract of State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificates	Yes
Letter of Completion and Acceptance of Construction Works	Yes
Pre-Sale Permits	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015										
B 6. Unsold portion of Phase 1 of Magnolia Square, West of Wuyi Road, Wujin District, Changzhou, Jiangsu Province, the PRC	<p>Upon completion, Magnolia Square is a composite residential development and is erected on three parcels of land with a total site area of approximately 413,224.80 sq m.</p> <p>The property comprises the unsold portion of Phase 1 and has a total gross floor area as follows:</p>	As at the valuation date the property was vacant.	RMB283,000,000 (97% interest attributable to Shanghai Sunac Greentown: RMB274,510,000)										
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise Residential</td> <td>19,566.15</td> </tr> <tr> <td>Commercial</td> <td>1,887.25</td> </tr> <tr> <td>Car Park</td> <td>37,957.46</td> </tr> <tr> <td><b>Total</b></td> <td><b>59,410.86</b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq m)	High-rise Residential	19,566.15	Commercial	1,887.25	Car Park	37,957.46	<b>Total</b>	<b>59,410.86</b>		
Use	Approximate Gross Floor Area (sq m)												
High-rise Residential	19,566.15												
Commercial	1,887.25												
Car Park	37,957.46												
<b>Total</b>	<b>59,410.86</b>												

The land use rights of the property have been granted for a term of 70 years for residential uses.

## Notes:-

- (1) According to State-owned Land Use Rights Certificate No. (2011) 1204747 dated 30 September 2011, the land use rights of portion of the property comprising a total site area of 87,022.40 sq m, have been vested in Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) for a term of 70 years for residential use.

According to State-owned Land Use Rights Certificate No. (2011) 1204748 dated 30 September 2011, the land use rights of portion of the property comprising a total site area of 79,088.60 sq m, have been vested in Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) for a term of 70 years for residential use.

According to State-owned Land Use Rights Certificate No. (2013) 02067, the land use rights of portion of the property comprising a total site area of 75,880.50 sq m have been vested in Changzhou Greentown Real Estate Co., Ltd (常州綠城置業有限公司) for a term of 70 years for residential use.

According to State-owned Land Use Rights Certificate No. (2013) 21823, the land use rights of portion of the property comprising a total site area of 70,686.30 sq m have been vested in Changzhou Greentown Real Estate Co., Ltd (常州綠城置業有限公司) for a term of 70 years for residential use.

- (2) According to 5 Grant Contracts of State-owned Land Use Rights and supplements entered into between State-owned Land Resources Bureau of Changzhou Municipality (常州市國土資源局) (“Party A”), Ketai Hong Kong Co., Limited (科泰香港有限公司) and Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司) (“Party B”), 5 parcels of land with total site area of 413,224.80 sq m is granted to Party B with details as follows:

Contract No.	Land Use	Land Use Term	Issue Date	Site Area (sq m)	Land Premium (RMB)
3204832010CR0153	Residential	70 years	11 August 2010	75,880.5	383,196,525
3204832010CR0154	Residential	70 years	11 August 2010	79,088.6	399,397,430
3204832010CR0155	Residential	70 years	11 August 2010	87,022.4	439,463,120
3204832010CR0156	Residential	70 years	11 August 2010	100,547.0	507,898,700
3204832010CR0157	Residential	70 years	11 August 2010	70,686.3	356,965,815
<b>Total</b>				<b>413,224.80</b>	

According to 5 Supplementary Agreements dated 2 November 2010, the land use rights of the property have been totally transferred to Changzhou Greentown Real Estate Co., Ltd (常州綠城置業有限公司).

- (3) According to Planning Permits for Construction Use of Land No. 320400201150082 and 320400201350040 dated between 14 November 2011 and 14 June 2013 issued by Changzhou Urban Planning Bureau, the construction site of a parcel of land for the development of Greentown Yulan Square with a site area of approximately 166,111 sq m, is in compliance with the urban planning requirements and has been approved.
- (4) According to Planning Permits for Construction Works No. 320400201150151 and 320400201350084 dated between 14 October 2011 and 3 July 2015 issued by Changzhou Urban Planning Bureau, the construction works of the property, with a total gross floor area of approximately 560,839 sq m are in compliance with the urban construction requirements and has been approved.
- (5) According to four Permits for Commencement of Construction Works No. 320483201207310101, 320483201211060501, 320483201307090101 and 320483201307090201 all issued by Changzhou Wujin Housing and Urban-rural Construction Bureau, the property with a total gross floor area of 556,332.01 sq m, is in compliance with the requirements for works commencement and have been permitted.
- (6) According to Commodity Housing Pre-sale Permit Nos. (2012) 056, 098, 107, (2013) 017, 041, 066, 072, 073, 094, (2014) 007, 123 all issued by Changzhou Housing and Land Resources Bureau dated between 31 October 2012 and 27 November 2014, the property with a total gross floor area of 422,180.27 sq m is permitted for pre-sale.
- (7) According to Business License No. 320000400004377 dated 17 October 2014, Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) was established on 1 November 2010 as a limited company with a registered capital of RMB837,500,000 for a valid operation from 1 November 2010 to 31 October 2030.
- (8) We have been provided with a legal opinion issued by the Company’s PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

- (iii) The land use rights of the property is subject to legal charges in favor of 光大銀行常州支行 (CEB Bank Changzhou Branch), 農業銀行常州支行 (Agricultural Bank Changzhou Branch), 陸家嘴國際信託有限公司 (Lvjiazui Trust Company Limited) for a total consideration of RMB1,105,244,500;
- (iv) Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (9) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Supplementary Agreements of Grant Contract of State-owned Land Use Rights	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Commodity Housing Pre-sale Permits	Yes
Business License	Yes

## VALUATION CERTIFICATE

## Group B II — Properties held under Onshore Target Group to be disposed of by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 7.	The under construction development known as Magnolia Mansion, Tanglong Road, Tang Town, Pudong New District, Shanghai, the PRC	The property is a residential project under development and is erected on a parcel of land with a total site area of approximately 60,205.90 sq m.  Upon completion, the property will comprise a total gross floor area with details as follows:	RMB1,996,000,000  (50% interest attributable to Shanghai Sunac Greentown: RMB998,000,000)
	<b>Use</b>	<b>Approximate GFA</b> (sq m)	
	High-rise residential	60,061.79	
	Mid-rise residential	24,655.12	
	Commercial	4,142.00	
	Car parking spaces in basement (698 lots)	22,323.00	
	<b>Total</b>	<b>111,181.91</b>	

As advised by the Group, the property is scheduled for completion in 2015.

The property is held with land use rights for a term due to expire on 17 November 2082 for residential use.

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2013) 064115 dated 19 August 2013, the land use rights of the property with a total site area of 60,205.90 sq m have been vested in Shanghai Long Xiang Real Estate Development Co., Ltd. (上海龍驤房地產開發有限公司) for a term due to expire on 17 November 2082 for residential use.

- (2) According to Grant Contract of State-owned Land Use Rights No. (2012) 82 dated 16 July 2013, the land use rights of the land parcel with a total site area of 60,205.90 sq m have been granted to Shanghai Long Xiang Real Estate Development Co., Ltd. (上海龍驤房地產開發有限公司) with details as follows:

Location	:	Tang Zhen Jiefang Five 180/1 Zong
Site area (sq m)	:	60,205.90
Planned GFA (sq m)	:	72,247.08
Land Use	:	Residential
Land use term	:	Residential: 70 years
Land premium	:	RMB834,000,000
Plot ratio	:	Not more than 1.2

- (3) According to Planning Permit for Construction Use of Land No. (2013) EA31011520134784 dated 2 August 2013, the construction project on the land with a total site area of 60,205.90 sq m is in compliance with the urban planning requirements and has been approved.
- (4) According to Planning Permit for Construction Works No. (2013) FA31011520135823 dated 24 December 2013, the construction works with a total planned gross floor area of 111,182.44 sq m are in compliance with the urban planning requirements and have been approved.
- (5) According to Permit for Commencement of Construction Works No. 310115201307300919 dated 14 February 2014, the construction works with a total planned gross floor area of 111,182.44 sq m are in compliance with the requirements for works commencement and have been permitted.
- (6) According to Pre-sale Permits for Commodity Housing Nos. (2014) 0000234, (2014) 0000404 and (2014) 0000558 dated between 25 May 2014 and 2 October 2014, the property with a total gross floor area of 69,075.22 sq m is permitted for pre-sale.
- (7) As advised by the Group, the total construction cost expended as at the valuation date was RMB446,998,396 and the estimated outstanding construction cost for completion of the property is RMB513,835,103. We have taken into account the said amounts in our valuation.
- (8) As advised by the Group, portion of the property with a total gross floor area of approximately 60,115.59 sq m has been pre-sold under various sales and purchase agreements for a total consideration of approximately RMB2,654,438,633. We have taken into account the said amount in our valuation.
- (9) The market value of the property as if completed as at the valuation date is estimated to be RMB3,224,700,000.
- (10) According to Business License No. 310115002138260, Shanghai Long Xiang Real Estate Development Co., Ltd. (上海龍驤房地產開發有限公司) has been established as a limited company with registered capital of RMB30,000,000 for a valid operating period until 26 June 2033.
- (11) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Long Xiang Real Estate Development Co., Ltd. (上海龍驤房地產開發有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Shanghai Long Xiang Real Estate Development Co., Ltd. (上海龍驤房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

- (12) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permits for Commodity Housing	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015										
B 8. The under construction development known as Shanghai Hongkou Project located at No. 387, Shangqiu Road, Hongkou District, Shanghai, the PRC	<p>The property is a commercial complex under development and is erected on a parcel of land with a total site area of approximately 10,239.20 sq m.</p> <p>Upon completion, the property will comprise a total gross floor area as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>High rise apartments</td> <td>40,102.00</td> </tr> <tr> <td>Retail</td> <td>3,691.00</td> </tr> <tr> <td>Car parking spaces in basement (287 lots)</td> <td>30,980.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>74,773.00</b></td> </tr> </tbody> </table>	Use	Approximate GFA (sq m)	High rise apartments	40,102.00	Retail	3,691.00	Car parking spaces in basement (287 lots)	30,980.00	<b>Total</b>	<b>74,773.00</b>	As at the valuation date the property was under construction.	RMB1,411,000,000  (51% interest attributable to Shanghai Sunac Greentown: RMB719,610,000)
Use	Approximate GFA (sq m)												
High rise apartments	40,102.00												
Retail	3,691.00												
Car parking spaces in basement (287 lots)	30,980.00												
<b>Total</b>	<b>74,773.00</b>												
	<p>As advised by the Group, the property is scheduled for completion in 2016.</p> <p>The property is held with land use rights for a term due to expire on 12 September 2053 for commercial use and 12 September 2063 for office use.</p>												

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2013) 014725 dated 19 November 2013, the land use rights of the property with a total site area of 10,239.20 sq m have been vested in Shanghai Ronglv Qiwei Real Estate Co., Ltd. (上海融綠啟威置業有限公司) for a term due to expire on 12 September 2053 for commercial use and 12 September 2063 for office use.



- (2) According to Grant Contract of State-owned Land Use Rights No. (2013) 5 dated 24 July 2013 (and its supplementary agreement dated 10 September 2013), the land use rights of the land parcel with a total site area of 10,239.20 sq m have been granted to Shanghai Ronglv Qiwei Real Estate Co., Ltd. (上海融綠啟威置業有限公司) with details as follows:

Location	:	75 Jiefang, Tilanqiao Street
Site area (sq m)	:	10,239.20
Planned GFA (sq m)	:	38,908.90 for above ground portion, 10,000 for basement except car park
Land Use	:	Commercial and Office
Land use term	:	Commercial: 40 years Office: 50 years
Land premium	:	RMB1,044,000,000
Plot ratio	:	Not more than 3.8

- (3) According to Planning Permit for Construction Use of Land No. (2013) EA31010920135202 dated 10 November 2013, the construction project on the land with a total site area of 10,239.20 sq m is in compliance with the urban planning requirements and has been approved.
- (4) According to Planning Permit for Construction Works No. (2014) FA31010920144763 dated 12 June 2014, the construction works with a total planned gross floor area of 57,866 sq m are in compliance with the urban planning requirements and have been approved.
- (5) According to Permit for Commencement of Construction Works No. 1302HK0104D01 dated 19 June 2014, the construction works of foundation are in compliance with the requirements for works commencement and have been permitted.

According to Permit for Commencement of Construction Works No. 1302HK0104D02 dated 25 June 2014, the construction works with a total planned gross floor area of 57,866 sq m are in compliance with the requirements for works commencement and have been permitted.

- (6) As advised by the Group, the total construction cost expended as at the valuation date was RMB122,812,929. and the estimated outstanding construction cost for completion of the property is RMB333,807,872. We have taken into account the said amounts in our valuation.
- (7) The market value of the property as if completed as at the valuation date is estimated to be RMB2,290,200,000.
- (8) According to Business License No. 09000000201412220411, Shanghai Ronglv Qiwei Real Estate Co., Ltd. (上海融綠啟威置業有限公司) has been established as a limited company with registered capital of RMB410,000,000 for a valid operating period until 22 August 2023.
- (9) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Ronglv Qiwei Real Estate Co., Ltd. (上海融綠啟威置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of the property with site area of 10,239.2 sq m is subject to a legal charge in favor of 盛京銀行股份有限公司 (Shengjing Bank Corporation Limited) from 14 October 2014 and 13 October 2017 for a consideration of RMB1,000,000,000;
  - (iv) Shanghai Ronglv Qiwei Real Estate Co., Ltd. (上海融綠啟威置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and

- (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (10) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015								
B 9. The under construction development known as Shanghai Gucun Project, located in 68/11 Qiu 0010 Block Gucun Town, Baoshan District, Shanghai, the PRC	<p>The property comprises a proposed residential development with apartment and car parks which is under construction and is erected on a parcel of land with a total site area of approximately 66,169.60 sq.m.</p> <p>As advised by the Group, the property is scheduled to be completed in 2017 and has the proposed gross floor area with details as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>119,106.00</td> </tr> <tr> <td>Car parking spaces in basement</td> <td>48,150.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>167,256.00</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq m)	High-rise residential	119,106.00	Car parking spaces in basement	48,150.00	<b>Total</b>	<b>167,256.00</b>	As at the valuation date, the property was under construction.	RMB2,580,000,000 (51% interest attributable to Shanghai Sunac Greentown: RMB1,315,800,000)
Use	Approximate gross floor area (sq m)										
High-rise residential	119,106.00										
Car parking spaces in basement	48,150.00										
<b>Total</b>	<b>167,256.00</b>										
<p>The property is held with land use rights for a terms due to expire on 28 July 2084 for residential use.</p>											

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership (2014) 028970 dated 16 July 2014 by Shanghai Planning, land & resources Administration Bureau, the land with a total site area of 66,169.6 sq m has been vested in Shanghai Ronglv Huiyi Real Estate Co., Ltd for a term of 70 years from 29 July 2014 to 28 July 2084 for residential use.

- (2) According to Shanghai Grant Contract of State-owned Land Use Rights (Supplementary) No. (2014) 7 entered into between Shanghai Planning and Land Administration Bureau (“the Grantor”) and Shanghai Ronglv Huiyi Real Estate Co., Ltd. (“the Grantee”) on 22 May 2014, the Grantor has granted the land use rights of the property to the Grantee with the particulars as follows:

Site area (sq m)	:	66,169.6
Planned GFA (sq m)	:	119,105.28
Land Use	:	Residential
Land Use Term	:	70 years
Land Premium	:	RMB2,400,000,000
Plot Ratio	:	Not more than 1.8

- (3) According to Planning Permit for Construction Use of Land No. (2014) EA21011320144579 issued by Shanghai Planning Bureau on 16 June 2014, the construction site of a parcel of land with an area of 66,169.6 sq m, is in compliance with the requirements of urban planning.
- (4) According to Planning Permits for Construction Works issued by Shanghai Planning Land and Resources Administration Bureau, the construction works of the property with a total gross floor area of 170,430.26 sq m, are in compliance with the construction works requirements and had been approved.

No.	Project Name	Location	GFA	Issue Date
(2014) FA31011320145725	Land unit 05-01, Gucun N12-1101	Lianyi Road, Gongbao Road	73,967.80	2014/12/10
(2014) FA31011320145746	Land unit 05-01, Gucun N12-1101	Lianyi Road, Gongbao Road	63,928.51	2014/12/12
(2014) FA31011320145724	Land unit 05-01, Gucun N12-1101	Lianyi Road, Gongbao Road	32,506.95	2014/12/10
<b>Total</b>			<b>170,430.26</b>	

- (5) According to the Permits for Commencement of Construction Works No. 310113201406181519 issued on 23 December 2014 by Shanghai Baoshan Construction and Transport Committee, the construction work of the property with a total gross floor area of 73,967.8 sq m, is in compliance with the construction works requirement and have been permitted.
- (6) As advised by the Group, the total construction cost expended as at the valuation date was RMB113,988,251 and the estimated outstanding construction cost for completion of the property is RMB1,021,744,311. We have taken into account the said amounts in our valuation.
- (7) The market value of the property as if completed as at the valuation date is estimated to be RMB4,853,700,000.
- (8) According to Business License No. 310113001144095, Shanghai Ronglv Huiyi Real Estate Co., Ltd. has been established on 2 April 2014 as a limited company with a registered capital of RMB204,080,000 and a valid operation period from 2 April 2014 to 1 April 2034.
- (9) We have been provided with a legal opinion issued by the Company’s PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Ronglv Huiyi Real Estate Co., Ltd. is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

- (iii) The land use rights of a portion of the property with site area 77,687.8 sq m is subject to a legal charge in favor of 海爾集團財務有限責任公司 (Haier Group Finance Company Limited) from 4 March 2014 and 3 March 2017 for a consideration of RMB972,618,000;
- (iv) Shanghai Ronglv Huiyi Real Estate Co., Ltd. has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (10) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contract of State-owned Land Use Rights (Supplementary)	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 10. The under construction development known as Francais Demeure, Block 6, 2/39 Qiu, Gaohang Town, Pudong New District, Shanghai, the PRC	The property comprises a proposed residential development known as Francais Demeure and is erected on a parcel of land with a total site area of approximately 75,091.30 sq m.  Upon completion, the properties will comprise a total gross floor area as follows:	As at the valuation date the property was under construction.	RMB4,842,000,000  (49% interest attributable to Shanghai Sunac Greentown: RMB2,372,580,000)

Use	Approximate GFA (sq m)
High-rise residential	68,937.00
Multi-storey residential	45,465.00
Retail	6,650.00
Car parking spaces in basement (880 lots)	46,333.00
<b>Total</b>	<b>167,385.00</b>

As advised by the Group, the property is scheduled for completion in 2015.

The land use rights of the property have been granted for residential and commercial use.

For details, please see the note (2) below.

## Notes:-

- (1) According to Shanghai Certificates of Real Estate Ownership listed below, the land use rights of the property have been vested in Shanghai Poly Hongrong Real Estate Co., Ltd. (上海保利泓融房地產有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area (sq m)
(2013) 022632	10 April 2013	Commercial & Residential	Commercial: 27 December 2051 Residential: 27 December 2071	10,297.00
(2013) 022631	10 April 2013	Commercial & Residential	Commercial: 27 December 2051 Residential: 27 December 2071	8,413.60
(2013) 039223	31 May 2013	Residential	Residential: 31 December 2075	56,380.7
<b>Total:</b>				<b>75,091.30</b>

- (2) According to Transfer Contract of Land Use Rights No. 2012Z00601 entered into between Shanghai Poly Hongrong Real Estate Co., Ltd (Party A) (上海保利泓融房地產有限公司) and Shanghai Waigaoqiao Free Trade Zone Development Co., Ltd (Party B) dated 16 November 2012, the land use rights of the land parcel with a total site area of 75,091.30 sq m has been contracted to be granted to Party A with details as follows:

Location	:	Gaohang Town Pudong New District
Site area (sq m)	:	75,091.30
Land Use	:	Commercial and residential
Land use term	:	Commercial: 40 years Residential: 70 years
Consideration	:	RMB2,124,000,000
Plot ratio	:	Not more than 1.6

- (3) According to Planning Permit for Construction Use of Land No. (2013) EA31011520134054 dated 28 January 2013, the construction project on the land with a total site area of 75,091.30 sq m is in compliance with the urban planning requirements and has been approved.
- (4) According to Planning Permits for Construction Works Nos. (2013) FA31011520134691, (2013) FA31011520134700, (2013) FA31011520134461, (2013) FA31011520134715 and (2013) FA31011520134717 dated between 23 April 2013 and 9 June 2013, the construction works with a total planned gross floor area of 167,383.915 sq m are in compliance with the urban planning requirements and have been approved.
- (5) According to Permits for Commencement of Construction Works Nos. 13SLPD0001D01, 13SLPD0001D02, 13SLPD0001D03, 13SLPD0001D04, 13SLPD0001D05, 13SLPD0001D06, 13SLPD0001D07 and 13SLPD0001D08 dated 24 April 2013 and 20 June 2013, the construction works with a total planned gross floor area of 167,383.915 sq m are in compliance with the requirements for works commencement and have been permitted.
- (6) According to Pre-sale Permits of Commodity Housing Nos. (2013) 0000528, (2013) 0000530, (2014) 0000033, (2014) 0000034, (2014) 0000222, (2014) 0000342 and (2014) 0000343 dated between 24 October 2013 and 13 July 2014, the property with a total gross floor area of 120,042.11 sq m is permitted for pre-sale.
- (7) As advised by the Group, the total construction cost expended as at the valuation date was RMB1,317,272,627 and the estimated outstanding construction cost for completion of the property is RMB46,597,999. We have taken into account the said amounts in our valuation.
- (8) As advised by the Group, portion of the property with a total gross floor area of approximately 131,329.57 sq m has been pre-sold under various sales and purchase agreements for a total consideration of approximately RMB5,414,360,000. We have taken into account the said amount in our valuation.
- (9) The market value of the property as if completed as at the valuation date is estimated to be RMB5,715,100,000.

- (10) According to Business License No. 310115002037766, Shanghai Poly Hongrong Real Estate Co., Ltd. (上海保利泓融房地產有限公司) has been established as a limited company with registered capital of RMB2,000,000,000 for a valid operating period until 4 November 2022.
- (11) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Poly Hongrong Real Estate Co., Ltd. (上海保利泓融房地產有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Shanghai Poly Hongrong Real Estate Co., Ltd. (上海保利泓融房地產有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (12) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Pre-sales Permits for Commodity Housing	Yes
Business License	Yes



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015																
B 11. The under construction development known as Phase 3 of Shanghai Central Garden, Yichuan New Estate Street, Putuo District, Shanghai, the PRC	<p>Shanghai Central Garden is a composite development comprises residential, commercial, club house, services department and hotel development. As advised by the Group, Shanghai Central Garden is planned to be developed in 3 phases and is erected on 4 parcel of land with a total site area of approximately 182,758.50 sq m.</p> <p>The property comprises Phase 3 of Shanghai Central Garden which is under construction and comprises high-rise residential, serviced apartment, retail properties and car parking spaces in basement carport.</p> <p>As advised by the Group, the development is scheduled to be completed in 2018. Upon completion, the property will comprise the following gross floor area:</p>	As at the valuation date, the property was under construction.	RMB3,515,000,000 (60.18% interest attributable to Shanghai Sunac Greentown: RMB2,115,327,000)																
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate planned gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Service</td> <td></td> </tr> <tr> <td>    Apartments</td> <td>100,082.31</td> </tr> <tr> <td>    Retail properties</td> <td>29,471.45</td> </tr> <tr> <td>    High-rise residential</td> <td>40,544.73</td> </tr> <tr> <td>    Office</td> <td>24,448.60</td> </tr> <tr> <td>    Car parking spaces in basement</td> <td>60,129.53</td> </tr> <tr> <td><b>Total</b></td> <td><b>254,676.62</b></td> </tr> </tbody> </table>	Use	Approximate planned gross floor area (sq m)	Service		Apartments	100,082.31	Retail properties	29,471.45	High-rise residential	40,544.73	Office	24,448.60	Car parking spaces in basement	60,129.53	<b>Total</b>	<b>254,676.62</b>		
Use	Approximate planned gross floor area (sq m)																		
Service																			
Apartments	100,082.31																		
Retail properties	29,471.45																		
High-rise residential	40,544.73																		
Office	24,448.60																		
Car parking spaces in basement	60,129.53																		
<b>Total</b>	<b>254,676.62</b>																		

The property is held when land use rights. For details, please see note (1) below.

Notes:-

- (1) According to four Shanghai Certificates of Real Estate Ownership, the land use rights of the land, comprising a total site area of approximately 124,723.00 sq m, have been vested in 上海昊川置業有限公司 (Shanghai Haochuan Property Co., Ltd.) (“Haochuan”) and 上海昊州置業有限公司 (Shanghai Haozhou Property Co., Ltd.) (“Haozhou”) with details as follows:

Certificate No.	Date of issue	User	Location	Expiry date of Land use term	Use	Site Area (sq m)
(2010) 026865	11 Nov 2010	Haochuan	No. 180 Shiquan East Road	20 July 2076	Residential	98,543.00
(2013) 002265	24 Jan 2013	Haozhou	28 Qiu,46 Fang, Yichuan Road	30 May 2047	Commercial	4,517.00
(2013) 002263	24 Jan 2013	Haozhou	43 Qiu,45 Jie Fang, Yichuan Road, Putuo District	30 May 2057	Office	10,617.00
(2013) 002600	28 Jan 2013	Haozhou	29 Qiu, 46 Fang, Yichuan Road	30 May 2047	Guest house	11,046.00
<b>Total:</b>						<b>124,723.00</b>

According to 3 State-owned Land Use Rights Certificates Nos. 2012 012495, 2007 038164 and 2005 043775 issued by Shanghai Housing and Land Resources Administration Bureau dated between 18 November 2005 and 7 August 2012, the land use rights of a parcel of land with a total site area of 58,035 sq m have been vested in Shanghai Haochuan Property Co., Ltd (上海昊川置業有限公司) under the type of Allocated Land for education, greenery and public facilities use. The land use term is without expiry date.

- (2) According to Grant Contract of State-owned Land Use Rights No. (2005) 50 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 28 September 2005, the land use rights of the property having a site area of approximately 38,239.00 sq m, has been granted to the Grantee for a term of 70 years for residential use for a consideration of RMB14,966,745.

According to Grant Contract of State-owned Land Use Rights No. (2005) 61 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 2 December 2005, the land use rights of the property having a site area of approximately 39,061.00 sq m, has been granted to the Grantee for a term of 70 years for residential use for a consideration of RMB9,128,556.

According to Supplementary Agreement (2006) 5 of Grant Contracts of State-owned Land Use Rights No. (2005) 50 and (2005) 61 entered into between 上海市普陀區房屋土地管理局 (Housing and Land Administration Bureau of Putuo District of Shanghai) (“the Grantor”) and 上海昊川置業有限公司 (Shanghai Haochuan Property Co., Ltd.) (“the Grantee”) on 21 July 2006, the site are of the parcel of land had changed to 98,543.20 sq.m. for a supplementary consideration of RMB14,856,551.

- (3) According to Grant Contract of State-owned Land Use Rights No. (2007) 113 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 31 May 2007, the land use rights of the property have been granted to the Grantee with the particulars as follows:

Location and site area	:	A site area of 4,516.60 sq m for Land 28 Qiu, 46 Jie Fang; A site area of 11,046.10 sq m for 29 Qiu, 46 Jie Fang; and A site area of 10,617.10 sq m for 43 Qiu, 45 Jie Fang.
Land use	:	Commercial use for Land 28 Qiu, 46 Jie Fang;; Guest house use for 29 Qiu, 46 Jie Fang; and Office use for 43 Qiu, 45 Jie Fang.
Gross floor area	:	above ground gross floor area not more than 139,300 sq m

According to Supplementary Agreement (2012) 9 of Grant Contracts of State-owned Land Use Rights No. (2007) 113 entered into between Planning and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區規劃和土地管理局) (“the Grantor”) and Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司) (“the Grantee”) on 16 July 2012, the Grantor is changed from Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) to Planning and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區規劃和土地管理局) and the Grantee is changed from Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) to Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司).

- (4) According to 3 Government Land Administration Documents (2006) 25, (2007) 117 and (2007) 135 dated between 19 July 2006 and 10 September 2007, the land use rights of 3 parcels of land with a total site area 58,035.5 sq m have been granted to Shanghai Haochuan Property Co., Ltd (上海昊川置業有限公司) (the “Grantee”) under the type of Allocated Land.
- (5) According to Planning Permits for Construction Use of Land No. (2003) 0021 and (2008) 00080715600820 issued by Putuo City Planning and Management Bureau (普陀區城市規劃管理局) between 8 July 2003 and 14 July 2008, the construction site of a parcel of land with an area of 228,240 sq m, is in compliance with the urban planning requirements.
- (6) According to Planning Permit for Construction Works No. (2014) FA31010720140288 issued by Shanghai Putuo Planning and Land Resource Administrative Bureau (上海市普陀區規劃和土地管理局) on 18 September 2014, the construction of the property, with a gross floor area of 27,730.61 sq m, is in compliance with the urban planning requirements.
- (7) According to Permit for Commencement of Construction Works No. 0301PT0282 D08 310107200310312219 issued by Shanghai Construction Industry Management Office (上海市建築業管理辦公室) on 30 September 2014, the property, with a gross floor area of 27,730.61 sq m, has been permitted for the construction.
- (8) As advised by the Group, the total expended construction cost of the property as at the valuation date was RMB68,498,454 whilst the outstanding construction cost for completion of the property as at the valuation date was RMB2,372,277,679.
- (9) The market value when completed of the proposed development is estimated approximately RMB8,875,000,000.
- (10) According to Business License No. 310107000362909, 上海昊川置業有限公司 (Shanghai Haochuan Property Co., Ltd.) was established on 18 December 2002 as a limited company with a registered capital of RMB50,000,000 for a valid operation period from 18 December 2002 to 17 December 2022.
- (11) According to Business License No. 310107000575076, Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司) was established on 3 November 2009 as a limited company with a registered capital of RMB5,000,000 for a valid operation period from 3 November 2009 to 2 November 2019.

- (12) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of the property with site area 26,180 sq m is subject to a legal charge in favor of 上海國際信託有限公司 (Shanghai International Trust Company Limited) from 15 April 2014 to 14 June 2016 for a consideration of RMB1,900,000,000;
  - (iv) Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (13) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificates of Real Estate Ownership	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Supplementary Agreement of Grant Contract of State-owned Land Use Rights	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licenses	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 12. The under construction development known as Phase 3 of Magnolia Garden, the intersection of Gaolang Road and Lide Road, Binhu District, Wuxi, Jiangsu Province, the PRC	<p>Upon full completion, Magnolia Garden is a residential development erected on a parcel of land with a total site area of approximately 180,826.30 sq m.</p> <p>Phases 1 and 2 of Magnolia Garden is completed between 2011 and 2012 and comprise high-rise residential buildings and car parking spaces in the basement.</p> <p>The property comprises Phase 3 of Magnolia Garden which is under construction. Upon completion, the property will comprise high-rise residential building, retail properties and car parking spaces in the basement with gross floor area as follows:</p>	As at the date of valuation the property was under construction.	RMB603,000,000  (85% interest attributable to Shanghai Sunac Greentown: RMB512,550,000)

Use	Approximate GFA (sq m)
High-rise Residential	71,827.00
Retail	10,246.00
Car parking spaces in basement (681 lots)	39,167.00
<b>Total</b>	<b>121,240.00</b>

As advised by the Group, the property is scheduled for completion in 2015.

The land use rights of the property have been granted for commercial and residential uses. For details, please see the note (1) below.

Notes:-

- (1) According to State-owned Land Use Rights Certificates listed below, the land use rights of the property have been vested in Wuxi Greentown Real Estate Development Co., Ltd. (無錫綠城房地產開發有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area (sq m)
(2008) 14	2008	Commercial and Residential	31 January 2078 for residential and 31 January 2048 for commercial	49,672.30
(2008) 15	2008	Commercial and Residential	31 January 2078 for residential and 31 January 2048 for commercial	84,540.40
(2008) 16	2008	Commercial and Residential	31 January 2078 for residential and 31 January 2048 for commercial	46,613.55
<b>Total:</b>				<b>180,826.20</b>

- (2) According to Grant Contract of State-owned Land Use Rights No. 2007(41) and its supplements entered into between Wuxi Land Resources Bureau ("Party A") and Wuxi Taihu Xincheng Construction Investment Administration Co., Ltd (無錫市太湖新城建設投資管理有限公司) ("Party B") on 6 September 2007, the land use rights of the property with a site area of 562,289.5 sq m has been granted to the Party B for a consideration of RMB548,230,000.

According to a Supplementary Agreement dated 16 September 2007, the land use rights of the property with a site area of 180,826.20 sq m have been totally transferred to Wuxi Lvcheng Real Estate Development Co., Limited.

- (3) According to Planning Permit for Construction Use of Land No. 3202112008B0003 issued by Wuxi Planning Bureau on 3 February 2008, the construction site of a parcel of land with an area of 180,826.20 sq m, is in compliance with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works No. 3202112013B0002, the construction works of the property, with a total gross floor area of 121,240 sq m, is in compliance with the construction works requirements and have been approved.
- (5) As advised by the Group, the total construction cost expended as at the date of valuation was RMB349,570,241 and the estimated outstanding construction cost for completion of the property is RMB250,557,230. We have taken into account the said amounts in our valuation.
- (6) As advised by the Group, portion of the property with a total gross floor area of approximately 42,597.36 sq m has been pre-sold under various sales and purchase agreements for a total consideration of approximately RMB542,915,734. We have taken into account the said amount in our valuation.
- (7) The market value of the property as if completed as at the date of valuation is estimated to be RMB1,051,000,000.
- (8) According to Business License No. 32021100013326, Wuxi Greentown Real Estate Development Co., Ltd. (無錫綠城房地產開發有限公司) has been established as a limited company with registered capital of RMB174,807,200 for a valid operating period from 7 December 2007 and 6 December 2027.
- (9) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

- (ii) Wuxi Greentown Real Estate Development Co., Ltd. (無錫綠城房地產開發有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) The land use rights of the property with site area 46,613.5 sq m is subject to a legal charge in favor of 招商銀行股份有限公司無錫分行 (China Merchants Bank Corporation Limited Wuxi Branch) from 18 September 2013 to 26 April 2015 for a consideration of RMB555,000,000;
- (iv) Wuxi Greentown Real Estate Development Co., Ltd. (無錫綠城房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (10) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights and Supplements	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015										
B 13. The under construction development known as Block Nos. 2, 4 and 7 of Phases 1 and 2 of Magnolia West Project, the intersection of Gaolang Road and Lixin Road, Binhu District, Wuxi, Jiangsu Province, the PRC	<p>Upon completion, Magnolia West Project is a residential development with communal facilities and is erected on a total site area of approximately 171,572.20 sq m.</p> <p>The property comprises Block Nos. 2, 4 and 7 of Phases 1 and Phase 2 of Magnolia West which is under construction and comprises high-rise residential buildings and car parking spaces in the basement.</p> <p>Upon completion, the property will comprise a total gross floor area as follows:</p>	As at the valuation date the property was under construction.	RMB1,617,000,000 (39% interest attributable to Shanghai Sunac Greentown: RMB630,630,000)										
	<table border="0"> <thead> <tr> <th>Use</th> <th>Approximate GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise Residential</td> <td>216,354.00</td> </tr> <tr> <td>Retail</td> <td>9,378.00</td> </tr> <tr> <td>Car Parking spaces in basement (2,218 lots)</td> <td>100,673.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>326,405.00</b></td> </tr> </tbody> </table>	Use	Approximate GFA (sq m)	High-rise Residential	216,354.00	Retail	9,378.00	Car Parking spaces in basement (2,218 lots)	100,673.00	<b>Total</b>	<b>326,405.00</b>		
Use	Approximate GFA (sq m)												
High-rise Residential	216,354.00												
Retail	9,378.00												
Car Parking spaces in basement (2,218 lots)	100,673.00												
<b>Total</b>	<b>326,405.00</b>												

As advised by the Group, the property is scheduled for completion in 2016.

The land use rights of the property have been granted for residential and commercial uses. For details, please see the note (2) below.



Notes:-

- (1) According to State-owned Land Use Rights Certificates listed below, the land use rights of the property have been vested in Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area (sq m)
(2010) 017	26 April 2010	Commercial and Residence	12 August 2049 for commercial; 12 August 2079 for residence; 12 August 2059 for other uses.	43,452.80
(2010) 018	26 April 2010	Commercial and Residence	12 August 2049 for commercial; 12 August 2079 for residence; 12 August 2059 for other uses.	77,687.80
(2010) 019	26 April 2010	Commercial and Residence	12 August 2049 for commercial; 12 August 2079 for residence; 12 August 2059 for other uses.	50,431.60
<b>Total:</b>				<b>171,572.20</b>

- (2) According to Grant Contract of State-owned Land Use Rights No. 3202012009CR0025 dated 13 August 2009 (and its supplementary agreement dated 2 February 2010), the land use rights of the land parcel with a total site area of 171,572.2 sq m have been granted to Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) with details as follows:

Location	:	West of Lixin Avenue, North of Guanshan Road, East of Guanshun Road, and south of Gaolang Road, Lake Tai New Town, Binhu District
Site area (sq m)	:	171,572.2
Planned GFA (sq m)	:	377,458.8
Land Use	:	Commercial and residential
Land use term	:	Commercial: 40 years residential: 70 years, others: 50 years
Land premium	:	RMB1,100,000,000
Plot ratio	:	Not more than 2.2

- (3) According to Planning Permit for Construction Use of Land No. 3202112010B0009 dated 19 April 2010, the construction project on the land with a total site area of 171,572.2 sq m is in compliance with the urban planning requirements and has been approved.
- (4) According to Planning Permits for Construction Works Nos. 32021120131300007 3202112013B0012 and 3202112013B0013 dated between 25 March 2013 and 7 April 2013, the construction works with a total planned gross floor area of 360,393.1 sq m are in compliance with the urban planning requirements and have been approved.
- (5) According to Permits for Commencement of Construction Works Nos. 3202112011072200004A, 3202112011072200003A, 320211020130041, 320211020130042 dated 22 July 2011, 28 April 2013, and 6 May 2013, the construction works with a total planned gross floor area of 369,778.4 sq m are in compliance with the requirements for works commencement and have been permitted.
- (6) According to Pre-sale Permits for Commodity Housing Nos. (2012) 105, (2013) 100, (2013) 041, (2013) 068, and (2013) 116 dated between 30 October 2012 and 21 November 2013, the property with a total gross floor area of 249,122.50 sq m is permitted for pre-sale.
- (7) As advised by the Group, the total construction cost expended as at the valuation date was RMB996,047,567 and the estimated outstanding construction cost for completion of the property is RMB536,077,977. We have taken into account the said amounts in our valuation.

- (8) As advised by the Group, portion of the property with a total gross floor area of approximately 151,396.60 sq m has been pre-sold under various sales and purchase agreements for a total consideration of approximately RMB1,580,736,245. We have taken into account the said amount in our valuation.
- (9) The market value of the property as if completed as at the valuation date is estimated to be RMB2,745,000,000.
- (10) According to Business License No. 320211000156501, Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) has been established as a limited company with registered capital of RMB300,000,000 for a valid operating period from 25 January 2010.
- (11) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of a portion of the property with site area 77,687.8 sq m is subject to a legal charge in favor of 海爾集團財務有限責任公司 (Haier Group Finance Company Limited) from 4 March 2014 and 3 March 2017 for a consideration of RMB972,618,000;
  - (iv) Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (12) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:
- |  |     |
|--|-----|
| State-owned Land Use Rights Certificates       | Yes |
| Grant Contract of State-owned Land Use Rights  | Yes |
| Planning Permit for Construction Use of Land   | Yes |
| Planning Permits for Construction Works        | Yes |
| Permits for Commencement of Construction Works | Yes |
| Pre-sale Permits for Commodity Housing         | Yes |
| Business License                               | Yes |

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 14. The under construction development known as Phases 1 and 2 of Fairy Land, south of Gaohu Road, north of Dushu Lake, Suzhou Industry Park District, Suzhou, Jiangsu Province, the PRC	<p>Upon full completion, Fairy Land is a residential development. As advised by the Group, Fairy Land is planned to be developed in 3 phases and is erected on a parcel of land with a total site area of approximately 213,852.71 sq m.</p> <p>The property comprises Phases 1 and 2 of Fairy Land which is under construction and comprises villas.</p> <p>As advised by the Group, the property is scheduled to be completed in 2016 and has the planned gross floor area of 191,897 sq m for residential use.</p> <p>The land use rights of the property have been granted for terms due to expire on 21 September 2050 for commercial services use and due to expire on 21 September 2080 for residential use.</p>	As at the valuation date, the property was under construction.	RMB3,300,000,000 (56.67% interest attributable to Shanghai Sunac Greentown: RMB1,870,110,000)

## Notes:-

- (1) According to State-owned Land Use Rights Certificate No. (2012) 00105 dated 31 August 2012, the land use rights of portion of the property comprising a total site area of 213,852.71 sq m, have been vested in Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司) for terms due to expire on 21 September 2050 for commercial services use and due to expire on 21 September 2080 for residential use.
- (2) According to Grant Contract of State-owned Land Use Rights No. 3205032009CR0060 entered into between Land and Real Estate Bureau of Suzhou Industry District (蘇州市工業園區國土房產局) (the "Grantor") and Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) (the "Grantee") on 22 September 2009, the land use rights of the property having a site area of approximately 213,852.71 sq m have been granted to the Grantee with details as follows:
- |                                 |   |   |
|---------------------------------|---|---|
| Site area                       | : | 213,852.71 sq m   |
| Land use term                   | : | 70 years for residential use; and 40 years for commercial and services uses |
| Gross Floor area                | : | 128,311.63 sq m   |
| Plot ratio                      | : | not more than 0.6 and not less not 0.4                                      |
| Completion Date of Construction | : | 22 September 2012   |
| Land premium                    | : | RMB3,600,000,000  |
- (3) According to Supplementary Agreement for Grant Contract of State-owned Land Use Rights No. 3205032009CR0060 dated 8 December 2009, the land use rights of the property have been transferred from Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) to Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司).

- (4) According to Planning Permit for Construction Use of Land No. A20080001-01 issued by Suzhou Industry Park Planning and Construction Bureau (蘇州工業園區規劃建設局) on 24 August 2012, the construction site of a parcel of land with an area of 21.39 qing, is in compliance with the urban planning requirements.
- (5) According to five Planning Permits for Construction Works all issued by Suzhou Industry Park Planning and Construction Bureau (蘇州工業園區規劃建設局), the construction works of the property, with a gross floor area of 415,125.44 sq m, are in compliance with the construction works requirements and have been approved. The details of the permits are summarized as follows:

Certificate No.	Date of issue	Location	Gross floor area (sq m)
20121782	14 September 2012	North of Dushu Lake, south of Gaohu Road	233,214.88
20130209	31 January 2013	North of Dushu Lake, south of Gaohu Road	11,319.84
20131129	3 July 2013	North of Dushu Lake, south of Gaohu Road	74,760.12
20140942	30 June 2014	North of Dushu Lake, south of Gaohu Road	23,837.81
20141431	14 October 2014	North of Dushu Lake, south of Gaohe Road	71,992.79
<b>Total:</b>			<b><u>415,125.40</u></b>

- (6) According to five Permits for Commencement of Construction Works all issued by Suzhou Industry Park Planning and Construction Bureau (蘇州工業園區規劃建設局), the property has been permitted for the construction with the development scheme as follows:

Permit No.	Date of issue	Location	Gross floor area (sq m)
320594201209200301	20 September 2012	Gaohu Road, Suzhou Industry Park	73,273.47
320594201307170201	17 July 2013	North of Dushu Lake, south of Gaohu Road, Suzhou Industry Park	25,846.16
320594201309120401	12 September 2013	North of Dushu Lake, south of Gaohu Road	48,913.96
320594201408130201	13 August 2014	North of Dushu Lake, south of Gaohu Road	23,837.81
32059420141170101	13 August 2014	North of Dushu Lake, south of Gaohu Road	71,992.79
<b>Total:</b>			<b><u>243,864.1</u></b>

- (7) As advised by the Group, the total expended construction cost of the property as at the valuation date was RMB732,228,768 whilst the outstanding construction cost for completion of the property as at the valuation date was RMB761,521,232.
- (8) As advised by the Group, portion of the property with a total gross floor area of approximately 44,950.88 sq m has been pre-sold under various sales and purchase agreements for a total consideration of approximately RMB2,587,573,699. We have taken into account the said amount in our valuation.

- (9) The market value when completed of the proposed development is estimated approximately RMB5,150,700,000.
- (10) According to Business License No. 320594000149388 dated 24 May 2013, Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司) was established on 7 December 2009 as a limited company with a registered capital of RMB360,000,000 for a valid operation period from 7 December 2009 to 7 December 2039.
- (11) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) The land use rights of a portion of the property with site area 51,241.77 sq m is subject to a legal charge in favor of 中國農業銀行股份有限公司蘇州工業園支行 (Agricultural Bank of China Corporation Limited Suzhou Industrial Park Branch) for a consideration of RMB600,000,000.
- The land use rights of a portion of the property with site area 92,166.56 sq m is subject to a legal charge in favor of 招商銀行股份有限公司蘇州城中支行 (China Merchants Bank Corporation Limited Suzhou City Center Branch) from 28 November 2013 and 27 November 2016 for a consideration of RMB1,000,000,000;
- (iv) Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (12) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |  |     |
|--|-----|
| State-owned Land Use Rights Certificate                                  | Yes |
| Grant Contracts of State-owned Land Use Rights                           | Yes |
| Supplementary Agreement of Grant Contract of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Use of Land                             | Yes |
| Planning Permits for Construction Works                                  | Yes |
| Permits for Commencement of Construction Works                           | Yes |
| Business License   | Yes |

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015												
B 15. The under construction portion of Phases 1 to 3 of Magnolia Square, West of Wuyi Road, Wujin District, Changzhou, Jiangsu Province, the PRC	<p>Upon completion, Magnolia Square is a composite residential development and is erected on three parcels of land with a total site area of approximately 413,251.80 sq m.</p> <p>The property comprises the under construction portion of Phases 1 to 3 of Magnolia Square which is under construction and comprises high rise residential, commercial and car parking spaces in the basement.</p> <p>As advised by the Group, the proposed development is scheduled to be completed in 2015 and has the planned gross floor area as follows:</p>	As at the valuation date the property was under construction.	RMB1,654,000,000 (97% interest attributable to Shanghai Sunac Greentown: RMB1,604,380,000)												
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise Residential</td> <td>504,533</td> </tr> <tr> <td>Commercial</td> <td>20,777.68</td> </tr> <tr> <td>Ancillary</td> <td>35,408.00</td> </tr> <tr> <td>Car Park</td> <td>98,331.94</td> </tr> <tr> <td><b>Total</b></td> <td><b>659,050.81</b></td> </tr> </tbody> </table>	Use	Approximate Planned Gross Floor Area (sq m)	High-rise Residential	504,533	Commercial	20,777.68	Ancillary	35,408.00	Car Park	98,331.94	<b>Total</b>	<b>659,050.81</b>		
Use	Approximate Planned Gross Floor Area (sq m)														
High-rise Residential	504,533														
Commercial	20,777.68														
Ancillary	35,408.00														
Car Park	98,331.94														
<b>Total</b>	<b>659,050.81</b>														
	The land use rights of the property have been granted for a term of 70 years for residential uses.														

## Notes:-

- (1) According to State-owned Land Use Rights Certificates No. (2011) 1204747 dated 30 September 2011, the land use rights of portion of the property comprising a total site area of 87,022.40 sq m, have been vested in Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) for a term of 70 years for residential use.

According to State-owned Land Use Rights Certificates No. (2011) 1204748 dated 30 September 2011, the land use rights of portion of the property comprising a total site area of 79,088.60 sq m, have been vested in Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) for a term of 70 years for residential use.

According to State-owned Land Use Rights Certificate No. (2013) 02067, the land use rights of portion of the property comprising a total site area of 75,880.550 sq m have been vested in Changzhou Greentown Real Estate Co., Ltd (常州綠城置業有限公司) for a term of 70 years for residential use.

According to State-owned Land Use Rights Certificate No. (2013) 21823, the land use rights of portion of the property comprising a total site area of 70,686.30 sq m have been vested in Changzhou Greentown Real Estate Co., Ltd (常州綠城置業有限公司) for a term of 70 years for residential use.

- (2) According to 5 Grant Contracts of State-owned Land Use Rights and supplements entered into between State-owned Land Resources Bureau of Changzhou Municipality (常州市國土資源局) ("Party A"), Ketai Hong Kong Co., Limited (科泰香港有限公司) and Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司) ("Party B"), 5 parcels of land with total site area of 413,224.80 sq m is granted to Party B with details as follows:

Contract No.	Land Use	Land Use		Site Area (sq m)	Land Premium (RMB)
		Term	Issue Date		
3204832010CR0153	Residential	70 years	11 August 2010	75,880.5	383,196,525
3204832010CR0154	Residential	70 years	11 August 2010	79,088.6	399,397,430
3204832010CR0155	Residential	70 years	11 August 2010	87,022.4	439,463,120
3204832010CR0156	Residential	70 years	11 August 2010	100,547.0	507,898,700
3204832010CR0157	Residential	70 years	11 August 2010	70,686.3	356,965,815
<b>Total</b>				<b>413,224.80</b>	

According to 5 Supplementary Agreements dated 2 November 2010, the land use rights of the property have been totally transferred to Changzhou Greentown Real Estate Co., Ltd (常州綠城置業有限公司).

- (3) According to Planning Permits for Construction Use of Land No. 320400201150082 and 320400201350040 dated between 14 November 2011 and 14 June 2013 issued by Changzhou Urban Planning Bureau, the construction site of a parcel of land for the development of Greentown Yulan Square with a site area of approximately 166,111 sq m, is in compliance with the urban planning requirements and has been approved.
- (4) According to Planning Permits for Construction Works No. 320400201150151 and 320400201350084 dated between 14 October 2011 and 3 July 2013 issued by Changzhou Urban Planning Bureau, the construction works of the property, with a total gross floor area of approximately 560,839 sq m are in compliance with the urban construction requirements and has been approved.
- (5) According to four Permits for Commencement of Construction Works No. 320483201207310101, 320483201211060501, 320483201307090101 and 320483201307090201 all issued by Changzhou Wujin Housing and Urban-rural Construction Bureau, the property with a total gross floor area of 556,332.01 sq m, is in compliance with the requirements for works commencement and have been permitted.
- (6) According to Commodity Housing Pre-sale Permit Nos. (2012) 056, 098, 107, (2013) 017, 041, 066, 072, 073, 094, (2014) 007, 123 all issued by Changzhou Housing and Land Resources Bureau dated between 31 October 2012 and 27 November 2014, the property with a total gross floor area of 422,180.27 sq m is permitted for pre-sale.
- (7) As advised by the Group, the total expended construction cost for the property as at the valuation date was RMB1,177,838,947 whilst the outstanding construction cost for completion of the property as at the valuation date was RMB1,746,930,689 We have taken into account such amounts in our valuation.
- (8) As advised by the Group, portion of the property with a total gross floor area of approximately 157,960.48 sq m has been pre-sold under various sales and purchase agreements for a total consideration of approximately RMB1,101,137,866. We have taken into account the said amount in our valuation.
- (9) The market value of the property as if completed as at the valuation date is estimated to be RMB4,527,000,000.
- (10) According to Business License No. 320000400004377 dated 17 October 2014, Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) was established on 1 November 2010 as a limited company with a registered capital of RMB837,500,000 for a valid operation from 1 November 2010 to 31 October 2030.

- (11) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of the property is subject to legal charges in favor of 光大銀行常州支行 (CEB Bank Changzhou Branch), 農業銀行常州支行 (Agricultural Bank Changzhou Branch), 陸家嘴國際信託有限公司 (Lvjiazui Trust Company Limited) for a total consideration of RMB1,105,244,500;
  - (iv) Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (12) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Supplementary Agreements of Grant Contract of State-owned Land Use Rights	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Pre-sale Permits for Commodity Housing	Yes
Business License	Yes



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 16.	The under construction development of Phases 1 and 2 of Azure Coast, east of Binhe West Road, south of Wanshun North Road, north of Hengfu Road, Tanggu District, Tianjin, the PRC	As at the valuation date, the property was under construction.	RMB223,000,000  (80% interest attributable to Shanghai Sunac Greentown: RMB178,400,000)
	As advised by the group, the development is scheduled to be completed in 2018 and has the planned gross floor area with details as follows:		
		<b>Approximate Gross Floor Area (sq m)</b>	
	<b>Use</b>		
	Apartment	53,905.30	
	Office	78,377.70	
	Commercial	34,046.00	
	Car parking spaces in basement (835 lots)	43,358.00	
	<b>Sub-total:</b>	<b>209,687.00</b>	
	The land use rights of the property have been granted for a term of 40 years due to expire on 23 November 2049 for commercial use.		

## Notes:-

- (1) According to Grant Contract of State-owned Land Use Rights No. 2008026 entered into between Tianjin Housing and Land Resources Bureau Tanggu Branch ("the Grantor") and Tianjin Yijun Investment Co., Ltd. (天津逸駿投資有限公司) ("the Grantee") dated 27 March 2008, the land use rights of the property, comprising a total site area of approximately 17,160.60 sq m, have been granted to the grantee with details as follows:

Site Area	:	17,160.60 sq m (including a site area of approximately 9,237.6 sq m for Land No. 1 and a site area of approximately 7,923.0 sq m for Land No. 2)
Land Use	:	Commercial and services uses (including office, hotel, commercial and services apartment)
Land Use Term	:	70 years for residential use, 40 years for commercial use and 50 years for others use
Plot Ratio	:	Not more than 9 for Land No. 1 and not more than 10.5 for Land No. 2
Land Premium	:	RMB64,550,000

- (2) According to State-owned Land Use Rights Certificate No. 107050901063 issued by Tianjin Housing and Land Resources Bureau, the land use right of the property, comprising a total site area of 9,237.60 sq m, have been vested in Tianjin Yijun Investment Co., Ltd. (天津逸駿投資有限公司) for a term of 40 years due to expire on 23 November 2049 for commercial use.
- (3) According to State-owned Land Use Rights Certificate No. 107050901062 issued by Tianjin Housing and Land Resources Bureau, the land use right of the property, comprising a total site area of 7,923.0 sq m, have been vested in Tianjin Yijun Investment Co., Ltd. (天津逸駿投資有限公司) for a term of 40 years due to expire on 23 November 2049 for commercial use.
- (4) According to Planning Permit for Construction Use of Land No. (2008) 0038 issued by Tianjin Tanggu District Planning Bureau on 6 April 2008, the construction site of a parcel of land with site area of 17,160.60 sq m, is in compliance with the urban planning requirements and has been approved.
- (5) According to Planning Permit for Construction Works No. (2011) 0019 issued by Tianjin Binhai New Area Planning Bureau dated on 6 April 2011, the construction works of the property, with a total above ground gross floor area of 83,138 sq m above and a total below ground gross floor area of 23,349 sq m, are in compliance with the construction works requirements and have been approved.
- (6) According to Permit for Commencement of Construction Works No. 1210731201012016 issued by Tianjin Binhai New Area Construction Committee Tanggu Branch on 5 May 2011, the construction works of the property with a total gross floor area of 106,487 sq m, are in compliance with the requirements for works commencement and have been permitted.
- (7) As advised by the Group, the total construction cost expended as at the valuation date was RMB437,958,043 and the estimated outstanding construction cost for completion of the property is RMB1,058,920,543. We have taken into account the said amounts in our valuation.
- (8) The market value of the property as if completed as at the valuation date is estimated to be RMB1,779,000,000.
- (9) According to Business License No. 120107000018093 dated 13 January 2010, Tianjin Yijun Investment Co., Ltd. (天津逸駿投資有限公司) was established on 11 January 2008 as a limited company with a registered capital of RMB10,000,000 for a valid operation period from 11 January 2008 to 10 January 2028.
- (10) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Tianjin Yijun Investment Co., Ltd. (天津逸駿投資有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Tianjin Yijun Investment Co., Ltd. (天津逸駿投資有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (11) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:
- |   |     |
|---|-----|
| Grant Contract of State-owned Land Use Rights | Yes |
| State-owned Land Use Rights Certificates      | Yes |
| Planning Permit for Construction Use of Land  | Yes |
| Planning Permit for Construction Works        | Yes |
| Permit for Commencement of Construction Works | Yes |
| Business License                              | Yes |

## VALUATION CERTIFICATE

## Group B III — Properties held under Onshore Target Group to be disposed of by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015								
B 17. The development site for the proposed development known as Phase 2 of Caobaolu Project, Caobao Road, Meilong Town, Minhang District, Shanghai, the PRC	<p>Upon full completion, Caobaolu Project is a residential development.</p> <p>The property comprises the development site with a total site area of approximately 45,710.00 sq m for the proposed Phase 2 of Caobaolu Project.</p> <p>As advised by the Group, the proposed development is scheduled to be completed in 2016 and has planned gross floor area with details as follows:</p>	As at the Valuation Date, the property was vacant land.	RMB1,786,000,000  (50% interest attributable to Shanghai Sunac Greentown: RMB893,000,000)								
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>86,800.00</td> </tr> <tr> <td>Car parking spaces in the basement</td> <td>39,300.00</td> </tr> <tr> <td><b>Sub-total</b></td> <td><b>126,100.00</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq m)	High-rise residential	86,800.00	Car parking spaces in the basement	39,300.00	<b>Sub-total</b>	<b>126,100.00</b>		
Use	Approximate gross floor area (sq m)										
High-rise residential	86,800.00										
Car parking spaces in the basement	39,300.00										
<b>Sub-total</b>	<b>126,100.00</b>										
	The property is held with land use rights for a term due to expire on 27 January 2069 for residential use.										

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2005) 080588 dated 11 November 2005, the land use rights of the property located at Qiu Nos. 8 of Jiefang No. 406, Meilong District, having a total site area of approximately 64,626.0 sq m, have been vested in Shanghai Tongrui Real Estate Co., Ltd. (上海同瑞房地產開發有限公司) for a term due to expire on 27 January 2069 for residential use.

- (2) According to Grant Contracts of Land Use Rights listed below, the land use rights of the land parcels with a total site area of 64,626.00 sq m have been granted Shanghai Liannong Real Estate Co., Ltd. (上海聯農房地產有限公司) with details as follows:

No.	Date of issue	Use	Land premium (RMB)	Plot Ratio	Site area (sq m)
(1999) 04	28 January 1999	Residential	5,922,450	1.36	33,857
(1999) 25	10 November 1999	Residential	5,538,420	1.78	30,769
<b>Total:</b>					<b>64,626.00</b>

- (3) According to Transfer Contract of State-owned Land Use Rights entered into between Shanghai Liannong Real Estate Co., Ltd. (上海聯農房地產有限公司) (Party A) and Shanghai Tongrui Real Estate Co., Ltd. (上海同瑞房地產開發有限公司) (Party B) on 28 August 2005, Party A has agreed to transfer the land use rights of the under construction development on Qiu Nos. 8 and 9 of Jiefang No. 406, Meilong District to Party B at a consideration of RMB180,000,000.
- (4) According to Business License No. 310112000378402 dated 12 August 2014, Shanghai Tongrui Real Estate Co., Ltd. (上海同瑞房地產開發有限公司) was established on 18 September 2002 as a limited liability company with a registered capital of RMB15,000,000 for a valid operation period from 18 September 2002 to 17 September 2022.
- (5) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Tongrui Real Estate Co., Ltd. (上海同瑞房地產開發有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the proposed development;
  - (iii) Shanghai Tongrui Real Estate Co., Ltd. (上海同瑞房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (6) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Transfer Contract of State-owned Land Use Rights	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015										
B 18. The development site for the proposed development known as Phase 3 of Magnolia West Project, the intersection of Gaolang Road and Lixin Road, Binhu District, Wuxi, Jiangsu Province, the PRC	<p>Upon completion, Magnolia West is a residential development with communal facilities and is erected on a total site area of approximately 171,572.20 sq m.</p> <p>The property comprises a parcel of land with a total site area of approximately 50,431.60 sq m, on which the proposed Phase 3 of Mongolia West Project will be developed.</p> <p>As advised by the Group, the planned gross floor area of the proposed development with details as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise Residential</td> <td>118,973.00</td> </tr> <tr> <td>Commercial</td> <td>18,648.00</td> </tr> <tr> <td>Car Parking in basement</td> <td>51,593.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>189,214.00</b></td> </tr> </tbody> </table>	Use	Approximate GFA (sq m)	High-rise Residential	118,973.00	Commercial	18,648.00	Car Parking in basement	51,593.00	<b>Total</b>	<b>189,214.00</b>	As at the valuation date the property was vacant land.	RMB317,000,000  (39% interest attributable to Shanghai Sunac Greentown: RMB123,630,000)
Use	Approximate GFA (sq m)												
High-rise Residential	118,973.00												
Commercial	18,648.00												
Car Parking in basement	51,593.00												
<b>Total</b>	<b>189,214.00</b>												
	<p>As advised by the Group, construction works of the proposed development will commence in 2015 and the proposed development will be completed in 2018.</p> <p>The property is held with land use rights for a term due to expire on 12 August 2079 for residential use.</p>												

## Notes:-

- (1) According to State-owned Land Use Rights Certificate No. (2010) 019 dated 26 April 2010, the land use rights of the property with a total site area of 50,431.60 sq m have been vested in Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) for a term due to expire on 12 August 2079 for commercial and residential use.

- (2) According to Grant Contract of Land Use Rights No. 3202012009CR0025 dated 13 August 2009 (and its supplementary agreement dated 2 February 2010), the land use rights of the land parcel with a total site area of 171,572.2 sq m have been granted to Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) with details as follows:

Location	:	West of Lixin Avenue, North of Guanshan Road, East of Guanshun Road, and south of Gaolang Road, Lake Tai New Town, Binhu District
Site area (sq m)	:	171,572.2
Planned GFA (sq m)	:	377,458.8
Land Use	:	Commercial and residential
Land use term	:	Commercial: 40 years, residential: 70 years, other: 50 years
Land premium	:	RMB1,100,000,000
Plot ratio	:	Not more than 2.2

- (3) According to Planning Permit for Construction Use of Land No. 3202112010B0009 dated 19 April 2010, the construction project on the land with a total site area of 171,572.2 sq m is in compliance with the urban planning requirements and has been approved.

- (4) According to Business License No. 320211000156501, Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) has been established as a limited company with registered capital of RMB300,000,000 for a valid operating period from 25 January 2010.

- (5) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the proposed development;
- (iii) The land use rights of a portion of the property with site area 77,687.8 sq m is subject to a legal charge in favor of 海爾集團財務有限責任公司 (Haier Group Finance Company Limited) from 4 March 2014 and 3 March 2017 for a consideration of RMB972,618,000;
- (iv) Wuxi Taihu Greentown Real Estate Co., Ltd. (無錫太湖綠城置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

- (6) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group is as follows:

Grant Contract of Land Use Rights	Yes
State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 19. The development site for the proposed development known as Phase 3 of Fairy Land, south of Gaohu Road, north of Dushu Lake, Suzhou Industry Park District, Suzhou, Jiangsu Province, the PRC	<p>Fairy Land is a residential development. As advised by the Group, Fairy Land is planned to be developed in 3 phases and is erected on a parcel of land with a total site area of approximately 213,852.71 sq m.</p> <p>The property comprises the development site for the proposed Phase 3 of Fairy Land. Upon completion, the proposed development will comprise villas.</p> <p>As advised by the Group, the proposed development is scheduled to be completed in 2017 and has a planned gross floor area of 71,192 for residential use.</p> <p>The land use rights of the property have been granted for terms due to expire on 21 September 2050 for commercial services use and due to expire on 21 September 2080 for residential use.</p>	As at the valuation date, the property was vacant land.	RMB1,282,000,000 (56.67% interest attributable to Shanghai Sunac Greentown: RMB726,509,400)

## Notes:-

- (1) According to State-owned Land Use Rights Certificate No. (2012) 00105 dated 31 August 2012, the land use rights of portion of the property comprising a total site area of 213,852.71 sq m, have been vested in 蘇州綠城玫瑰園房地產開發有限公司 (Suzhou Greentown Rose Garden Real Estate Development Co., Ltd.) for terms due to expire on 21 September 2050 for commercial services use and due to expire on 21 September 2080 for residential use.
- (2) According to Grant Contract of State-owned Land Use Rights No. 3205032009CR0060 entered into between 蘇州市工業園區國土房產局 (Land and Real Estate Bureau of Suzhou Industry District) (the "Grantor") and Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) (the "Grantee") on 22 September 2009, the land use rights of the property having a site area of approximately 213,852.71 sq m have been granted to the Grantee with details as follows:

Site area	:	213,852.71 sq m
Land use term	:	70 years for residential use; and 40 years for commercial and services uses
Gross Floor area	:	128,311.63 sq m
Plot ratio	:	not more than 0.6 and not less not 0.4
Completion Date of Construction	:	22 September 2012
Land premium	:	RMB3,600,000,000

- (3) According to Supplementary Agreement for Grant Contract of State-owned Land Use Rights No. 3205032009CR0060 dated 8 December 2009, the land use rights of the property have been transferred from Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) to Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司).
- (4) According to Planning Permit for Construction Use of Land No. A20080001-01 issued by Suzhou Industry Park Planning and Construction Bureau (蘇州工業園區規劃建設局) on 24 August 2012, the construction site of a parcel of land with an area of 21.39 Qing, is in compliance with the urban planning requirements.
- (5) According to Business License No. 320594000149388 dated 24 May 2013, Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司) was established on 7 December 2009 as a limited company with a registered capital of RMB360,000,000 for a valid operation period from 7 December 2009 to 7 December 2039.
- (6) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the proposed development;
  - (iii) Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. (蘇州綠城玫瑰園房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (7) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |  |     |
|--|-----|
| State-owned Land Use Rights Certificate                                  | Yes |
| Grant Contracts of State-owned Land Use Rights                           | Yes |
| Supplementary Agreement of Grant Contract of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Use of Land                             | Yes |
| Business License   | Yes |



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 20. The development site situated at Land Plot G58, north of Shishan Street and Jinshan Road, Gaoxin District Suzhou, Jiangsu Province, the PRC	<p>The property comprises the development site with a total site area of approximately 104,401.20 sq m.</p> <p>The planned gross floor area of the proposed development is approximately 114,841.00 sq m.</p> <p>The property is held with land use rights for a term of 70 years for residential use.</p>	As at the Valuation Date, the property was bare land.	RMB669,000,000  (100% interest attributable to Shanghai Sunac Greentown: RMB669,000,000)

## Notes:-

- (1) According to Grant Contract of State-owned Land Use Rights No. 3205012014CR0172 and its supplement, the land use rights of the land parcel with a total site area of 104,401.20 sq m have been granted to Suzhou Rongding Real Estate Co., Ltd. (蘇州融鼎置業有限公司) with details as follows:

Location	:	Land plot No. 2014-G-58, north of Shishan Street and Jinshan Road, Suzhou
Site area (sq m)	:	104,401.20
Land Use	:	Residential
Land use term	:	70 years
Land premium	:	RMB1,260,097,999
Plot ratio	:	Not more than 1.1

As advised by the Group, as at the valuation date, Suzhou Rongding Real Estate Co., Ltd. (蘇州融鼎置業有限公司) has not paid the remaining land premium of RMB678,440,000 of the property. We have taken into account such amount in our valuation.

- (2) According to Business License No. 320512000201412260005, Suzhou Rongding Real Estate Co., Ltd. (蘇州融鼎置業有限公司) has been established on 26 December 2014 as a limited company with a registered capital of RMB8,000,000 and a valid operation period from 26 December 2014 to 25 December 2044.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- The Grant Contract of State-owned Land Use Rights of the property is valid, legal and enforceable under the PRC laws;
  - Suzhou Rongding Real Estate Co., Ltd. (蘇州融鼎置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;
  - All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled; and
  - The grantee has no legal impediment to obtain the State-owned Land Use Rights Certificate.

- (4) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Grant Contract of State-owned Land Use Rights and its supplement	Yes
Business License	Yes



- (2) According to 5 Grant Contracts of State-owned Land Use Rights and supplements entered into between State-owned Land Resources Bureau of Changzhou Municipality (常州市國土資源局) (“Party A”), Ketai Hong Kong Co., Limited (科泰香港有限公司) and Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司) (“Party B”), 5 parcels of land with total site area of 413,224.80 sq m is granted to Party B with details as follows:

Contract No.	Land Use	Land Use Term	Issue Date	Site Area (sq m)	Land Premium (RMB)
3204832010CR0153	Residential	70 years	11 August 2010	75,880.5	383,196,525
3204832010CR0154	Residential	70 years	11 August 2010	79,088.6	399,397,430
3204832010CR0155	Residential	70 years	11 August 2010	87,022.4	439,463,120
3204832010CR0156	Residential	70 years	11 August 2010	100,547.0	507,898,700
3204832010CR0157	Residential	70 years	11 August 2010	70,686.3	356,965,815
<b>Total</b>				<b>413,224.80</b>	

According to 5 Supplementary Agreements dated 2 November 2010, the land use rights of the property have been totally transferred to Changzhou Greentown Real Estate Co., Ltd (常州綠城置業有限公司).

As advised by the Group, as at the valuation date, Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) has not paid the remaining land premium of RMB364,978,830 of the property. We have taken into account such amounts in our valuation.

- (3) According to Business License No. 320000400004377 dated 17 October 2014, Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) was established on 1 November 2010 as a limited company with a registered capital of RMB837,500,000 for a valid operation from 1 November 2010 to 31 October 2030.
- (4) We have been provided with a legal opinion issued by the Company’s PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the proposed development;
  - (iii) The land use rights of the property is subject to legal charges in favor of 光大銀行常州支行 (CEB Bank Changzhou Branch), 農業銀行常州支行 (Agricultural Bank Changzhou Branch), 陸家嘴國際信託有限公司 (Lvjiazui Trust Company Limited) for a total consideration of RMB1,105,244,500;
  - (iv) Changzhou Greentown Real Estate Co., Ltd. (常州綠城置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee’s consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Supplementary Agreements of Grant Contract of State-owned Land Use Rights	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
B 22. The development site for the proposed development known as Shanghai Fuyuan Binjiang Project situated at land plot Nos. E04-2 and E04-4 of Huangpu Riverbank Unit E10, Pudong New District, Shanghai, the PRC	<p>The property comprises the development site with a total site area of approximately 36,987.50 sq m.</p> <p>The planned gross floor area of the proposed development is approximately 113,690.00 sq m.</p> <p>The property is held with land use rights for a term of 70 years for residential use and 40 years for commercial use.</p>	As at the Valuation Date, the property was bare land.	RMB1,270,000,000 (23.03% interest attributable to Shanghai Sunac Greentown: RMB292,481,000)

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2013) 068949 issued by Shanghai Planning Land and Resources Administration Bureau and Shanghai Housing Security and Administration Bureau on 4 September 2013, the land use rights of Land Plot No. E04-2, comprising a total site area of approximately 22,840 sq m, have been vested in Shanghai Fuyuan Binjiang Development Co., Ltd (上海富源濱江開發有限公司) for a term due to expire on 25 September 2082 for residential use.

According to Shanghai Certificate of Real Estate Ownership No. (2013) 068946 issued by Shanghai Planning Land and Resources Administration Bureau and Shanghai Housing Security and Administration Bureau on 4 September 2013, the land use rights of Land Plot No. E04-4, comprising a total site area of approximately 14,147.5 sq m, have been vested in Shanghai Fuyuan Binjiang Development Co., Ltd (上海富源濱江開發有限公司) for a term due to expire on 25 December 2052 for commercial use.

As advised by the Company, Shanghai Fuyuan Binjiang Development Co., Ltd (上海富源濱江開發有限公司) is owned as to 47% by Shanghai Ronglv Ruijiang Real Estate Co., Ltd. ("Onshore Target Company 2") and hence it is an associate of Onshore Target Company 2.

- (2) According to a Grant Contract of Land Use Rights dated 21 August 2013, the land use rights of the land parcel with a total site area of 36,987.50 sq m have been granted to Shanghai Fuyuan Binjiang Development Co., Ltd (上海富源濱江開發有限公司) with details as follows:

Location	:	Land Plot Nos. E04-2 and E04-4 of Huangpu Riverbank Unit E10, Shanghai
Site area (sq m)	:	36,987.50 (Land Plot No.: E04-2: 22,840 sq m Land Plot No.: E04-4: 14,147.5 sq m)
Land Use	:	Land Plot No. E04-2: residential Land Plot No. E04-4: commercial
Land use term	:	Land Plot No. E04-2: 70 years Land Plot No. E04-4: 40 years
Land premium	:	RMB1,233,760,000
Plot ratio	:	Land Plot No. E04-2: 2.5 Land Plot No. E04-4: 4.0

- (3) According to Business License, Shanghai Fuyuan Binjiang Development Co., Ltd (上海富源濱江開發有限公司) has been established on 3 July 2013 as a limited company with a registered capital of RMB10,000,000 and a valid operation period from 3 July 2013 and 2 July 2033.

- (4) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) The land use rights the property with site area 58,160.00 sq m is subject to a legal charge in favor of 中國建設銀行股份有限公司上海浦東分行 (China Construction Bank Corporation Limited (Shanghai Pudong Branch)) from 16 December 2010 to 15 December 2013 for a consideration of RMB700,000,000; and
  - (iii) Shanghai Fuyuan Binjiang Development Co., Ltd (上海富源濱江開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance.

- (5) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificates of Real Estate Ownership	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Business License	Yes

## VALUATION CERTIFICATE

## Group C — Other properties to be disposed of by the Group in the PRC

## Group C I — Other completed properties to be disposed of by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015								
C 1. Unsold portion of Phase 5 to 7 and the clubhouse of Shanghai Rose Garden, No. 1555 Lane, Zhongqing Road, Minhang District, Shanghai, the PRC	<p>Shanghai Rose Garden is a large villa development. As advised by the Group, Shanghai Rose Garden has 7 phases and is erected on 6 parcels of land with a total site area of approximately 803,353 sq m.</p> <p>As advised by the Group, Shanghai Rose Garden is completed and the property comprises the unsold portion of Phase 5 to 7 and the clubhouse.</p> <p>Completed in between 2012 and 2014, the property has the gross floor area with details as follows:</p>	As at the valuation date, the property was vacant.	RMB1,119,000,000  (50% interest attributable to be disposed of by the Group: RMB559,500,000)								
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Villa</td> <td>11,138</td> </tr> <tr> <td>Clubhouse</td> <td>6,556</td> </tr> <tr> <td><b>Total</b></td> <td><b>17,694</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq m)	Villa	11,138	Clubhouse	6,556	<b>Total</b>	<b>17,694</b>		
Use	Approximate gross floor area (sq m)										
Villa	11,138										
Clubhouse	6,556										
<b>Total</b>	<b>17,694</b>										
	The property is held with a land use rights for residential use. For details, please see the notes (1) and (2) below.										

Notes:-

- (1) According to seven Shanghai Certificates of Real Estate Ownership, the land use rights and the real estate ownership of the property have been vested in Shanghai Greentown Forest Golf Villa Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) for residential use with details as follows.

Certificate No.	Date of issue	Land site area (sq m)	Land use term	Gross Floor Area (sq m)
(2014) 050628	14 November 2014	122,455	Expire on 27 February 2076	20,668.69
(2014) 013918	28 March 2014	141,209	Expire on 27 February 2076	37,550.47
(2009) 014409	30 March 2009	317,438	Expire on 29 June 2073	9,439.52
(2009) 083935	31 December 2009	-	Expire on 29 June 2073	38,726.30
(2012) 008624	27 March 2012	222,251	Expire on 27 February 2076	46,102.76
(2012) 027598	16 August 2012	-	Expire on 27 February 2076	10,413.06
(2013) 011533	11 March 2013	-	Expire on 27 February 2076	11,667.35
<b>Total</b>		<b>803,353</b>		<b>174,568.15</b>

As advised by the Group, the property is the unsold and presold portion of the above gross floor area.

- (2) According to six Grant Contracts of State-owned Land Use Rights and a Supplementary Agreement, the land use rights of six land parcels with a total site area of approximately 803,351.80 sq m have been granted to Shanghai Greentown Forest Golf Villa Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) for residential use with details as follows:

Contract No.	Date of issue	Land use term	Land premium	Site area (sq m)
(2003) 64	22 April 2003	70 years	34,844,566	309,992.00
(2006) 31	28 February 2006	70 years	836,932	7,445.60
(2008) 3	7 March 2008	70 years	42,260,000	-
(2006) 29	28 February 2006	70 years	11,892,060	105,796.80
(2006) 30	28 February 2006	70 years	13,089,969	116,453.90
(2006) 32	28 February 2006	70 years	15,872,537	141,208.80
(2006) 33	28 February 2006	70 years	13,764,487	122,454.70
<b>Total:</b>			<b>132,560,551</b>	<b>803,351.80</b>

- (3) As advised by the Group, portion of the property with a total gross floor area of approximately 10,649 sq m is subject to sales and purchase agreements at a total consideration of approximately RMB863,412,659. We have taken into account the said amount in our valuation.
- (4) According to Business License, Shanghai Greentown Forest Golf Villa Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) was established on 19 June 2002 as a limited company with a registered capital of RMB196,080,000 for a valid operation period from 19 June 2002 to 18 June 2022.
- (5) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Greentown Forest Golf Villa Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;



- (iii) Shanghai Greentown Forest Golf Villa Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (iv) Most of land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (6) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificates of Real Estate Ownership	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015										
C 2. Unsold portion of Phases 1 and 2 of Shanghai Central Garden, Yichuan New Estate Street, Putuo District, Shanghai, the PRC	<p>Shanghai Central Garden is a composite development comprises residential, commercial, club house, services department and hotel development. As advised by the Group, Shanghai Central Garden is planned to be developed in 3 phases and is erected on 4 parcel of land with a total site area of approximately 182,758.50 sq m.</p> <p>As advised by the Group, Phases 1 and 2 of Shanghai Central Garden is completed and is erected on a parcel of land with a total site area of 84,024 sq m which is a portion of land with a total site area of 98,543.00 sq m.</p> <p>The property comprises the unsold portion of Phases 1 and 2 having various residential and commercial units, club house and car parking spaces in basement carport.</p> <p>Completed in 2009 and 2014, the property has the gross floor area with details as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>15,467.34</td> </tr> <tr> <td>Retail</td> <td>10,671.82</td> </tr> <tr> <td>Car parking spaces in basement</td> <td>24,429.56</td> </tr> <tr> <td><b>Total</b></td> <td><b>50,568.72</b></td> </tr> </tbody> </table> <p>The property is held with a land use rights for a term due to expire on 20 July 2076 for residential use.</p>	Use	Approximate gross floor area (sq m)	High-rise residential	15,467.34	Retail	10,671.82	Car parking spaces in basement	24,429.56	<b>Total</b>	<b>50,568.72</b>	As at the valuation date, the property was vacant.	RMB1,509,000,000  (19.91% interest attributable to be disposed of by the Group: RMB300,441,900)
Use	Approximate gross floor area (sq m)												
High-rise residential	15,467.34												
Retail	10,671.82												
Car parking spaces in basement	24,429.56												
<b>Total</b>	<b>50,568.72</b>												

## Notes:-

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2010) 026865 dated 11 November 2010, the land use rights of the property, having a total site area of approximately 98,543.00 sq m, have been vested in Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) for a term due to expire on 20 July 2076 for residential use.

- (2) According to Grant Contract of State-owned Land Use Rights No. (2005) 50 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 28 September 2005, the land use rights of the property having a site area of approximately 38,239.00 sq m, has been granted to the Grantee for a term of 70 years for residential use for a consideration of RMB14,966,745.

According to Grant Contract of State-owned Land Use Rights No. (2005) 61 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 2 December 2005, the land use rights of the property having a site area of approximately 39,061.00 sq m, has been granted to the Grantee for a term of 70 years for residential use for a consideration of RMB9,128,556.

According to Supplementary Agreement (2006) 5 of Grant Contracts of State-owned Land Use Rights No. (2005) 50 and (2005) 61 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 21 July 2006, the site area of the parcel of land had changed to 98,543.20 for a supplementary consideration of RMB14,856,551.

- (3) According to Completion and Acceptance Examination Record Forms Nos. 2009SH0315, 2013SH0362 and 2013SH0364 dated between 24 December 2009 and 26 December 2013, the property with a total gross floor area of 228,685 sq m was completed.
- (4) According to Business License No. 310107000362909, Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) was established on 18 December 2002 as a limited company with a registered capital of RMB50,000,000 for a valid operation period from 18 December 2002 to 17 December 2022.
- (5) As advised by the Group, portion of the property with a total gross floor area of approximately 12,961.95 sq m is subject to various agreements for sales and purchase for a total consideration of approximately RMB397,507,738. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
- (6) We have been provided with a legal opinion issued by the Company’s PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of the property with site area 26,180 sq m is subject to a legal charge in favor of 上海國際信託有限公司 (Shanghai International Trust Company Limited) from 15 April 2014 to 14 June 2016 for a consideration of RMB1,900,000,000;
  - (iv) Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee’s consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

- (7) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Supplementary Agreement of Grant Contract of State-owned Land Use Rights	Yes
Completion and Acceptance of Construction Works Examination Record Forms	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015										
C 3.	<p>Unsold portion of Phase 1 of Hangzhou Melodious Manor, South of Jingchang Street, Wuchang Block, Yuhang District, Hangzhou, Jiangsu Province, the PRC</p> <p>Hangzhou Melodious Manor is a residential development and is erected on a total site area of approximately 59,359.70 sq m.</p> <p>The property comprises the unsold portion of Phase 1 of Hangzhou Melodious Manor and has a total gross floor area of approximately 20,796.34 sq m with details as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Villa</td> <td>8,445.71</td> </tr> <tr> <td>Townhouse</td> <td>8,883.13</td> </tr> <tr> <td>Underground car park</td> <td>3,467.50</td> </tr> <tr> <td><b>Total</b></td> <td><b>20,796.34</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq m)	Villa	8,445.71	Townhouse	8,883.13	Underground car park	3,467.50	<b>Total</b>	<b>20,796.34</b>	As at the valuation date the property was vacant.	RMB426,000,000  (25% interest attributable to be disposed of by the Group: RMB106,500,000)
Use	Approximate gross floor area (sq m)												
Villa	8,445.71												
Townhouse	8,883.13												
Underground car park	3,467.50												
<b>Total</b>	<b>20,796.34</b>												

The property is held with a land use rights for a term due to expire on 5 January 2083 for residential use.

## Notes:-

- (1) According to State-owned Land Use Rights Certificate No. (2013) 118-262 issued by Hangzhou Municipal Government (杭州市人民政府) on 18 April 2013, the land use rights of the property with a site area of approximately 59,359.7 sq m have been vested in Hangzhou Sunac Greentown Real Estate Development Co., Ltd. (杭州融創綠城房地產開發有限公司) for term due to expire on 5 January 2083 for residential use.
- (2) According to Grant Contract of State-owned Land Use Rights No. 3301102012A21093 entered into between Yuhang Branch of Hangzhou Land Resource Bureau (杭州市國土資源局余杭分局) ("the Grantor") and Zhuo Yue Property Investment Holdings Limited (卓越資產投資控股有限公司) ("the Grantee") on 3 December 2012, the Grantor has agreed to grant the land use rights of a parcel of residential land to the Grantee with details as follows:

Location	:	South of Jingchang Street, Wuchang Block, Yuhang District
Site area	:	59,360 sq m
Planned GFA	:	77,168 sq m
Land Use	:	Residential
Land use term	:	70 years
Land premium	:	RMB621,000,000
Plot ratio	:	Not more than 1.3
- (3) According to Planning Permit for Construction Use of Land No. 201301534001 issued by Hangzhou Planning Bureau (杭州市規劃局), the construction project on the land parcel with a site area of approximately 59,360 sq m is in compliance with the urban planning requirements and has been approved.
- (4) According to Planning Permit for Construction Works No. 201301534020 dated 31 May 2013, the construction works with a total planned gross floor area of 124,530.6 sq m is in compliance with the urban planning requirements and has been approved.

- (5) According to Permit for Commencement of Construction Works No. 330125201306180201 dated 18 June 2013, the construction works with a total planned gross floor area of 124,530.60 sq m is in compliance with the requirements for works commencement and has been permitted.
- (6) According to Construction Works Completion Examination Certificate No. 31110020141223102 dated 23 December 2014, the construction works of the property with a total gross floor area of 124,530.6 sq m have been examined and completed.

As advised by the Group, the property comprises a portion of the gross floor area as stated in the Construction Works Completion Examination Certificate mentioned above.

- (7) According to seven Pre-sale Permits, the property with a total gross floor area of 76,173.84 sq m is permitted for pre-sale with details as follows:

Permit No.	Date of issue	Gross floor area (sq m)
(2013) 00229	31 October 2013	14,658.98
(2013) 00215	15 October 2013	7,320.69
(2013) 00206	30 September 2013	20,258.39
(2014) 00018	20 February 2014	13,187.19
(2013) 00255	2 December 2013	5,099.21
(2013) 00213	15 October 2013	8,606.38
(2014) 00059	26 April 2014	7,043.00
<b>Total</b>		<b>76,173.84</b>

As advised by the Group, the property comprises a portion of the gross floor area as stated in the Pre-sale Permits mentioned above.

- (8) As advised by the Group, portion of the property with a total gross floor area of approximately 3,806.73 sq m is subject to sales and purchase agreements at a total consideration of approximately RMB74,720,000. We have taken into account the said amount in our valuation.
- (9) According to Business License, Hangzhou Sunac Greentown Real Estate Development Co., Ltd. (杭州融創綠城房地產開發有限公司) has been established as a limited company on 20 December 2012 with registered capital of RMB102,000,000 for a valid operating period from 20 December 2012 to 19 December 2042.
- (10) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Hangzhou Sunac Greentown Real Estate Development Co., Ltd. (杭州融創綠城房地產開發有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Hangzhou Sunac Greentown Real Estate Development Co., Ltd. (杭州融創綠城房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

- (11) The status of title and grant of major approvals and Licenses in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Construction Works Completion Examination Certificate	Yes
Pre-sale Permits	Yes
Business License	Yes

## VALUATION CERTIFICATE

## Group C II — Other property to be disposed of by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015																
C 4.	<p>The under construction development known as Phase 3 of Shanghai Central Garden, Yichuan New Estate Street, Putuo District, Shanghai, the PRC</p> <p>Shanghai Central Garden is a composite development comprises residential, commercial, club house, services department and hotel development. As advised by the Group, Shanghai Central Garden is planned to be developed in 3 phases and is erected on 4 parcel of land with a total site area of approximately 182,758.50 sq m.</p> <p>The property comprises Phase 3 of Shanghai Central Garden which is under construction and comprises high-rise residential, serviced apartment, retail properties and car parking spaces in basement carport.</p> <p>As advised by the Group, the development is scheduled to be completed in 2018. Upon completion, the property will comprise the following gross floor area:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Service</td> <td></td> </tr> <tr> <td>    Apartments</td> <td>100,082.31</td> </tr> <tr> <td>    Retail properties</td> <td>29,471.45</td> </tr> <tr> <td>    High-rise residential</td> <td>40,544.73</td> </tr> <tr> <td>    Office</td> <td>24,448.60</td> </tr> <tr> <td>    Car parking spaces in basement</td> <td>60,129.53</td> </tr> <tr> <td><b>Total</b></td> <td><b>254,676.62</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq m)	Service		Apartments	100,082.31	Retail properties	29,471.45	High-rise residential	40,544.73	Office	24,448.60	Car parking spaces in basement	60,129.53	<b>Total</b>	<b>254,676.62</b>	As at the valuation date, the property was under construction.	RMB3,515,000,000  (19.91% interest attributable to be disposed of by the Group: RMB699,836,500)
Use	Approximate gross floor area (sq m)																		
Service																			
Apartments	100,082.31																		
Retail properties	29,471.45																		
High-rise residential	40,544.73																		
Office	24,448.60																		
Car parking spaces in basement	60,129.53																		
<b>Total</b>	<b>254,676.62</b>																		

The property is held when land use rights. For details, please see note (1) below.

Notes:-

- (1) According to four Shanghai Certificates of Real Estate Ownership, the land use rights of the land, comprising a total site area of approximately 124,723.00 sq m, have been vested in 上海昊川置業有限公司 (Shanghai Haochuan Property Co., Ltd.) (“Haochuan”) and 上海昊州置業有限公司 (Shanghai Haozhou Property Co., Ltd.) (“Haozhou”) with details as follows:

Certificate No.	Date of issue	User	Location	Expiry date of Land use term	Use	Site Area (sq m)
(2010) 026865	11 Nov 2010	Haochuan	No. 180 Shiquan East Road	20 July 2076	Residential	98,543.00
(2013) 002265	24 Jan 2013	Haozhou	28 Qiu,46 Fang, Yichuan Road	30 May 2047	Commercial	4,517.00
(2013) 002263	24 Jan 2013	Haozhou	43 Qiu,45 Jie Fang, Yichuan Road, Putuo District	30 May 2057	Office	10,617.00
(2013) 002600	28 Jan 2013	Haozhou	29 Qiu, 46 Fang, Yichuan Road	30 May 2047	Guest house	11,046.00
<b>Total:</b>						<b>124,723.00</b>

According to 3 State-owned Land Use Rights Certificates Nos. 2012 012495, 2007 038164 and 2005 043775 issued by Shanghai Housing and Land Resources Administration Bureau dated between 18 November 2005 and 7 August 2012, the land use rights of a parcel of land with a total site area of 58,035 sq m have been vested in Shanghai Haochuan Property Co., Ltd (上海昊川置業有限公司) under the type of Allocated Land for education, greenery and public facilities use. The land use term is without expiry date.

- (2) According to Grant Contract of State-owned Land Use Rights No. (2005) 50 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 28 September 2005, the land use rights of the property having a site area of approximately 38,239.00 sq m, has been granted to the Grantee for a term of 70 years for residential use for a consideration of RMB14,966,745.

According to Grant Contract of State-owned Land Use Rights No. (2005) 61 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 2 December 2005, the land use rights of the property having a site area of approximately 39,061.00 sq m, has been granted to the Grantee for a term of 70 years for residential use for a consideration of RMB9,128,556.

According to Supplementary Agreement (2006) 5 of Grant Contracts of State-owned Land Use Rights No. (2005) 50 and (2005) 61 entered into between 上海市普陀區房屋土地管理局 (Housing and Land Administration Bureau of Putuo District of Shanghai) (“the Grantor”) and 上海昊川置業有限公司 (Shanghai Haochuan Property Co., Ltd.) (“the Grantee”) on 21 July 2006, the site are of the parcel of land had changed to 98,543.20 sq m for a supplementary consideration of RMB14,856,551.



- (3) According to Grant Contract of State-owned Land Use Rights No. (2007) 113 entered into between Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) (“the Grantor”) and Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) (“the Grantee”) on 31 May 2007, the land use rights of the property have been granted to the Grantee with the particulars as follows:

Location and site area	:	A site area of 4,516.60 sq m for Land 28 Qiu, 46 Jie Fang; A site area of 11,046.10 sq m for 29 Qiu, 46 Jie Fang; and A site area of 10,617.10 sq m for 43 Qiu, 45 Jie Fang.
Land use	:	Commercial use for Land 28 Qiu, 46 Jie Fang; Guest house use for 29 Qiu, 46 Jie Fang; and Office use for 43 Qiu, 45 Jie Fang.
Gross floor area	:	above ground gross floor area not more than 139,300 sq m

According to Supplementary Agreement (2012) 9 of Grant Contracts of State-owned Land Use Rights No. (2007) 113 entered into between Planning and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區規劃和土地管理局) (“the Grantor”) and Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司) (“the Grantee”) on 16 July 2012, the Grantor is changed from Housing and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區房屋土地管理局) to Planning and Land Administration Bureau of Putuo District of Shanghai (上海市普陀區規劃和土地管理局) and the Grantee is changed from Shanghai Haochuan Property Co., Ltd. (上海昊川置業有限公司) to Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司).

- (4) According to 3 Government Land Administration Documents (2006) 25, (2007) 117 and (2007) 135 dated between 19 July 2006 and 10 September 2007, the land use rights of 3 parcels of land with a total site area 58,035.5 sq m have been granted to Shanghai Haochuan Property Co., Ltd (上海昊川置業有限公司) (the “Grantee”) under the type of Allocated Land.
- (5) According to Planning Permits for Construction Use of Land No. (2003) 0021 and (2008) 00080715600820 issued by Putuo City Planning and Management Bureau (普陀區城市規劃管理局) between 8 July 2003 and 14 July 2008, the construction site of a parcel of land with an area of 228,240 sq m, is in compliance with the urban planning requirements.
- (6) According to Planning Permit for Construction Works No. (2014) FA31010720140288 issued by Shanghai Putuo Planning and Land Resource Administrative Bureau (上海市普陀區規劃和土地管理局) on 18 September 2014, the construction of the property, with a gross floor area of 27,730.61 sq m, is in compliance with the urban planning requirements.
- (7) According to Permit for Commencement of Construction Works No. 0301PT0282 D08 310107200310312219 issued by Shanghai Construction Industry Management Office (上海市建築業管理辦公室) on 30 September 2014, the property, with a gross floor area of 27,730.61 sq m, has been permitted for the construction.
- (8) As advised by the Group, the total expended construction cost of the property as at the valuation date was RMB68,498,454 whilst the outstanding construction cost for completion of the property as at the valuation date was RMB2,372,277,679.
- (9) The market value when completed of the proposed development is estimated approximately RMB8,875,000,000.
- (10) According to Business License No. 310107000362909, 上海昊川置業有限公司 (Shanghai Haochuan Property Co., Ltd.) was established on 18 December 2002 as a limited company with a registered capital of RMB50,000,000 for a valid operation period from 18 December 2002 to 17 December 2022.
- (11) According to Business License No. 310107000575076, Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司) was established on 3 November 2009 as a limited company with a registered capital of RMB5,000,000 for a valid operation period from 3 November 2009 to 2 November 2019.

- (12) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of the property with site area 26,180 sq m is subject to a legal charge in favor of 上海國際信託有限公司 (Shanghai International Trust Company Limited) from 15 April 2014 to 14 June 2016 for a consideration of RMB1,900,000,000;
  - (iv) Shanghai Haozhou Property Co., Ltd. (上海昊州置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (13) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificates of Real Estate Ownership	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Supplementary Agreement of Grant Contract of State-owned Land Use Rights	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licenses	Yes

## VALUATION CERTIFICATE

## Group C III — Other property to be disposed of by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015
C 5.	<p>The development site for the proposed development known as Tianjin National Game Village Project, east of Meilin Road, west of Linhai Road, Hexi District, Tianjin, the PRC</p> <p>Upon full completion, Tianjin National Game Village Project is a large-scale residential development and is erected on two parcels of land with total site area of approximately 321,418.6 sq m.</p> <p>The property comprises the whole Tianjin National Game Village Project with eight portions.</p>	As at the valuation date the property was land.	RMB3,460,000,000  (39.20% interest attributable to be disposed of by the Group: RMB1,356,320,000)

As advised by the Group, the planned gross floor area of the property is approximately 872,553.76 sq m with details as follows:

Use	Approximate gross floor area (sq m)
Above ground	
Residential	540,622.00
Villa	1,121.52
Townhouse	109,008.00
Retail	23,000.00
Underground	
Car parking spaces	198,802.24
<b>Total</b>	<b>872,553.76</b>

As advised by the Group, construction works of the property will commence in 2015 and the property will be completed in 2017.

The land use rights of the property have been granted for residential, retail and education uses.

For details, please see the note (1) below.

Notes:-

- (1) According to two Grant Contracts of State-owned Land Use Rights listed below, the land use rights of the parcels with a total site area of 309,303.70 sq m have been granted to Tianjin Greentown National Game Village Construction and Development Co., Ltd. (天津綠城全運村建設開發有限公司) with details as follows:

Parcel No.	Date of issue	Land use term	Land premium	Site area (sq m)
2014-146	16 December 2014	70 years for residential 40 years for retail 50 years for education	3,730,000,000	181,843.50
2014-147	16 December 2014	70 years for residential 40 years for retail	2,820,000,000	127,460.20
<b>Total:</b>			<b><u>6,550,000,000</u></b>	<b><u>309,303.70</u></b>

According to Grant Contract of State-owned Land Use Rights, the granted land No. 2014-147 comprises a total site area of approximately 139,575.1 sq m. Most of the land with site area of approximately 127,460.2 sq m has been granted in the said contract. The remaining portion of the land with a site area of approximately 12,114.9 sq m will be granted to the same grantee by a supplementary agreement later.

As advised by the Group, as at the valuation date, Tianjin Greentown National Game Village Construction and Development Co., Ltd. (天津綠城全運村建設開發有限公司) has not paid the remaining land premium of RMB3,275,000,000 of the property. We have taken into account such amount in our valuation.

- (2) According to Business License dated 29 December 2014, Tianjin Greentown National Game Village Construction and Development Co., Ltd. (天津綠城全運村建設開發有限公司) was established as a limited company with a registered capital of RMB100,000,000 for a valid operation period from 27 November 2014 to 26 November 2034.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Grant Contracts of State-owned Land Use Rights of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Tianjin Greentown National Game Village Construction and Development Co., Ltd. (天津綠城全運村建設開發有限公司) is the sole legal land users of the property;
  - (iii) Tianjin Greentown National Game Village Construction and Development Co., Ltd. (天津綠城全運村建設開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (4) The status of title and grant of major approvals and Licenses in accordance with the information provided by the Group is as follows:
- |  |     |
|--|-----|
| Grant Contracts of State-owned Land Use Rights | Yes |
| Business License                               | Yes |

## VALUATION CERTIFICATE

## Group D — Properties held under Onshore Target Group to be acquired by the Group in the PRC

## Group D I — Completed properties held under Onshore Target Group to be acquired by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015				
D 1. Unsold portion of Phase 1 of Shanghai Bund House, Nos. 1 and 2, Lane 566, South Zhongshan Road, Huangpu District, Shanghai, the PRC	<p>Upon full completion, Shanghai Bund House is a large-scale residential development and is erected on land with total site area of approximately 65,758.00 sq m.</p> <p>Phase 1 of Shanghai Bund House is completed in 2012. Phase 2 to 4 is under construction and Phase 5 and 6 is vacant land.</p> <p>The property comprises the unsold portion of Phase 1 of Shanghai Bund House with a total gross floor area with details as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td style="text-align: right;"><u>1,924.14</u></td> </tr> </tbody> </table>	Use	Approximate GFA (sq m)	High-rise residential	<u>1,924.14</u>	As at the valuation date the property was vacant.	RMB218,000,000  (51% interest attributable to Shanghai Sunac Greentown: RMB111,180,000)
Use	Approximate GFA (sq m)						
High-rise residential	<u>1,924.14</u>						
	The property is held with land use rights for a term due to expire on 30 August 2074 for residential use.						

## Notes:-

- (1) According to three Shanghai Certificate of Real Estate Ownership No. (2004) 008055, (2012) 001292 and (2014) 002742 issued by Shanghai Housing and Land Resources Bureau dated between 14 September 2004 and 23 September 2014, the land use of the property comprising a total site area of 57,414.2 sq m have been vested in Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) for terms due to expire on 23 August 2074 and 30 August 2074 for residential use.
- (2) According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 48 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 8,344 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB7,810,000.

According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 49 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 10,364 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB9,670,000.

According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 58 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 47,050 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB44,410,000.

- (3) According to Supplementary Agreement No. (2010) 4 of Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 58 entered into between Shanghai Planning and Land Administration Bureau (“the Grantor”) and Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) (“the Grantee”) on 10 August 2010, the Grantee had accepted a total gross floor area above ground of not more than 169,888.50 sq m with an additional land grant fee of RMB99,403,700.
- (4) According to three Planning Permits for Construction Use of Land No. (2004) 008, (2004) 0111 and (2004) 0144 issued by Shanghai Planning Bureau between 2 July 2004 and 16 August 2004, the construction site of a parcel of land with an area of 82,064 sq m, is in compliance with the requirements of urban planning.
- (5) According to two Completion and Acceptance Certificates of Construction Works No. 2012HP0119, 2012HP0059 dated between 12 October 2011 and 25 April 2012, Old Area Rebuilt Project of Lot 11#, Dongjiadu Area with a total gross floor area of approximately 81,079 sq m, was completed.
- (6) According to Commodity Housing Pre-sale Permits Nos. (2009) 00000559, (2010) 0000013, (2014) 0000401 issued by Shanghai Housing and Land Resources Bureau between 7 August 2009 and 15 August 2014, the property with a total gross floor area of 103,547.72 sq m, are permitted for pre-sale.
- (7) As advised by the Group, portion of the property with a gross floor area of approximately 1,924.14 sq m is subject to various agreements for sale and purchase for a total consideration of RMB217,570,007. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
- (8) According to Business License No. 310101000387233 dated 18 April 2012, Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) was established on 26 September 2002 as a limited company with a registered capital of RMB50,000,000 for a valid operation period from 26 September 2002 to 30 September 2028.
- (9) We have been provided with a legal opinion issued by the Company’s PRC legal advisor, which contains, inter alia, the following information:
  - (i) The Shanghai Certificate of Real Estate Ownership of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of portion of the property is subject to a legal charge in favor of 中國信達 (China Cinda) for a consideration of RMB500,000,000 according to Shanghai Certificate of Real Estate Registration No. 201201001199;
  - (iv) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee’s consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

- (10) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Shanghai Grant Contracts of State-owned Land Use Rights	Yes
Supplementary Agreement of Shanghai Grant Contract of State-owned Land Use Rights	Yes
Shanghai Certificates of Real Estate Ownership	Yes
Planning Permits for Construction Use of Land	Yes
Completion and Acceptance Certificate of Construction Works	Yes
Commodity Housing Pre-sale Permits	Yes
Business License	Yes

## VALUATION CERTIFICATE

## Group D II — Properties held under Onshore Target Group to be acquired by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015								
D 2. The under construction development known as Phases 2 to 4 of Shanghai Bund House, Qiu 1/1, 620 Jiefang, Dongjiadu, Huangpu District Shanghai, the PRC	<p>Upon full completion, Shanghai Bund House is a large-scale residential development and is erected on land with total site area of approximately 65,758.00 sq m.</p> <p>Phase 1 of Shanghai Bund House is completed in 2012. Phases 2 to 4 is under construction and Phases 5 and 6 is vacant land.</p> <p>The property comprises Phases 2 to 4 which is under construction and comprises high-rise residential buildings and car parking spaces in the basement.</p> <p>Upon completion, the property will comprise a total gross floor area as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>106,699.97</td> </tr> <tr> <td>Car parking spaces</td> <td>62,406.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>169,105.97</b></td> </tr> </tbody> </table>	Use	Approximate GFA (sq m)	High-rise residential	106,699.97	Car parking spaces	62,406.00	<b>Total</b>	<b>169,105.97</b>	As at the valuation date the property was under construction.	RMB8,095,000,000  (51% interest attributable to Shanghai Sunac Greentown: RMB4,128,450,000)
Use	Approximate GFA (sq m)										
High-rise residential	106,699.97										
Car parking spaces	62,406.00										
<b>Total</b>	<b>169,105.97</b>										
	As advised by the Group, the property is scheduled for completion in 2016.										
	The land use rights of the property have been granted for residential use.										
	For details, please see the note (1) below.										



## Notes:-

- (1) According to three Shanghai Certificate of Real Estate Ownership No. (2004) 008055, (2012) 001292 and (2014) 002742 issued by Shanghai Housing and Land Resources Bureau dated between 14 September 2004 and 23 September 2014, the land use of the property comprising a total site area of 57,414.2 sq m have been vested in Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) for terms due to expire on 23 August 2074 and 30 August 2074 for residential use.
- (2) According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 48 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 8,344 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB7,810,000.

According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 49 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 10,364 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB9,670,000.

According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 58 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 47,050 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB44,410,000.

- (3) According to Supplementary Agreement No. (2010) 4 of Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 58 entered into between Shanghai Planning and Land Administration Bureau (“the Grantor”) and Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) (“the Grantee”) on 10 August 2010, the Grantee had accepted a total gross floor area above ground of not more than 169,888.50 sq m with an additional land grant fee of RMB99,403,700.
- (4) According to three Planning Permits for Construction Use of Land No. (2004) 008, (2004) 0111 and (2004) 0144 issued by Shanghai Planning Bureau between 2 July 2004 and 16 August 2004, the construction site of a parcel of land with an area of 82,064 sq m, is in compliance with the requirements of urban planning.
- (5) According to five Planning Permits for Construction Works, the construction works of the property, with a total gross floor area of 156,046.60 sq m, is in compliance with the construction works requirements and have been approved with details as follows:

Certificate No.	Date of issue	Building	Above Ground Floor Area (sq m)
(2014) FA31010120144153	27 January 2014	Block Nos. 3, 4 and basement of Bund House	62,970.22
(2014) FA31010120145270	16 September 2014	Block Nos. 7 and basement of Bund House	44,818.70
(2013) FA31010120135387	14 October 2013	Block Nos. 5, 6, 8 and basement of Bund House	48,257.68
(2008) 24	5 August 2008	Block Nos. 1 and 2	60,254.39
(2008) 01080110F00103	24 December 2007	Basement of Phase 1	21,116.74
<b>Total:</b>			<b>237,417.3</b>

- (6) According to six Permits for Commencement of Construction Works No. 050/HP0009D01 to D06 all issued by Shanghai Construction Committee during the period between 15 June 2007 and 29 September 2014, the property with a total gross floor area of 235,113.6 sq m, is in compliance with the requirements for works commencement and have been permitted.
- (7) According to Pre-sale Permit No. (2014) 000401 dated 15 August 2014, the property with a total gross floor area of 27,094.08 sq m is permitted for pre-sale.
- (8) As advised by the Group, the total construction cost expended as at the valuation date was RMB436,378,828 and the estimated outstanding construction cost for completion of the property is RMB1,753,719,841. We have taken into account the said amounts in our valuation.
- (9) As advised by the Group, portion of the property with a total gross floor area of approximately 20,893.56 sq m has been pre-sold under various sales and purchase agreements for a total consideration of approximately RMB1,889,257,329. We have taken into account the said amount in our valuation.
- (10) The market value of the property as if completed as at the valuation date is estimated to be RMB11,652,000,000.
- (11) According to Business License No. 310101000387233 dated 18 April 2012, Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) was established on 26 September 2002 as a limited company with a registered capital of RMB50,000,000 for a valid operation period from 26 September 2002 to 30 September 2028.
- (12) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The land use rights of portion of the property is subject to a legal charge in favor of 中國信達 (China Cinda) for a consideration of RMB500,000,000 according to Shanghai Certificate of Real Estate Registration No. 201201001199;
  - (iv) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (13) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:
- |   |     |
|---|-----|
| Grant Contract of State-owned Land Use Rights and supplements | Yes |
| Planning Permits for Construction Use of Land                 | Yes |
| Planning Permits for Construction Works                       | Yes |
| Permits for Commencement of Construction Works                | Yes |
| Pre-sale Permit   | Yes |
| Business License  | Yes |

## VALUATION CERTIFICATE

## Group D III — Properties held under Onshore Target Group to be acquired by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015								
D 3. The development site for the proposed development known as Phases 5 and 6 of Shanghai Bund House, Qiu 1/1, 620 Jiefang, Dongjiadu, Huangpu District Shanghai, the PRC	<p>Upon full completion, Shanghai Bund House is a large-scale residential development and is erected on land with total site area of approximately 65,758.00 sq m.</p> <p>Phase 1 of Shanghai Bund House is completed in 2012. Phase 2 to 4 is under construction and Phase 5 and 6 is vacant land.</p> <p>The property comprises two parcels of land with a total site area of approximately 18,708.00 sq m, on which the proposed Phase 5 and 6 of Shanghai Bund House is planned to be developed.</p> <p>As advised by the Group, the planned gross floor area of the proposed development is as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise residential</td> <td>63,000.00</td> </tr> <tr> <td>Car parking spaces</td> <td>17,006.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>80,006.00</b></td> </tr> </tbody> </table> <p>As advised by the Group, construction works of the proposed development will commence in 2016 and the proposed development will be completed in 2017.</p> <p>The property is held with land use rights for a term due to expire on 14 September 2074 for residential use.</p>	Use	Approximate GFA (sq m)	High-rise residential	63,000.00	Car parking spaces	17,006.00	<b>Total</b>	<b>80,006.00</b>	As at the valuation date the property was vacant land.	RMB2,571,000,000 (51% interest attributable to Shanghai Sunac Greentown: RMB1,311,210,000)
Use	Approximate GFA (sq m)										
High-rise residential	63,000.00										
Car parking spaces	17,006.00										
<b>Total</b>	<b>80,006.00</b>										

## Notes:-

- (1) According to three Shanghai Certificate of Real Estate Ownership No. (2004) 008055, (2012) 001292 and (2014) 002742 issued by Shanghai Housing and Land Resources Bureau dated between 14 September 2004 and 23 September 2014, the land use of the property comprising a total site area of 57,414.2 sq m have been vested in Shanghai Huahze Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) for terms due to expire on 23 August 2074 and 30 August 2074 for residential use.

- (2) According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 48 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 8,344 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB7,810,000.

According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 49 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 10,364 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB9,670,000.

According to Shanghai Grant Contract of State-owned Land Use Rights No. (2004) 58 entered into between Shanghai Housing and Land Resources Bureau (Party A) and Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) (Party B) on 24 August 2004, the land use rights of portion of the property, comprising a total site area of approximately 47,050 sq m have been granted to Party B for a term of 70 years for residential use for a consideration of RMB44,410,000.

As advised by the Group, as at the valuation date, Shanghai Huazhe Bund Real Estate Co., Ltd (上海華浙外灘置業有限公司) has not paid the remaining land premium of RMB2,319,276,000 of the property. We have taken into account such amount in our valuation.

- (3) According to three Planning Permits for Construction Use of Land Nos. (2004) 0111, (2004) 008 and (2004) 0144 issued by Shanghai Planning Bureau between 2 July 2004 and 16 August 2004, the construction site of the property with a total site area of approximately 82,064 sq m, is in compliance with the requirements of urban planning.
- (4) According to Business License No. 310101000387233 dated 18 April 2012, Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) was established on 26 September 2002 as a limited company with a registered capital of RMB50,000,000 for a valid operation period from 26 September 2002 to 30 September 2028.
- (5) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Shanghai Certificate of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) is the sole legal land users of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the proposed development;
  - (iii) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.
- (6) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group is as follows:

Grant Contracts of State-owned Land Use Rights	Yes
Shanghai Certificates of Real Estate Ownership	Yes
Planning Permits for Construction Use of Land	Yes
Business License	Yes

## VALUATION CERTIFICATE

## Group E I — Other completed property to be acquired by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015								
E 1. Unsold portion of Phases West 1, West 2, East 1 and the car parking spaces in the basement of Hangzhou Zhijiang No. 1, No. 7 Xiangshan Road, Zhuantang Community, Xihu District, Hangzhou, Zhejiang Province, the PRC	Hangzhou Zhijiang No. 1 is a large residential development. As advised by the Group, Hangzhou Zhijiang No. 1 has 6 phases and is erected on 4 parcels of land with a total site area of approximately 190,143 sq m.  As advised by the Group, the property comprises the unsold portion of Phases West 1, West 2, East 1 and the car parking spaces in the basement.  Completed in between 2012 and 2014, the property has the gross floor area with details as follows:	As at the valuation date, the property was vacant.	RMB1,472,000,000  (50% interest attributable to be acquired by the Group: RMB736,000,000)								
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>57,715</td> </tr> <tr> <td>Car parking spaces in the basement (1,985 lots)</td> <td>96,726</td> </tr> <tr> <td><b>Total</b></td> <td><b>154,441</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq m)	Residential	57,715	Car parking spaces in the basement (1,985 lots)	96,726	<b>Total</b>	<b>154,441</b>		
Use	Approximate gross floor area (sq m)										
Residential	57,715										
Car parking spaces in the basement (1,985 lots)	96,726										
<b>Total</b>	<b>154,441</b>										
	The property is held with land use rights for residential and retail uses. For details, please see the note (1) below.										

## Notes:-

- (1) According to State-owned Land Use Rights Certificates listed below, the land use rights of the property have been vested in Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area (sq m)
(2008) 279	22 December 2008	Retail	14 July 2048	11,648.00
(2008) 280	22 December 2008	Residential	14 July 2078	62,931.00
(2008) 281	22 December 2008	Retail	14 July 2048	360.00
(2008) 282	22 December 2008	Composite	14 July 2048	11.00
(2009) 243	30 November 2009	Residential	14 July 2078	115,193.00
<b>Total:</b>				<b>190,143.00</b>

- (2) According to Grant Contracts of State-owned Land Use Rights listed below, the land use rights of land parcels with a total site area of approximately 190,143.00 sq m have been granted to Huiying Investment Management (Hangzhou) Co., Ltd. (會盈投資管理(杭州)有限公司) and Jindu Real Estate Group Co., Ltd. (金都房產集團有限公司) with details as follows:

Contract No.	Date of issue	Land use term	Land premium	Site area (sq m)
(2007) 56	7 Sep 2007	70 years for residential 40 years for retail and office	605,000,600	56,771.00
(2007) 59	5 Sep 2007	70 years for residential 40 years for retail and office	390,500,349	53,209.80
(2007) 58	7 Sep 2007	70 years for residential 40 years for retail and office	627,550,200	57,027.00
(2007) 60	7 Sep 2007	70 years for residential 40 years for retail and office	77,000,413	23,135.60
<b>Total:</b>			<b>1,700,051,562</b>	<b>190,143.40</b>

According to Supplementary Agreement of Grant Contracts of State-owned Land Use Rights above entered into between 杭州市國土資源局 (Hangzhou Land Resources Bureau), Huiying Investment Management (Hangzhou) Co., Ltd. (會盈投資管理(杭州)有限公司), Jindu Real Estate Group Co., Ltd. (金都房產集團有限公司) and Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) on 27 May 2008, the grantee of state-owned land use rights had changed to Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司). The site are of the parcels of land had changed to 190,143.00 sq m.

- (3) According to five Completion and Acceptance Certificates for Construction Works issued by 杭州市建設委員會 (Hangzhou Construction Committee), Phases West 1, West 2, East 1 and the car parking spaces in the basement of Hangzhou Zhijiang No. 1 with a total gross floor area of approximately 236,701.90 sq m was completed with details as follows:

Certificate No.	Date of issue	Project Name	Gross Floor Area (sq m)
31000620121226101	26 December 2012	Block West 2, Phase West 1	25,418.56
31000620121226102	26 December 2012	Block West 1, Phase West 1	26,625.58
31000620121226103	26 December 2012	Basement of Phase West 1	12,199.07
31000620131028102	28 October 2013	Phase West 2	72,721.00
310006201140523103	23 May 2014	Phase East 1	99,737.69
<b>Total:</b>			<b>236,701.90</b>

As advised by the Group, the property comprises a portion of the gross floor area as stated in the Completion and Acceptance Certificates for Construction Works mentioned above.

- (4) As advised by the Group, portion of the property with a total gross floor area of approximately 10,776 sq m with 36 car parking spaces is subject to sales and purchase agreements at a total consideration of approximately RMB209,712,600. We have taken into account the said amount in our valuation.
- (5) According to Business License No. 330000000023083, Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) was established on 09 May 2008 as a limited company with a registered capital of RMB400,000,000 for a valid operation period from 09 May 2008 to 08 May 2028.

- (6) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

- (7) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Completion and Acceptance Certificates for Construction Works	Yes
Business License	Yes

## VALUATION CERTIFICATE

## Group E II — Other property to be acquired by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2015								
E 2. The under construction development known as Phases East 2, East 3, West 3 and retail portion in West District of Hangzhou Zhijiang No. 1, No. 7 Xiangshan Road, Zhuantang Community, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises an under construction development known as Phases East 2, East 3, West 3 and retail portion in West District of Hangzhou Zhijiang No. 1 and is developed on land with a total site area of approximately 190,143 sq m.</p> <p>Upon completion, the property comprises high-rise residential buildings and retail portion in West District.</p> <p>The details of the planned gross floor area of the property are as follows:</p>	As at the date of valuation the property was under construction.	RMB2,662,000,000  (50% interest attributable to be acquired by the Group: RMB1,331,000,000)								
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>High-rise Residential</td> <td>247,858</td> </tr> <tr> <td>Retail</td> <td>30,137</td> </tr> <tr> <td><b>Total</b></td> <td><b>277,995</b></td> </tr> </tbody> </table>	Use	Approximate GFA (sq m)	High-rise Residential	247,858	Retail	30,137	<b>Total</b>	<b>277,995</b>		
Use	Approximate GFA (sq m)										
High-rise Residential	247,858										
Retail	30,137										
<b>Total</b>	<b>277,995</b>										
	<p>As advised by the Group, the property is scheduled for completion in between 2015 and 2016.</p> <p>The property is held with land use rights for a term due to expire on 14 July 2078 for residential use and 14 July 2048 for retail use.</p>										

## Notes:-

- (1) According to State-owned Land Use Rights Certificates listed below, the land use rights of the property have been vested in Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area (sq m)
(2008) 279	22 December 2008	Retail	14 July 2048	11,648.00
(2008) 280	22 December 2008	Residential	14 July 2078	62,931.00
(2008) 281	22 December 2008	Retail	14 July 2048	360.00
(2008) 282	22 December 2008	Composite	14 July 2048	11.00
(2009) 243	30 November 2009	Residential	14 July 2078	115,193.00
<b>Total:</b>				<b>190,143.00</b>



- (2) According to Grant Contracts of State-owned Land Use Rights listed below, the land use rights of land parcels with a total site area of approximately 190,143.00 sq m have been granted to Huiying Investment Management (Hangzhou) Co., Ltd. (會盈投資管理(杭州)有限公司) and Jindu Real Estate Group Co., Ltd. (金都房產集團有限公司) with details as follows:

Contract No.	Date of issue	Land use term	Land premium	Site area (sq m)
(2007) 56	7 Sep 2007	70 years for residential 40 years for retail and office	605,000,600	56,771.00
(2007) 59	5 Sep 2007	70 years for residential 40 years for retail and office	390,500,349	53,209.80
(2007) 58	7 Sep 2007	70 years for residential 40 years for retail and office	627,550,200	57,027.00
(2007) 60	7 Sep 2007	70 years for residential 40 years for retail and office	77,000,413	23,135.60
<b>Total:</b>			<b>1,700,051,562</b>	<b>190,143.40</b>

According to Supplementary Agreement of Grant Contracts of State-owned Land Use Rights above entered into between 杭州市國土資源局 (Hangzhou Land Resources Bureau), Huiying Investment Management (Hangzhou) Co., Ltd. (會盈投資管理(杭州)有限公司), Jindu Real Estate Group Co., Ltd. (金都房產集團有限公司) and Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) on 27 May 2008, the grantee of state-owned land use rights had changed to Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司). The site are of the parcels of land had changed to 190,143.00 sq m.

- (3) According to Planning Permit for Construction Use of Land No. 330100200800396 issued by Hangzhou Planning Bureau (杭州市規劃局), the construction project on the land parcel with a site area of approximately 214,202 sq m is in compliance with the urban planning requirements and has been approved.
- (4) According to four Planning Permits for Construction Works listed below, the construction works of the property are in compliance with the construction works requirements and have been approved. The details of the permits are summarized as follows:

Permit No.	Date of issue	Project Name	Gross floor area (sq m)
330100201000657	15 July 2014	Phase East 2	66,523.21
330100201100056	15 July 2014	Phase East 3	125,861.44
330100200900139	6 July 2010	Retail and public facilities of Phase West 3	31,821.00
330100200900178	24 March 2010	Residential and public facilities of Phase West 3	63,604.70
<b>Total</b>			<b>287,810.35</b>

- (5) According to four Permits for Commencement of Construction Works listed below, the property has been permitted for the construction with the development scheme as follows:

Permit No.	Date of issue	Project Name	Gross floor area (sq m)
330106201407240101	24 July 2014	Phase East 2	66,523.21
330106201408050101	5 August 2014	Phase East 3	125,861.44
330106200904300101	30 April 2009	Retail and public facilities of Phase West 3	31,821.00
330106200906190101	19 June 2009	Residential and public facilities of Phase West 3	62,854.07
<b>Total</b>			<b>287,059.72</b>

- (6) According to Pre-sale Permits Nos. (2012) 5001 and (2014) 5005 dated 1 April 2012 and 29 September 2014, part of the property with a total gross floor area of 51,374.73 sq m is permitted for pre-sale.

- (7) As advised by the Group, portion of the property with a total gross floor area of approximately 13,376 sq m is subject to sales and purchase agreements at a total consideration of approximately RMB226,690,000. We have taken into account the said amount in our valuation.

- (8) According to Business License No. 330000000023083, Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) was established on 09 May 2008 as a limited company with a registered capital of RMB400,000,000 for a valid operation period from 09 May 2008 to 08 May 2028.

- (9) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:

- (i) State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) Zhejiang Jinying Realty Co., Ltd. (浙江金盈置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

- (10) The status of title and grant of major approvals and Licenses in accordance with the information provided by the Group is as follows:

State-owned Land Use Rights Certificates	Yes
Grant Contracts of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Pre-sale Permits	Yes
Business License	Yes

<b>APPENDIX VI</b>	<b>RECONCILIATION OF VALUATION OF PROPERTIES</b>
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DTZ Debenham Tie Leung Limited, an independent firm of professional valuer, has valued the property interests held by Shanghai Huazhe Bund, Zhejiang Jinying, Shanghai Forest Golf, Hangzhou Sunac Greentown, Shanghai Sunac Greentown, Sunac Greentown and Tianjin National Game Village Project as at 31 March 2015. The text of the letter, summary of valuation and the valuation certificate are set out in Appendix V to this circular. The reconciliation between valuation of the property interests held by Shanghai Huazhe Bund, Zhejiang Jinying, Shanghai Forest Golf as at 31 March 2015 and the net book value of such property interest as at 31 December 2014 is as follow:

**(a) Shanghai Huazhe Bund**

	<i>RMB'000</i>
<b>Net book value of the property interests of Shanghai Huazhe Bund as at 31 December 2014 as presented in the accountants' report set out in Appendix II</b>	
– Properties under development	3,144,704
– Completed properties held for sale	63,880
	<b>3,208,584</b>
Movement for period from 1 January 2015 to 31 March 2015	
– Addition	108,875
– Delivery to third parties of properties held for sale	–
Valuation surplus for the property interests of Shanghai Huazhe Bund as at 31 March 2015	7,566,541
	<b>10,884,000</b>
<b>Valuation of the property interests of Shanghai Huazhe Bund as at 31 March 2015</b>	

(b) Zhejiang Jinying

*RMB'000*

<b>Net book value of the property interests of Zhejiang Jinying as at 31 December 2014 as presented in the accountants' report set out in Appendix II</b>	
– Properties under development	2,618,749
– Completed properties held for sale	1,563,041
	<b>4,181,790</b>
Movement for period from 1 January 2015 to 31 March 2015	
– Addition	138,002
– Delivery to third parties of properties held for sale	(319,165)
Valuation surplus for the property interests of Zhejiang Jinying as at 31 March 2015	133,373
	<b>4,134,000</b>

(c) Shanghai Forest Golf

*RMB'000*

<b>Net book value of the property interests of Shanghai Forest Golf as at 31 December 2014</b>	
– Completed properties held for sale	382,009
Movement for period from 1 January 2015 to 31 March 2015	
– Addition	–
– Delivery to third parties of properties held for sale	–
Valuation surplus for the property interests of Shanghai Forest Golf as at 31 March 2015	736,991
	<b>1,119,000</b>

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' Interests in Shares

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

#### (i) Long positions in Shares and underlying Shares

Name of Director	Personal Interests in Underlying Shares	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares held	% of Issued Share Capital of the Company held
Mr SONG Weiping	1,089,000 (note 1)	-	226,071,924 (note 2)	227,160,924	10.509%
Mr SHOU Bainian	-	-	174,549,783 (note 3)	174,549,783	8.075%
Mr Andrew CHOW	410,000	20,000 (note 4)	-	430,000	0.020%
Mr CAO Zhounan	3,359,000 (note 5)	-	-	3,359,000	0.155%

*Notes:*

- (1) It represents the share options granted on 22 January 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$2.89 per share from 22 January 2009 to 21 January 2019.
- (2) Mr SONG, being the sole shareholder of Delta House Limited (“Delta”), is deemed to be interested in 126,071,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited (“HKOO Foundation”) is a company limited by guarantee and established by Mr SONG as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG is not beneficially interested in such shares.
- (3) Mr SHOU is deemed to be interested in such Shares as he is the sole shareholder of Profitwise Limited (“Profitwise”).
- (4) Mr CHOW is deemed to be interested in such Shares held by his spouse, Ms LO Ping Hin Brenda.
- (5) It represents the share options granted on 13 May 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$7.16 per share from 13 May 2009 to 12 May 2019.

*(ii) Long position in debentures of the Company*

Name of Director	Personal Interest in the Underlying Debentures	Family Interest	Corporate Interest
Mr SZE Tsai Ping, Michael	–	US\$300,000 <i>(note 1)</i>	–

*Note:*

- (1) These debentures are held by Ms YU Ka Po Ruby, the spouse of Mr SZE Tsai Ping. Accordingly, Mr SZE Tsai Ping, Michael is deemed to be interested in these debentures.

(iii) Long position in shares and underlying shares of associated corporations of the Company

Name of Director	Name of Associated Corporation	Capacity	Interest in Registered Capital	% of the Total Registered Capital
Mr SONG Weiping	Bluetown Construction Management	Beneficial owner	RMB69,200,000	34.6%

Other than as disclosed above, none of the Directors and chief executive of the Company nor their associates had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at the Latest Practicable Date.

**(b) Substantial Shareholders**

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no persons (not being a Director or chief executive of the Company) had 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:

Name of Substantial Shareholder		Interest or Short Position in the Shares or Underlying Shares (Note 1)	Capacity in Which Interests are Held	% of Issued Share Capital of the Company Held
CCCG	(note 2)	624,851,793 (L)	Interest of controlled corporation	28.907%
CCCG Holding (HK) Limited	(note 3)	524,851,793 (L)	Beneficial owner	24.281%
HSBC Trustee (C.I.) Limited	(note 4)	524,851,793 (L)	Interest of controlled corporations	24.281%
Wheelock	(note 5)	524,851,793 (L)	Interest of controlled corporations	24.281%
Wharf	(note 6)	524,851,793 (L)	Interest of controlled corporations	24.281%
Ms XIA Yibo	(note 7)	227,160,924 (L)	Interest of spouse	10.509%

Name of Substantial Shareholder		Interest or Short Position in the Shares or Underlying Shares (Note 1)	Capacity in Which Interests are Held	% of Issued Share Capital of the Company Held
Profitwise	(note 8)	174,549,783 (L)	Beneficial owner	8.075%
Delta	(note 9)	126,071,924 (L)	Beneficial owner	5.832%
HKOO Foundation	(note 9)	100,000,000 (L)	Beneficial owner	4.626%
Lehman Brothers Holdings Inc.	(note 10)	101,400,450 (L)	Interest of controlled corporations	4.691%
		31,868,575 (S)	Interest of controlled corporations	1.474%

## Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, CCCG Real Estate Group Limited\* (中交房地產集團有限公司) and CCCG Holding (HK) Limited.
- (3) A company controlled by CCCG by virtue of SFO.
- (4) HSBC Trustee (C.I.) Limited is deemed to be interested in 524,851,793 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart").
- (5) Wheelock is deemed to be interested in 524,851,793 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.
- (6) Wharf is deemed to be interested in 524,851,793 Shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.
- (7) Ms XIA is the spouse of Mr SONG. Accordingly, pursuant to Part XV of the SFO, Ms XIA is deemed to be interested in: (i) 126,071,924 Shares held by Delta, a company of which Mr SONG is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG of which Mr SONG is the sole member (notwithstanding that neither Mr SONG nor Ms XIA is beneficially interested in those shares); and (iii) 1,089,000 share options of the Company held by Mr SONG. The aforesaid represents an aggregate of 227,160,924 Shares.
- (8) A company controlled by Mr SHOU by virtue of SFO, details of which are disclosed above.
- (9) A company controlled by Mr SONG by virtue of SFO, details of which are disclosed above.
- (10) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450(L) shares and 31,868,575(S) shares through its controlled corporations by virtue of SFO.



Other than the interests disclosed above, the Company has not been notified of any other notifiable interests or short positions in the Shares or underlying Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed below, none of the Directors was a director or employee of a company which had 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:

<b>Name of Director</b>	<b>Name of company which had such discloseable interest or short position in the Shares</b>	<b>Position within such company</b>
Mr SONG Weiping	Delta HKOO Foundation	Director Director
Mr ZHU Bixin	CCCG	Chief Legal Counsel
Mr SHOU Bainian	Profitwise	Director
Mr SUN Guoqiang	CCCG Real Estate	Chairman and General Manager
Mr Andrew CHOW	Wharf	Deputy Chairman
Mr TSUI Yiu Cheung	Wheelock Wharf	Executive Director Vice Chairman

### 3. DIRECTORS' SERVICE CONTRACTS

Each of Mr Tsui Yiu Cheung, a non-executive Director, and the independent non-executive Directors has been appointed by the Company for a fixed term of three years. The above appointments are not determinable by the Company within one year without payment of compensation. In the case of Mr Tsui Yiu Cheung, he may terminate the appointment forthwith at any time by giving to the Company a written notice.

Apart from the foregoing, as at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company which does not expire or which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## 4. COMPETING BUSINESS INTEREST OF DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any other 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.

Name of Director	Name of Competing Entity	Nature of business of the competing entity	Nature of interest of the director in the competing entity
Mr SONG Weiping	綠城控股集團有限公司 (Greentown Holdings Group Limited*) (“Greentown Holdings”)	The development and sale of the Remaining Non-Inclusion Projects (Note)	Director and substantial shareholder
Mr ZHU Bixin	CCCCG	The design and construction of transportation infrastructure, dredging business, heavy machinery manufacturing and property development	Chief Legal Counsel
Mr SHOU Bainian	Greentown Holdings	The development and sale of the Remaining Non-Inclusion Projects (Note)	Director and substantial shareholder
Mr CAO Zhounan	Greentown Dingyi Real Estate Investment Management Co., Ltd. (綠城鼎益房地產投資管理有限公司)	The management of construction of properties	Director, General Manager and substantial shareholder
Mr SUN Guoqiang	CCCCG Real Estate	The development of properties and project investment	Chairman and General Manager
Mr Andrew CHOW	Wharf	The development and sale of properties and holding of properties for rental purposes	Director

Name of Director	Name of Competing Entity	Nature of business of the competing entity	Nature of interest of the director in the competing entity
Mr Liu Wensheng	CCCC	The design and construction of transportation infrastructure, dredging business, heavy machinery manufacturing and property development	Secretary of Board of Directors, Company Secretary and Chief Economist
Mr TSUI Yiu Cheung	Wheelock Wharf Harbour Centre Development Limited	The development and sale of properties and holding of properties for rental purposes	Director

*Note:* The remaining four (the "Remaining Non-Inclusion Projects") out of eight property projects as referred to in the deed of non-competition dated 22 June 2006, details of which are disclosed in the section headed "Business – Non-competition undertaking – Non-inclusion projects" in the prospectus of the Company dated 30 June 2006.

## 5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or claims of material importance and no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## 6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 7. EXPERTS

The qualification of the following experts which have given their respective opinion or advices contained in this circular are set out below:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
DTZ Debenham Tie Leung Limited	Property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts did not have (i) any shareholding in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and (ii) any interest, either direct or indirect, in any assets which, since 31 December 2014 (being the date to which the latest audited consolidated financial statements of the Company was made up) and up to the Latest Practicable Date, had been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group.

## 8. GENERAL

- (a) Save as disclosed in the announcement of the Company dated 12 March 2015 in relation to, among other things, the lease of certain properties by 綠城控股集團有限公司 (Greentown Holdings Group Limited\*) to the Company for an aggregate annual rental of RMB15 million constituting continuing connected transaction of the Company under Chapter 14A of the Listing Rules, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which, since 31 December 2014 (being the date to which the latest audited consolidated financial statements of the Company was made up) and up to the Latest Practicable Date, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired, disposed of by or leased to any member of the Group.
- (b) Save as disclosed in the announcement of the Company dated 12 March 2015, 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 Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The company secretary of the Company is Mr Fung Ching, Simon. Mr Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the CPA Australia.
- (d) The registered address of the Company is PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is at Room 1406-08, 14th Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong.
- (f) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The principal share registrar of the Company in the Cayman Islands 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.

## 9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by member of the Group after the date falling two years immediately prior to the Latest Practicable Date and are or may be material:

- (a) the purchase agreement dated 16 September 2013 between the Company, Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Goldman Sachs (Asia) L.L.C., BOCI Asia Limited, Industrial and Commercial Bank of China (Asia) Limited, Standard Chartered Bank and UBS AG, Hong Kong Branch in connection with the issue of the 8.0% senior notes due 2019 in the aggregate principal amount of US\$300,000,000 by the Company;
- (b) the subscription agreement dated 20 January 2014 between the Company as guarantor, Moon Wise Global Limited as issuer, Deutsche Bank AG, Singapore Branch, Goldman Sachs (Asia) L.L.C., UBS AG, Hong Kong Branch, Macquarie Capital Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and BNP Paribas, Hong Kong Branch in connection with the issue of the subordinated perpetual capital securities in the aggregate principal amount of US\$500 million by the issuer;
- (c) the equity and shareholder's loan transfer agreement dated 13 October 2014 between Richwise Holdings Limited (才智控股有限公司), the Company and Sino-Ocean Land (Hong Kong) Limited in relation to the proposed disposal of 24.5% equity interests in Poly Link Management Limited (盛聯管理有限公司) and the assignment of the shareholder's loan due and owing by the Poly Link Management Limited (盛聯管理有限公司) and its subsidiaries to Richwise Holdings Limited (才智控股有限公司) and its associates for a total consideration of RMB1,090,000,000;
- (d) the agreement dated 10 February 2015 between the Company as the issuer, certain offshore subsidiaries of the Company as guarantors, China Orient Asset Management (International) Holding Limited and Credit Suisse International as purchaser in relation to the issue of the 8.0% senior notes due 2019 in the aggregate principal amount of US\$200 million by the Company which will be consolidated and form a single series with the US\$300 million 8.0% senior notes due 2019 issued by the Company on 24 September 2013; and
- (e) the Framework Agreement together with the underlying documents for the transactions contemplated thereunder.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Company's principal place of business in Hong Kong at Room 1406-08, 14th Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including 13 July 2015:

- (a) the Framework Agreement and the underlying documents for the transactions contemplated thereunder;
- (b) the material contracts disclosed in the paragraph headed "Material Contracts" in this Appendix VII;
- (c) memorandum and articles of association of the Company;
- (d) the consolidated audited financial statements of the Company for the two years ended 31 December 2014;
- (e) the accountant's report of the Target Companies for the three years ended 31 December 2014, the text of which is set out in Appendix II to this circular, and the related statement of adjustments, if any;
- (f) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;
- (g) the letter from the Board, the text of which is set out in this circular;
- (h) the property valuation report from DTZ Debenham Tie Leung Limited, the text of which is set out on pages V-1 to V-112 of this circular;
- (i) the letters of consent from Deloitte Touche Tohmatsu and DTZ Debenham Tie Leung Limited; and
- (j) this circular.

\* For identification purposes only

# NOTICE OF EXTRAORDINARY GENERAL MEETING



## GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司\*

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

(Stock Code: 03900)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “EGM”) of Greentown China Holdings Limited (the “Company”) will be held at Hangzhou Rose Garden Resort & Spa, 128 Zhijiang Road, West Lake District, Hangzhou, Zhejiang Province, the PRC on 15 July 2015 (Wednesday) at 2:30 p.m. for the following purposes:

### ORDINARY BUSINESS

1. “THAT:
  - (a) the conditional framework agreement (the “**Framework Agreement**”) dated 15 May 2015 entered into between the Company and Sunac China Holdings Limited (“**Sunac China**”), together with the underlying agreements and documents (together, the “**Underlying Documents**”) dated 15 May 2015 entered into between the Company, Sunac China Holdings Limited and/or their respective subsidiaries for the transactions contemplated under the Framework Agreement (copies of the Framework Agreement and the Underlying Documents marked “A” for identification purpose have been produced at the EGM) and the transactions contemplated thereunder be and are hereby confirmed,
  - (b) the directors of the Company (the “**Directors**”) or duly authorised committee of the board of Directors (the “**Board**”) be and are hereby authorised to do all such acts (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in their opinion necessary, appropriate, desirable or expedient to implement or to give effect to the Framework Agreement, the Underlying Documents and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the Framework Agreement, the Underlying Documents and all transactions contemplated thereunder and are in interests of the Company.”
2. “THAT Mr Cao Zhounan be re-elected as an executive director of the Company and the Board be authorised to determine Mr Cao Zhounan’s remuneration.”

\* For identification purposes only

## NOTICE OF EXTRAORDINARY GENERAL MEETING

3. “THAT Mr Li Qingan be re-elected as an executive director of the Company and the Board be authorised to determine Mr Li Qingan’s remuneration.”
4. “THAT Mr Liu Wensheng be re-elected as a non-executive director of the Company and the Board be authorised to determine Mr Liu Wensheng’s remuneration.”

For and on behalf of the Board  
**Greentown China Holdings Limited**  
**SONG Weiping     ZHU Bixin**  
*Co-chairmen*

Hangzhou, PRC  
29 June 2015

*Notes:*

- (1) Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions at the EGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands and the results of the poll will be published on the websites of the Stock Exchange and of the Company.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies (if holding two or more shares) to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (3) Completion and delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof should the member of the Company so wish, and in which case, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint registered holders of any share in the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.
- (5) In order to be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.



## NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed on 14 July 2015 (Tuesday), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 13 July 2015 (Monday).

*As at the date of this notice, the Board comprises Mr SONG Weiping, Mr ZHU Bixin, Mr SHOU Bainian, Mr SUN Guoqiang, Mr Cao Zhounan and Mr Li Qingan as the executive Directors; Mr Andrew CHOW, Mr TSUI Yiu Cheung and Mr Liu Wensheng as the non-executive Directors; and Mr JIA Shenghua, Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai as the independent non-executive Directors.*