Application Proof of

Redsun Properties Group Limited
弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

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Redsun Properties Group Limited
弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED])**
Number of [REDACTED] Shares	**:**	**[REDACTED] Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**[REDACTED]**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**[REDACTED]**

Joint Sponsors

建银国际 CCB International

華泰金融控股(香港)有限公司 HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

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[REDACTED]

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[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

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

There are risks associated with any investment. Some of the particular risks in investing in the **[REDACTED]** ***are set forth in "Risk Factors". You should read that section carefully before you decide to invest in the*** **[REDACTED].**

OVERVIEW

We are a leading comprehensive property developer in Jiangsu Province, China, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. We have established a steady regional leading position in Jiangsu Province by taking root in Nanjing, Jiangsu and Yangtze River Delta. Since the incorporation of Nanjing Redsun in 1999, we have worked in the sector of property development and sales for nearly 20 years, established the *Hong Yang* brand and received widespread recognition for our development capacity and industry position. We maintain steady growth during the Track Record Period. Our revenue increased from RMB5,376.8 million in 2015 to RMB6,139.7 million in 2017. Our gross profit increased from RMB2,251.8 million in 2015 to RMB2,491.6 million in 2017.

We have established the *Hong Yang* brand, which enjoyed a high reputation and recognition in the Yangtze River Delta region. In 2017, we were rated Top 100 China Real Estate Developers, Top 10 Development Potential of China Real Estate Developers, Top 10 Brand Value in Eastern China and Top Three Powerful Jiangsu Real Estate Developers by the China Real Estate Association, E-house China R&D Institute, China Real Estate Appraisal and Jiangsu Real Estate Association. According to the sales rankings of Chinese real estate enterprises published by CRIC China (克而瑞中國), we ranked the third place in Nanjing by number of units sold in 2017.

Designing and developing customer-tailored products and implementing high standards of quality control are the lifeline of us. Regarding product positioning, we made an intensive study of customer needs and launched five product lines from high-quality rigid demand housing to top properties, namely, Time Series, Sunrise Joy Series, Yan Lan Series, Tian Chen Series, and TOP Series, to meet the needs of different consumer groups. We used high-quality materials and accessories for construction and decoration and critically reviewed the work of contractors. We used the internal standard of "millimetric quality error" for product quality control. We strive to meet the needs of our customers through fine workmanship and quality control measures.

We have balanced property development and operation abilities. While developing residential properties, we also operate commercial complexes covering shopping malls, amusement parks and community centers, hotels and office buildings. Most of these commercial property buildings are adjacent to our residential property projects, providing ancillary services for the residents and also increasing the value of our residential property projects. During the Track Record Period, our commercial properties maintained an average rental rate of over 90%, with the operating income of RMB226.7 million, RMB193.1 million and RMB166.4 million, respectively. As of December 31, 2017, our commercial properties had an aggregate GFA of 527,760 sq.m. and a fair value of RMB8,315.3 million.

We focus our business activities across the Yangtze River Delta region, one of the most economically prosperous and vibrant regions in China. During the Track Record Period and as of December 31, 2017, we had developed a diverse portfolio of 25 completed projects, 40 projects under development and 21 projects held for future development. By virtue of our deep understanding of the property markets in the Yangtze River Delta region, we strategically selected and acquired quality land of the region for our future property development in Jiangsu Province and Anhui Province. During the Track Record Period and as of December 31, 2017, in term of proportional interests, we have an aggregate GFA of approximately 6,168,733 sq.m. of land reserves, including (i) completed properties with a saleable and rentable GFA of approximately 636,261 sq.m., accounting for 10.3% of our total land reserves, (ii) properties under development with an aggregate GFA of approximately 3,406,160 sq.m., accounting for 55.2% of our total land reserves, and (iii) properties held for future development with an aggregate GFA of approximately 2,126,312 sq.m., accounting for 34.5% of our total land reserves. Given a reasonable and stable sales pace, our existing land reserves can support our balanced development for three years or so.

Our Business Model

Our business operations consist of three principal business segments: (i) property development and sales; (ii) commercial property investment and operations and (iii) hotel operations. We derive our revenue from sales of residential properties and accompanying retail spaces developed by us, rental income from commercial property investment and operations and service fee income from hotel operations.

We outsource our project planning and design work to qualified contractor, and the construction work of our projects to external construction companies.

Due to the highly competitive and evolving nature of the real estate industry in China, we are required to constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate. See "Business — Property Development and Sales Process — Marketing and Sales — Pricing".

Land Reserves

The following table sets forth the GFA breakdown of our land reserve during the Track Record Period and as of December 31, 2017 in terms of geographic location:

	Completed		Under development	Future development	Total land reserves	
Property projects development by our subsidiaries	**Saleable GFA unsold[(1)]** *(sq.m.)*	**Rentable GFA held for investment[(1)]** *(sq.m.)*	**GFA under development[(1)]** *(sq.m.)*	**Planned GFA[(1)]** *(sq.m.)*	**Total GFA[(1)]** *(sq.m.)*	**Percentage of total land bank** *(%)*
Nanjing	56,768	446,915	491,406	69,629	1,065,346	17.3%
Changzhou	23,430	—	709,326	261,362	994,118	16.1%
Suzhou	59,228	—	442,840	193,152	695,220	11.3%
Wuxi	39,170	—	24,073	537,715	600,958	9.7%
Chuzhou	—	—	188,810	252,346	441,156	7.2%
Hefei	—	—	234,567	—	234,567	3.8%
Taixing	—	—	—	123,706	123,706	2.0%
Jurong	—	—	82,105	—	82,105	1.3%
Nantong	—	—	61,479	—	61,479	1.0%
Sub-total	178,596	446,915	2,234,605	1,437,911	4,298,026	69.7%
Projects held by our joint ventures						
Nanjing	8,433	—	166,817	—	175,250	2.8%
Suzhou	2,317	—	54,407	—	56,724	0.9%
Attributable Sub-total[(2)]	10,750	—	221,224	—	231,974	3.8%
Projects held by our associated companies						
Nanjing	—	—	410,881	35,713	446,593	7.2%
Nantong	—	—	185,126	102,592	287,718	4.7%
Suzhou	—	—	145,434	37,600	183,034	3.0%
Bozhou	—	—	—	160,973	160,973	2.6%
Yangzhou	—	—	—	136,943	136,943	2.2%
Hefei	—	—	103,766	—	103,766	1.7%
Wuxi	—	—	—	84,584	84,584	1.4%
Changzhou	—	—	—	59,158	59,158	1.0%
Chuzhou	—	—	53,932	—	53,932	0.9%
Maanshan	—	—	51,193	—	51,193	0.8%
Zhenjiang	—	—	—	44,249	44,249	0.7%
Huzhou	—	—	—	26,591	26,591	0.4%
Attributable Sub-total[(2)]	—	—	950,331	688,402	1,638,733	26.6%
Total	**189,346**	**446,915**	**3,406,160**	**2,126,312**	**6,168,733**	**100.0%**

As of December 31, 2017, we have obtained land use certificates for all of our land reserves.

Notes:

1 Data with respect to the GFA of (i) completed projects have been derived from the information contained in the relevant inspection certificates; and (ii) projects under development have been derived from the information contained in the relevant construction

planning permits. The total GFA of a property comprises saleable GFA and non-saleable GFA. "Saleable GFA unsold" includes properties which have been pre-sold. A property is considered sold after the Group has executed the relevant sale and purchase agreement and the property has been delivered to the customer. A property is considered delivered to a customer after the property has been completed, inspected and accepted as qualified. A property is considered pre-sold when the Group has executed the relevant sale and purchase agreement but the property has not yet been delivered to the customer.

2. For projects held by our joint ventures or our associated companies, total GFA is adjusted by our equity interest in the respective project.

VALUATION OF OUR PROPERTIES

Our independent property valuer, Savills, valued our properties based on the assumption that transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable have already been fully paid. Unless otherwise stated, Savills has also assumed that the Group has good legal titles to the properties and has free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing to any property 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.

Savills has valued our property interests and is of the opinion that the aggregate value of our property interests as of such date was RMB45,589.3 million as of December 31, 2017. For details as to the valuation of our properties, see "Property Valuation Report" in Appendix III. For risks associated with assumptions made in the valuation of our properties, see "Risk Factors — Risks Relating to Our Business — The appraised value of our properties may be different from their actual realizable value and are subject to change, and if the actual realizable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operation and financial condition."

Suppliers and Customers

Our major suppliers are construction material suppliers and construction contractors. For the years ended December 31, 2015, 2016 and 2017, purchases from the five largest suppliers, which were all Independent Third Parties, represented 20.6%, 22.3% and 23.9% of our total purchases in the same periods, respectively. For the years ended December 31, 2015, 2016 and 2017, purchases from our single largest supplier represented 5.4%, 7.1% and 9.0% of our total purchases in the same periods, respectively. We had an average of approximately three years of business relationships with our top five largest suppliers during the Track Record Period.

Our customers are individual and corporate purchasers of our residential properties and tenants of our commercial properties. For the years ended December 31, 2015, 2016 and 2017, revenue before business tax and surcharge from our five largest customers, all of whom were Independent Third Party purchasers or tenants of our properties, represented approximately 0.9%, 0.6% and 0.9% of our total revenue before business tax and surcharge in the respective periods. For the years ended December 31, 2015, 2016 and 2017, revenue before business tax and surcharge from our largest customer represented 0.3%, 0.2% and 0.3% of our total revenue before business tax and surcharge in the same periods, respectively.

COMPETITIVE STRENGTHS

We believe that our market position is principally attributable to the following competitive strengths: (i) establishing the *Hong Yang* brand and becoming a leading comprehensive property developer in Jiangsu Province; (ii) accurate product positioning, leading quality control system and customer-tailored products; (iii) high-quality land reserves and stable and reliable land acquisition ability; (iv) excellent commercial property assets and strong operational abilities, forming synergistic effect in residential property development; (v) an efficient and modern management model that focuses on investment, financing, management and exit (IFME) to maximize returns on property projects; and (vi) experienced senior management and team of employees with strong execution ability.

STRATEGIES

We endeavor to become the premier and trusted comprehensive property developer in the country. To achieve our goal, we intend to implement the following strategies: (i) continue to proactively explore markets in the Yangtze River Delta region and selectively develop new markets at the same time to form a regional pattern of "1+3+X"; (ii) continue to adopt diversified land acquisition strategies to enrich and optimize our land reserves; (iii) further improve product quality and design based on customer and created value for customer; (iv) expand the business sector primarily based on the asset-light mode to promote the *Hong Yang* brand and form a synergistic effect with the residential property development sector; (v) improve operation efficiency, pursue rapid turnover and increase capital use efficiency; and (vi) accelerate talent system building to attract high-quality talents in the industry.

SELECTED RESULTS OF OPERATIONS

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

	For the Year Ended December 31,								
	2015			2016			2017		
	Revenue after business tax and surcharges	Recognized GFA	Recognized ASP	Revenue after business tax and surcharges	Recognized GFA	Recognized ASP	Revenue after business tax and surcharges	Recognized GFA	Recognized ASP
	(RMB'000)	(sq.m.)	(RMB sq.m.)	(RMB'000)	(sq.m.)	(RMB sq.m.)	(RMB'000)	(sq.m.)	(RMB sq.m.)
Nanjing	4,207,543	438,282	9,600	5,288,695	467,095	11,323	4,916,801	408,418	12,039
Suzhou	—	—	—	949,501	95,170	9,977	606,782	58,806	10,318
Changzhou	706,080	118,915	5,938	607,813	100,596	6,042	171,139	21,834	7,838
Wuxi	48,630	2,905	16,740	31,413	2,364	13,288	93,700	5,814	16,116
Nantong	161,169	21,732	7,416	738,732	100,833	7,326	81,923	11,792	6,947
Changshu	738	250[1]	2,952	932,851	59,727	15,619	68,046	5,697	11,944
Total	**5,124,160**	**582,084**	**8,803**	**8,549,005**	**825,785**	**10,353**	**5,938,391**	**512,361**	**11,590**

Note:

(i) Consists entirely of car parks delivered in 2015.

SUMMARY OF COMBINED FINANCIAL INFORMATION

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

Summary of Combined Statements of Comprehensive Income

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

	For the Year Ended December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	5,376,799	8,775,465	6,139,672
Cost of sales	(3,125,008)	(6,219,879)	(3,648,023)
Gross profit	2,251,791	2,555,586	2,491,649
Fair value gains/(losses) on investment properties	614,065	(109,822)	(287,414)
Profit before tax	2,218,227	1,661,854	1,900,784
Income tax expense	(889,573)	(730,774)	(705,301)
Profit and total comprehensive income for the year	1,328,654	931,080	1,195,483

For the years ended December 31, 2015, 2016 and 2017, our revenue was RMB5,376.8 million, RMB8,775.5 million and RMB6,139.7 million, respectively, our gross profit was RMB2,251.8 million, RMB2,555.6 million and RMB2,491.6 million, respectively. See "Financial Information" for more details about our financial performance during the Track Record Period.

Summary of Combined Statements of Financial Position

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

	As of December 31		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Total non-current assets	8,963,224	9,288,743	11,159,712
Total current assets	16,876,416	20,798,586	30,165,631
Total current liabilities	15,933,154	17,378,464	23,953,399
Net current assets	943,262	3,420,122	6,212,232
Total non-current liabilities	5,161,874	7,052,672	8,915,078
Total Equity	4,744,612	5,656,193	8,456,866

See "Financial Information — Liquidity and Capital Resources — Net Current Assets".

Summary of Combined Statements of Cash Flows

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

	For the Year Ended December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Net cash flows (used in)/generated from operating activities	2,389,980	891,231	(3,497,953)
Net cash flows (used in)/generated from investing activities	(127,366)	(1,579,694)	1,178,588
Net cash flows generated from/(used in) financing activities	(1,844,409)	1,940,388	2,398,754
Net increase in cash and cash equivalents	418,205	1,251,925	79,389
Cash and cash equivalents at beginning of the year	728,544	1,146,749	2,398,674
Cash and cash equivalents at the end of the year	1,146,749	2,398,674	2,478,063

For the year ended December 31, 2017, our net cash used in operating activities was RMB3,498.0 million, which was the result of cash used in operations of RMB1,982.8 million, adjusted by (i) interest received of RMB228.5 million, (ii) tax paid of RMB912.6 million and (iii) interest paid of RMB831.1 million. Net cash used in operations was primarily attributable to the profit before taxation of RMB1,900.8 million, adjusted by the following items: (i) increase in properties for development and for sale of RMB4,884.0 million due to an increase in property development activities and (ii) increase in prepayments, deposits and other receivables of RMB1,328.8 million due to an increase in prepayments for land use rights, partially offset by increase in other payables, deposits received and accruals of RMB2,895.1 million due to an increase in advance from non-controlling shareholders of subsidiaries as a result of an increased funding from our partners of jointly-developed projects.

See "Financial Information — Liquidity and Capital Resources — Cash Flows" and "Risk Factors — Risks Relating to Our Business — We had negative net operating cash flow for the year ended December 31, 2017 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments whether through bank loans, corporate bonds, trust financing or other arrangements, on commercially reasonable terms, or at all".

KEY FINANCIAL RATIOS

	For the Years Ended and as of December 31,		
	2015	2016	2017
Gross profit margin (%)(1)	41.9	29.1	40.6
Net profit margin (%)(2)	24.7	10.6	19.5
Return on equity (%)(3)	28.0	16.5	14.7
Current ratio (times)(4)	1.06	1.20	1.26
Gearing ratio (%)(5)	119.4	136.0	137.5
Interest coverage ratio (times)(6)	7.19	5.69	5.30

Notes:

(1) Gross profit margin for the years ended December 31, 2015, 2016 and 2017 was calculated based on our gross profit of respective periods divided by our revenue of respective periods and multiplied by 100%.

(2) Net profit margin for the years ended December 31, 2015, 2016 and 2017 was calculated based on our net profit of respective periods divided by our revenue of respective periods and multiplied by 100%.

(3) Return on equity for each of the year ended December 31, 2015, 2016 and 2017 was calculated based on our net profit attributable to owners of the parent of the respective periods divided by the equity attributable to owners of the parent as of the end of the respective periods and multiplied by 100%.

(4) Current ratios as of December 31, 2015, 2016 and 2017 were calculated based on our total current assets as of the respective dates divided by our total current liabilities as of the respective dates.

(5) Gearing ratios as of December 31, 2015, 2016 and 2017 was calculated as total debt divided by total equity of us as of the respective date. The total debt was calculated as total loans and borrowings of us as of the respective dates.

(6) Interest coverage ratio for each of the years ended December 31, 2015, 2016 and 2017 was calculated based on our profit before tax, adding interest expenses which does not include capitalized interest in our combined financial statements, divided by our interest on interest-bearing borrowings which does not include capitalized interest as of the respective periods.

Gross Profit Margin

Our gross profit margin was 41.9%, 29.1% and 40.6% in the years ended December 31, 2015, 2016 and 2017, respectively. See "Financial Information — Management's Discussion and Analysis of Results of Operations".

Net Profit Margin

Our net profit margin was 24.7%, 10.6% and 19.5% for the years ended December 31, 2015, 2016 and 2017 respectively. The significant decrease in our net profit margin from 2015 to 2016 was primarily due to (i) a decrease in our net profit as a result of fair value loss of investment properties and increased share of losses on joint ventures and associates and (ii) a substantial increase in our revenue in line with our business expansion. The increase in our net profit margin from 2016 to 2017 was primarily due to (i) an increase in our net profit as a result of an increase in other income and gains; turnaround of share of losses to gains on joint ventures and (ii) a decrease in our revenue.

Return on Equity

Our return on equity was 28.0%, 16.5% and 14.7% for the years ended December 31, 2015, 2016 and 2017, respectively. The significant decrease in our return on equity from 2015 to 2016 was primarily due to (i) a decrease in our net profit for the year primarily as a result of fair value loss of investment properties; an increase in share of losses on joint ventures and associates; and (ii) an increase in equity. The slight decrease in our return on equity from 2016 to 2017 was primarily due to an increase in equity, partially offset by an increase in net profit to a lesser extent.

Current Ratio

Our current ratio was 1.06, 1.20 and 1.26 as of December 31, 2015, 2016 and 2017, respectively. The continued increases of our current ratio were mainly driven by the continued increases in current assets, which were attributable to the increases in properties under development, available-for-sale investments, restricted cash, cash and cash equivalents from December 31, 2015 to December 31, 2017.

Gearing Ratio

Our gearing ratio was 119.4%, 136.0%, and 137.5% as of December 31, 2015, 2016 and 2017, respectively. The increase in the gearing ratio from December 31, 2015 to December 31, 2017 was primarily due to the overall increase in total loan and borrowing level in the same years.

Interest coverage ratio

Our interest coverage ratio was 7.19, 5.69 and 5.30 for the year ended December 31, 2015, 2016 and 2017, respectively. The decrease in our interest coverage ratio from 2015 to 2016 was mainly due to a decrease in profit before interest and tax. The decrease in our interest coverage ratio from 2016 to 2017 was primarily because our profit before interest and tax increased to a lesser extent than the increase in our interest on interest bearing borrowings in the same year.

OUR SHAREHOLDING STRUCTURE

Immediately following the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme), Mr. Zeng will be interested in **[REDACTED]** Shares, representing **[REDACTED]**% of the enlarged issued share capital of our Company through Hong Yang Group (Holdings), Hong Yang International, Hong Yang Group Company and Redsun Properties Group (Holdings). Redsun Properties Group (Holdings) is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International. Hong Yang International is held by Mr. Zeng and Hong Yang Group (Holdings) as to 50% and 50%, respectively, and Hong Yang Group (Holdings) is directly wholly owned by Mr. Zeng. Accordingly, Hong Yang Group (Holdings), Hong Yang International, Hong Yang Group Company and Redsun Properties Group (Holdings) will become our Controlling Shareholders under the Listing Rules upon **[REDACTED]**.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute non-exempt continuing connected transactions for our Company under the Listing Rules following completion of the **[REDACTED]**. Among others, the leasing of property by us to Nanjing Hong Furnishing, a company wholly owned by Mr. Zeng, is for a term of 10 years commencing from October 1, 2017. We have applied to the Stock Exchange for, [and the Stock Exchange has agreed to grant,] a waiver from strict compliance with the requirements set out in Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions for our Company. For details of such non-exempt continuing connected transactions and the waiver, see "Continuing Connected Transactions."

PRE-[REDACTED] SHARE OPTION SCHEME

Following the adoption of the Pre-**[REDACTED]** Share Option Scheme and as of the Latest Practicable Date, an aggregate of **[REDACTED]** Pre-**[REDACTED]** Share Options have been conditionally granted, representing approximately **[REDACTED]**% of the issued share capital of our Company immediately after the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme), to [●] Grantees, including [●] connected persons of the Company, [●] members of our senior management team and [●] other Grantees. The exercise price in respect of each Pre-**[REDACTED]** Share Option is 80% of the **[REDACTED]**. No further options will be granted under the Pre-**[REDACTED]** Share Option Scheme.

As of the Latest Practicable Date, all of the Pre-**[REDACTED]** Share Options were not exercised and remained outstanding. Assuming full vesting and exercise of the outstanding Pre-**[REDACTED]** Share Options, the shareholding percentage of our Shareholders immediately following the **[REDACTED]** would be diluted by approximately **[REDACTED]**% as calculated based on **[REDACTED]** Shares then in issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme).

Further information on the principal terms of the Pre-**[REDACTED]** Share Option Scheme and the Grantees are set forth in the paragraphs under "D. Other Information — 1. Pre-**[REDACTED]** Share Option Scheme" in Appendix V.

[REDACTED] STATISTICS[1]

[REDACTED]

	Based on an [REDACTED] of HK$[REDACTED] per Share	Based on an [REDACTED] of HK$[REDACTED] per Share
Market capitalization of our Shares[2]	HK$**[REDACTED]** million	HK$**[REDACTED]** million
Unaudited pro forma adjusted combined net tangible asset value per Share[3]	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) All statistics in this table are based on the assumption that the **[REDACTED]** is not exercised.

(2) The calculation of market capitalization is based on **[REDACTED]** Shares expected to be issued under the **[REDACTED]**, and assuming that **[REDACTED]** Shares are issued and outstanding after completion of the **[REDACTED]** and immediately following the completion of the **[REDACTED]**.

(3) The unaudited pro forma adjusted combined net tangible asset per Share is calculated after making the adjustments referred to in "Unaudited Pro Forma Financial Information" in Appendix II and on the basis that **[REDACTED]** Shares are issued and outstanding after completion of the **[REDACTED]** and immediately following the completion of the **[REDACTED]**.

USE OF [REDACTED]

We estimate that we will receive net **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]** million (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]**), after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]** and assuming no exercise of the **[REDACTED]**.

We intend to use the net **[REDACTED]** of the **[REDACTED]** for the following purposes:

- approximately **[REDACTED]**%, or HK$**[REDACTED]** million, will be used as the construction costs for the development of our property projects or project phases, namely Solaris Loving City. Section VIII, Nanjing, Land Lot No. 2017G57, Taixing Land lot No. TX2017-20, Wuxi Land Lot No. 2017-C-20(A)&(B), Wuxi Land Lot XDG-2012-54 and a new project in Chongqing. See "Business—Our Project Portfolio—Our Property Development Projects" and "Business—Property Development and Sales Process—Investment—Land Acquisition" for further details of our projects;

- approximately **[REDACTED]**%, or HK$**[REDACTED]** million, will be used for repayment of the majority portion of certain existing interest-bearing bank and other borrowings, all of which are working capital loans for our project companies and included without limitation (i) a two-year borrowing of **[REDACTED]** with a fixed interest rate of **[REDACTED]** per annum and maturity date of **[REDACTED]**, (ii) a one-year bank borrowing of **[REDACTED]** with a fixed interest rate of **[REDACTED]** per annum and maturity date of **[REDACTED]**, and (iii) a two-year bank borrowing of **[REDACTED]** with a fixed interest rate of **[REDACTED]** per annum and maturity date of **[REDACTED]**;

- approximately **[REDACTED]**%, or HK$**[REDACTED]** million, will be used for general working capital purposes.

See "Future Plans and Use of **[REDACTED]**."

DIVIDEND AND DISTRIBUTABLE RESERVES

We did not declared any dividends during the Track Record Period. We have no fixed dividend policy and, subject to compliance with the relevant laws of the Cayman Islands and the Articles, the Board has absolute discretion in determining whether to recommend a declaration of any dividend for any period, and the amount of dividend to be paid. In determining any dividend payment, the Board will evaluate the Company's earnings, cash flow, financial condition, capital requirements, prevailing economic conditions and any other factors that the Directors deem relevant. There can be no assurance that dividends will be paid in any amount in the future, or at all.

Certain of our Subsidiaries are subject to restrictions on dividend payment under certain outstanding loan agreements. As confirmed by the Directors, none of the dividend declarations and/or payments made by us during the Track Record Period and up to the Latest Practicable Date were in violation of any restrictions in its loan agreements.

See "Financial Information — Dividend and Distributable Reserves".

RISK FACTORS

There are certain risks involved in our operations and in connection with the **[REDACTED]**, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business, (ii) risks relating to industry, (iii) risks relating to conducting business in the PRC and (iv) risks relating to the **[REDACTED]** and our Shares. The most significant risks are summarized as follows:

- Our business and prospects are dependent on the economic conditions in PRC and the performance of the PRC property market, and in particular on the performance of the markets in Nanjing and various major cities in the Yangtze River Delta, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities in this region, could have a material adverse effect on our business, financial condition and results of operations.

- We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future, which may affect our business, financial condition, results of operations and prospects.

- We may not be able to obtain adequate financing to fund our future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all.

- Our results of operations largely depend on a number of factors including the schedule of our property development and the timing of property sales and may therefore vary significantly from year to year.

- We are subject to risks associated with certain covenants or restrictions under our bank borrowings, bonds issuance, trust and other financing arrangements which may adversely affect our business, financial condition and results of operations.

These risks are not the only significant risks that may affect the value of the Shares. A detailed discussion of all the risk factors involved are set forth in "Risk Factors" and you should read the whole section carefully before you decide to **[REDACTED]** in the **[REDACTED]**.

[REDACTED] EXPENSES

The **[REDACTED]** expenses in connection with the **[REDACTED]** consist primarily of **[REDACTED]** commissions and professional fees. During the Track Record Period, we incurred **[REDACTED]** expenses of approximately RMB**[REDACTED]** million, of which RMB**[REDACTED]** million were charged to our administrative expenses for the year ended December 31, 2017. We currently expect to incur further expenses amounting to RMB**[REDACTED]** million subsequent to the end of the Track Record Period, of which RMB**[REDACTED]** million will be charged to our income statement and RMB**[REDACTED]** million will be charged to our equity. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2018.

NON-COMPLIANCE INCIDENTS

During the Track Record Period, we experienced certain incidents of non-compliances. Three of our project companies commenced construction of certain of our projects before obtaining construction work permits. Four of our project companies did not comply with the relevant construction works planning permit when they constructed the relevant projects. In addition, our Group failed to make adequate social security insurance and housing provident fund contributions for some employees as required by relevant PRC laws and regulations. See "Business — Licenses, Permits and Qualification Certificates — Non-compliance Incidents."

COMPETITIVE LANDSCAPE

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

RECENT DEVELOPMENTS

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

During the period from January 1, 2018 and up to the Latest Practicable Date, we and two other real estate developers jointly acquired one parcel of land (No.2018G01) in Jiangbei New Area in Nanjing, Jiangsu province through public tender, auction and listing-for-sale. Located near the Xinghuo Road Station of the Nanjing subway Line 3, this parcel of land has a site area of 7,025 sq.m. and is planned for a mix of commercial and office use. In addition, we acquired equity interests in companies that possess land use rights for certain lands subsequent to the Track Record Period. See "Business — Property Development and Sales Process — Investment — Land Acquisition — Acquisition of Equity Interests in Companies or Property Interests Held by Companies."

In addition, we continuously look for financing opportunities to support our business. In January 2018, on top of the US$250 million guaranteed senior notes issued in November 2017 (the "**November 2017 Notes**"), Hong Seng conducted an additional issuance of US$125 million notes of the same series as the November 2017 Notes. We may consider raising funds through asset-backed securities programs, corporate bonds and other debt offerings by using the **[REDACTED]** platform or Hong Yang Group Company or its associates as the vehicle to conduct such financing.

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since December 31, 2017, and there is no event since December 31, 2017 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I.

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

"Anhui Hong Lan Real Estate"	Anhui Hong Lan Real Estate Development Co., Ltd. (安徽弘嵐房地產開發有限公司), a limited liability company established in the PRC on November 9, 2016, and a Subsidiary
"Anhui Hong Peng Properties"	Anhui Hong Peng Properties Co., Ltd. (安徽弘鵬置業有限公司), a limited liability company established in the PRC on December 14, 2016, and a Subsidiary

[REDACTED]

"ARR"	average daily rate per occupied room for the relevant period, calculated by dividing the total room revenue by the total number of room nights sold including room nights provided to guests on a complimentary basis in a given period
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company conditionally adopted on [●] which will take effect on the **[REDACTED]**, as amended, supplemented or otherwise modified from time to time
"associate"	has the meaning ascribed thereto under the Listing Rules
"average selling price" or "ASP"	average selling price
"Board"	the board of Directors
"building ownership certificate"	building ownership certificate issued by relevant PRC government authorities with respect to the ownership rights of buildings (房屋所有權證)
"Business Day" or "business day"	a day which is not a Saturday, a Sunday or a public holiday in Hong Kong and on which banks in Hong Kong are generally open for business
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate

[REDACTED]

"Cayman Companies Law" or "Companies Law"	the Companies Law (2016 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會)

[REDACTED]

"CEO"	Chief Executive Officer
"Changshu Hong Yang Real Estate"	Changshu Hong Yang Real Estate Development Co., Ltd. (常熟弘陽房地產開發有限公司), a limited liability company established in the PRC on August 17, 2010, and a Subsidiary
"Changzhou Hong Yang Business Management"	Changzhou Hong Yang Business Management Co., Ltd. (常州弘陽商業管理有限公司), a limited liability company established in the PRC on August 15, 2017, and a Subsidiary
"Changzhou Hong Yang Plaza Properties"	Changzhou Hong Yang Plaza Properties Co., Ltd. (常州弘陽廣場置業有限公司), a limited liability company established in the PRC on September 14, 2012, and a Subsidiary
"Changzhou Jin Tan Xu Run Properties"	Changzhou Jin Tan Xu Run Properties Co., Ltd. (常州金壇旭潤置業有限公司), a limited liability company established in the PRC on June 9, 2017, and a Subsidiary
"Changzhuo Xu Jing Properties"	Changzhou Xu Jing Properties Co., Ltd. (常州旭景置業有限公司), a limited liability company established in the PRC on February 21, 2017, and a Subsidiary
"Chuzhou Hong Yang Real Estate"	Chuzhou Hong Yang Real Estate Development Co., Ltd. (滁州弘陽房地產開發有限公司), a limited liability company established in the PRC on August 1, 2017, and a Subsidiary
"CIRC"	China Insurance Regulatory Commission (中國保險監督管理委員會)
"commodity residential properties"	residential properties developed by a property developer for sale

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Redsun Properties Group Limited (弘陽地產集團有限公司), an exempted limited liability company incorporated under the laws of the Cayman Islands on December 21, 2017
"completion certificate"	construction works completion inspection acceptance certificate/record issued by local urban construction bureaux or competent authorities in the PRC with respect to completion of property projects (竣工驗收備案)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"construction land planning permit"	construction land planning permit issued by local urban zoning and planning bureaux or competent authorities in the PRC (建設用地規劃許可證)
"construction work commencement permit"	construction work commencement permit issued by local construction committees or competent authorities in the PRC (建築工程施工許可證)
"construction work planning permit"	construction work planning permit issued by local urban zoning and planning bureaux or competent authorities in the PRC (建設工程規劃許可證)
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. Zeng, Redsun Properties Group (Holdings), Hong Yang Group (Holdings), Hong Yang International and Hong Yang Group Company
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	director(s) of our Company
"EIT"	enterprise income tax in the PRC
"EPS"	earnings per Share
"GDP"	gross domestic product
"GFA"	gross floor area

[REDACTED]

"Grantees"	the grantees under the Pre-**[REDACTED]** Share Option Scheme

[REDACTED]

"Group" or "our Group" or "we" or "us"	our Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or its predecessor (as the case may be)
"HKD" or "HK$" or "HK dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

[REDACTED]

"Hong Seng"	Hong Seng Limited (弘昇有限公司), a company incorporated in the BVI and wholly owned by Hong Yang Group Company
"Hong Yang Group Company"	Hong Yang Group Co., Ltd. (弘陽集團有限公司), a limited liability company incorporated in Hong Kong on October 22, 2003, and a Controlling Shareholder
"Hong Yang Group (Holdings)"	Hong Yang Group (Holdings) Limited (弘陽集團(控股)有限公司), a limited liability incorporated under the laws of Cayman Islands on March 7, 2010, and a Controlling Shareholder
"Hong Yang International"	Hong Yang International Limited (弘陽國際有限公司), a limited liability company incorporated in the British Virgin Islands on January 2, 2008, and a Controlling Shareholder
"Hong Yang Group Nantong Real Estate"	Hong Yang Group Nantong Real Estate Co., Ltd. (弘陽集團南通房地產有限公司), a limited liability company established in the PRC on October 9, 2010, and a Subsidiary
"Hong Yang Properties Investment"	Hong Yang Properties Investment Limited (弘陽地產投資有限公司), a limited liability company incorporated under the laws of Hong Kong on January 22, 2018, and a Subsidiary
"IAS"	International Accounting Standards, which is endorsed and amended by the IASB
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	a person or persons, or entity or entities who/which is/are not a connect person(s) of our Company under the Listing Rules

[REDACTED]

[REDACTED]

"Jiangsu Hong Yang Group"	Jiangsu Hong Yang Group Co., Ltd. (弘陽集團有限公司), a limited liability company established in the PRC on March 16, 2004 and owned by Mr. Zeng's sister, Zeng Suqing, and Mr. Zeng's spouse, Chen Sihong, and therefore a connected person of our Company
"Jiangsu Jun Ke Engineering Technology"	Jiangsu Jun Ke Engineering Technology Co., Ltd. (江蘇君科工程科技有限公司), a limited liability company established in the PRC on February 28, 2017, and a Subsidiary
"Jiangsu Mao Hong Corporate Management"	Jiangsu Mao Hong Corporate Management Co., Ltd. (江蘇茂弘企業管理有限公司), a limited liability company established in the PRC on June 16, 2017, and a Subsidiary
"Jiangsu Run Hong"	Jiangsu Run Hong Smart Ecology Research Center Co., Ltd. (江蘇潤弘智慧生態產業研究院有限公司), a limited liability company established in the PRC on October 30, 2017, and a Subsidiary
"Jiangsu Tuo Si Le Construction Material"	Jiangsu Tuo Si Le Construction Material Co., Ltd. (江蘇拓思樂建材有限公司), a limited liability company established in the PRC on September 29, 2017, and a Subsidiary
"Jiangyin Jia Hong Real Estate"	Jiangyin Jia Hong Real Estate Development Co., Ltd. (江陰嘉鴻房地產開發有限公司), a limited liability company established in the PRC on November 7, 2017, and a Subsidiary

[REDACTED]

[REDACTED]

"Joint Sponsors"	CCB International Capital Limited, Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited
"Ju Rong Zi Jin Real Estate"	Ju Rong Zi Jin Real Estate Development Co., Ltd. (句容紫金房地產開發有限公司), a limited liability company established in the PRC on March 18, 2010, and a Subsidiary
"Laian Hong Jia Real Estate"	Laian Hong Jia Real Estate Development Co., Ltd. (來安弘嘉房地產開發有限公司), a limited liability company established in the PRC on June 8, 2017, and a Subsidiary
"Laian Jin Hong Xin Real Estate"	Laian Jin Hong Xin Real Estate Co., Ltd. (來安金弘新房地產公司), a limited liability company established in the PRC on June 7, 2017, and a Subsidiary
"LAT"	Land Appreciation Tax (土地增值稅) as defined in《中華人民共 和國土地增值稅暫行條例》(the Provisional Regulations of the PRC on Land Appreciation Tax*) and its implementation rules, as described in the section headed "Regulatory Overview" in this document
"land grant contract"	a land use rights grant contract (土地使用權出讓合同)
"land use rights certificate"	a certificate (or certificates as the case may be) of the right of a party to use a parcel of land (土地使用權證)
"Latest Practicable Date"	[March 21], 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

"Listing Committee"	the listing committee of the Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"New M&A Rules"	《關於外國投資者併購境內企業的規定》 (Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign

	Investors Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*) which was issued by six PRC ministries and commissions, as effective on September 8, 2006 and revised on June 22, 2009
"Main Board"	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on [●] with immediate effect, as amended, supplemented or otherwise modified from time to time
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Zeng"	Mr. Zeng Huansha, founder of our Group and a Controlling Shareholder
"Nanjing De Xuan Properties"	Nanjing De Xuan Properties Co., Ltd (南京德軒置業有限公司), a limited liability company established in the PRC on July 21, 2017, and a Subsidiary
"Nanjing Guo Gang Properties"	Nanjing Guo Gang Properties Development Co., Ltd. (南京國港置業發展有限公司), a limited liability company established in the PRC on June 24, 2004, and a Subsidiary
"Nanjing Hong Che Real Estate"	Nanjing Hong Che Real Estate Co., Ltd. (南京泓澈房地產有限公司), a limited liability company established in the PRC on February 6, 2017, and a Subsidiary
"Nanjing Hong Yang Business Management"	Nanjing Hong Yang Business Management Co., Ltd. (南京弘陽商業管理有限公司) (previously known as Nanjing Redsun Business Management Co., Ltd. (南京紅太陽商業管理有限公司)), a limited liability company established in the PRC on March 17, 2008, and a Subsidiary
"Nanjing Hong Yang Heng Rui Real Estate"	Nanjing Hong Yang Heng Rui Real Estate Development Co., Ltd. (南京弘陽恒瑞房地產開發有限公司), a limited liability company established in the PRC on April 28, 2015, and a Subsidiary
"Nanjing Hong Yang Hotel"	Nanjing Hong Yang Hotel Co., Ltd. (南京弘陽酒店有限公司), a limited liability company established in the PRC on September 29, 2012, and a Subsidiary
"Nanjing Hong Yang Properties"	Nanjing Hong Yang Properties Co., Ltd. (南京弘洋置業有限公司), a limited liability company established in the PRC on September 28, 2009, and a Subsidiary

"Nanjing Hong Yang Real Estate"	Nanjing Hong Yang Real Estate Development Co., Ltd. (南京弘陽房地產開發有限公司), a limited liability company established in the PRC on September 27, 2009, and a Subsidiary
"Nanjing Hong Yang Rui Shang Real Estate"	Nanjing Hong Yang Rui Shang Real Estate Development Co., Ltd. (南京弘陽瑞尚房地產開發有限公司), a limited liability company established in the PRC on January 12, 2015, and a Subsidiary
"Nanjing Hong Yang Ye Mao Real Estate"	Nanjing Hong Yang Yemao Real Estate Development Co. Ltd. (南京弘陽業茂房地產開發有限公司), a limited liability company established in the PRC on December 6, 2013, and a Subsidiary
"Nanjing Hong Yang Zhong Rui"	Nanjing Hong Yang Zhong Rui Real Estate Development Co., Ltd. (南京弘陽中瑞房地產開發有限公司), a limited liability company established in the PRC on September 23, 2015, and a Subsidiary
"Nanjing Hong Yu Life Services"	Nanjing Hong Yu Life Services Co., Ltd. (南京弘寓生活服務有限責任公司), a limited liability company established in the PRC on May 27, 2017, and a Subsidiary
"Nanjing Lin Rui Properties"	Nanjing Lin Rui Properties Co., Ltd. (南京麟瑞置業有限公司), a limited liability company established in the PRC on March 9, 2017, and a Subsidiary
"Nanjing Lv Hong Real Estate"	Nanjing Lv Hong Real Estate Development Co., Ltd. (南京綠弘房地產開發有限公司), a limited liability company established in the PRC on February 6, 2015, and a joint venture of our Company
"Nanjing Redsun"	Nanjing Redsun Real Estate Deveopment Co., Ltd. (南京紅太陽房地產開發有限公司), a limited liability company established in the PRC on December 30, 1999, and a Subsidiary
"Nanjing Rong Mo Trade"	Nanjing Rong Mo Trade Co., Ltd. (南京容摩貿易有限公司), a limited liability company established in the PRC on January 4, 2012, and a Subsidiary
"Nanjing Rui Sheng Real Estate"	Nanjing Rui Sheng Real Estate Development Co., Ltd. (南京鋭晟房地產開發有限公司), a limited liability company established in the PRC on November 8, 2017, and a Subsidiary
"Nanjing Ying Sha Rui Trade"	Nanjing Ying Sha Rui Trade Co., Ltd. (南京英莎瑞貿易有限公司), a limited liability company established in the PRC on January 4, 2012, and a Subsidiary
"Nantong Jin Li Properties"	Nantong Jin Li Properties Co., Ltd. (南通錦力置業有限公司), a limited liability company established in the PRC on June 5, 2017, and a Subsidiary

"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"occupancy rate"	refers to the ratio of leased GFA to rentable GFA held for property investment of a property development project on a given date

[REDACTED]

"our Group"	our Company and its Subsidiaries

[REDACTED]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Post-**[REDACTED]** Share Option Scheme"	the share option scheme conditionally adopted by our Shareholder on [●], principal terms of which are summarized in the section headed "Statutory and General Information — D. Other Information — 2. Post-**[REDACTED]** Share Option Scheme" in Appendix V to this document
"PRC", "China" or the "People's Republic of China"	the People's Republic of China, which, for the purposes of this document only (unless otherwise indicated), excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan, unless otherwise specified
"PRC Company Law"	《中華人民共和國公司法》(the PRC Company Law*) which was promulgated by the SCNPC on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time

"PRC Enterprise Income Tax Law"	《中華人民共和國企業所得稅法》(the PRC Enterprise Income Tax Law*) which was promulgated by the SCNPC on March 16, 2007 and became effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	the generally accepted accounting principles in the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (such as provincial, municipal and other regional or local government entities)
"PRC Labor Contract Law"	《中華人民共和國勞動合同法》(the PRC Labor Contract Law*) which was adopted by the SCNPC on June 29, 2007 and became effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"PRC Legal Adviser"	Jingtian & Gongcheng (競天公誠律師事務所), our legal adviser as to PRC law
"Pre-**[REDACTED]** Share Options"	the share options granted under the Pre-**[REDACTED]** Share Option Scheme
"Pre-**[REDACTED]** Share Option Scheme"	the share option scheme approved and adopted by the Board on [●], the principal terms of which are summarized in the section headed "Statutory and General Information — D. Other Information — 1. Pre-**[REDACTED]** Share Option Scheme" in Appendix V to this document
"pre-sale permit"	a pre-sale permit authorizing a developer to start the pre-sale of a property under construction (商品房預售許可證)

[REDACTED]

"Principal Share Registrar"	Walkers Corporate Limited
"Property Valuer"	Savills Valuation and Professional Services Limited
"Redsun Materials City"	Jiangsu Redsun Materials City Co., Ltd. (江蘇紅太陽工業原料城有限公司), a limited liability company established in the PRC on June 21, 2005, and a company wholly owned by Hong Yang Group Company
"Redsun Properties Group (Holdings)"	Redsun Properties Group (Holdings) Limited (弘陽地產集團(控股)有限公司), a limited liability company incorporated under the laws of the BVI on December 19, 2017, and a Controlling Shareholder

"Redsun Properties Investment (Holdings)"	Redsun Properties Investment (Holdings) Limited (弘陽地產投資(控股)有限公司), a limited liability company incorporated under the laws of the BVI on December 22, 2017, and a Subsidiary
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reorganization"	the reorganization arrangements undergone by our Group in preparation for the **[REDACTED]**, details of which are set out in the section headed "History, Reorganization and Group Structure" in this document
"RevPAR"	revenue per available room, calculated by dividing a hotel's total guest room revenue by the room count and the number of days in the period being measured
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Saleable GFA"	GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from governmental authorities relating to the project
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Savills"	Savills Valuation and Professional Services Limited and Savills Real Estate Valuation (Beijing) Limited
"Savills Report"	the industry research report dated [●] prepared by Savills Real Estate Valuation (Beijing) Limited
"SCNPC"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of HK$0.01 each
"Share Option Schemes"	the Pre-**[REDACTED]** Share Option Scheme and the Post-**[REDACTED]** Share Option Scheme

"Shareholder(s)"	holder(s) of Share(s)
"sq.km."	square kilometer
"sq.m."	square meter

[REDACTED]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into on or about the **[REDACTED]** between Redsun Properties Group (Holdings) and the the **[REDACTED]**
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	the Subsidiary(ies) of our Company
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Suzhou Hong Yang Investment"	Suzhou Hong Yang Investment Co., Ltd. (蘇州弘陽投資有限公司), a limited liability company established in the PRC on October 8, 2016, and a Subsidiary
"Suzhou Hong Yang Land"	Suzhou Hong Yang Land Co., Ltd. (蘇州弘陽置地有限公司), a limited liability company established in the PRC on April 21, 2016, and a Subsidiary
"Suzhou Hong Yang Properties"	Suzhou Hong Yang Properties Co., Ltd. (蘇州弘陽置業有限公司), a limited liability company established in the PRC on December 18, 2015, and a Subsidiary
"Suzhou Hong Yang Real Estate"	Suzhou Hong Yang Real Estate Development Co., Ltd. (蘇州弘陽房地產開發有限公司), a limited liability company established in the PRC on July 12, 2013, and a Subsidiary
"Suzhou Quan Zhuo Engineering Technology"	Suzhou Quan Zhuo Properties Co., Ltd. (蘇州全卓工程科技有限公司), a limited liability company established in the PRC on February 16, 2017, and a Subsidiary
"Taixing Rui Shang Real Estate"	Taixing Rui Shang Real Estate Development Co., Ltd. (泰興瑞尚房地產開發有限公司), a limited liability company established in the PRC on October 17, 2017, and a Subsidiary
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time

"Track Record Period"	the three financial years of our Company ended December 31, 2015, 2016 and 2017, respectively; and the phrase "during the Track Record Period", followed by a series of figures or percentages, refers to information relating to the years ended December 31, 2015, 2016 and 2017, respectively
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[REDACTED]

"USD" or "US$" or "U.S. dollar(s)"	United States dollars, the lawful currency of the United States
"VAT"	Value-added tax

[REDACTED]

"Wuhan Hong Yang Han Dou Real Estate"	Wuhan Hong Yang Han Dou Real Estate Development Co., Ltd. (武漢弘陽漢都房地產開發有限公司), a limited liability company established in the PRC on September 22, 2017, and a Subsidiary
"Wuhan Hong Yang Jin Huang Properties"	Wuhan Hong Yang Jin Huang Properties Co., Ltd. (武漢弘陽金黃置業有限公司), a limited liability company established in the PRC on November 17, 2017, and a Subsidiary
"Wuxi Hong Yang Business Management"	Wuxi Hong Yang Business Management Co., Ltd. (無錫弘陽商業管理有限公司), a limited liability company established in the PRC on March 1, 2012
"Wuxi Lakefort Hotel"	Wuxi Lakefort Hotel Co., Ltd. (無錫洛克菲花園酒店管理有限公司), a limited liability company established in the PRC on April 17, 2014, and a Subsidiary
"Wuxi Su Yuan Tan Xi Wan Properties"	Wuxi Su Yuan Tan Xi Wan Properties Co. Ltd. (無錫蘇源檀溪灣置業有限公司), a limited liability company established in the PRC on March 19, 2003, and a Subsidiary
"Wuxi Xu Yang Real Estate"	Wuxi Xu Yang Real Estate Development Co., Ltd. (無錫煦陽房地產開發有限公司), a limited liability company established in the PRC on November 21, 2017, and a Subsidiary

"Zhang Jia Gang Hong Chen"	Zhang Jia Gang Hong Chen Co., Ltd. (張家港弘晨有限公司), a limited liability established in the PRC on October 20, 2017, and a Subsidiary

[REDACTED]

"Xizang Si De Rui Construction Management"	Xizang Si De Rui Construction Management Co., Ltd. (西藏思德瑞工程管理有限公司), a limited liability company established in the PRC on October 20, 2017, and a Subsidiary
"Zhang Jia Gang Hong Chen"	Zhang Jia Gang Hong Chen Co., Ltd. (張家港弘晨有限公司), a limited liability company established in the PRC on October 20, 2017, and a Subsidiary
"Zhang Jia Gang Rui Cheng Properties"	Zhang Jia Gang Rui Cheng Properties Co., Ltd. (張家港鋭誠置業有限公司), a limited liability company established in the PRC on September 22, 2017, and a Subsidiary
"Zhong Shan Hong Ding Real Estate"	Zhong Shan Hong Ding Real Estate Development Co., Ltd. (中山市弘鼎房地產開發有限公司), a limited liability company established in the PRC on November 10, 2017, and a Subsidiary
"Zhong Shan Hong Du Real Estate"	Zhong Shan Hong Du Real Estate Development Co., Ltd. (中山市弘都房地產開發有限公司), a limited liability company established in the PRC on January 22, 2018 and a Subsidiary
"Zhong Shan Hong Long Real Estate"	Zhong Shan Hong Long Real Estate Development Co., Ltd. (中山市弘隆房地產開發有限公司), a limited liability company established in the PRC on December 21, 2017, and a Subsidiary

The English names of the PRC entities, names of our property development projects, PRC laws or regulations or the PRC governmental authorities mentioned in this document and marked with "" are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*

Unless otherwise expressly stated or the context otherwise requires, all data in this document are as of the Latest Practicable Date.

In this document, unless otherwise stated, certain amounts denominated in RMB have been translated into HK dollars at an exchange rate of RMB1.00 = HK$1.2380 for illustration purposes only. Such conversions shall not be construed as representations that amounts in RMB were or may have been converted into HK dollars at such rate or any other exchange rates.

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

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "will", "expect", "anticipate", "plan", "believe", "may", "intend", "ought to", "continue", "project", "should", "seek", "potential" and other similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industry which we operate in;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- future developments in the industry which we operate in; and
- general economic trends in China.

The words "will", "expect", "anticipate", "plan", "believe", "may", "intend", "ought to", "continue", "project", "should", "seek", "potential" and other similar expressions, as they relate to us (other than in relation to our profits, results of operations and earnings), are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this document. Please refer to the sections headed "Risk Factors", "Business" and "Financial Information" in this document for more details.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information.

In this document, statements of or references to our intentions or those of our Directors are made as at the date of this document. Any such intentions may change in light of future developments.

Potential investors should consider carefully all the information set out in this document and, in particular, should evaluate the following risks and uncertainties associated with an investment in our Company before making any investment decision regarding our Company. You should pay particular attention to the fact that our Company was incorporated in the Cayman Islands and our operations are conducted in the PRC and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares, and could cause you to lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our business and prospects are dependent on the economic conditions in the PRC and the performance of the PRC property market, and in particular on the performance of the markets in Nanjing and various major cities in the Yangtze River Delta, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities in this region, could have a material adverse effect on our business, financial condition and results of operations.

We principally develop and sell properties in Nanjing and other parts of the Yangtze River Delta. During the Track Record Period and as of December 31, 2017, we had 86 property projects in the PRC in various stages of development, which were largely located in major cities in Jiangsu and Anhui Provinces. Our business therefore is heavily dependent on the property markets in the Yangtze River Delta. These property markets may be affected by local, regional, national and global factors, including economic and financial developments, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and the availability of capital. Any adverse developments in the PRC property market generally or in this region in particular, could materially and adversely affect our business, financial condition, results of operations and prospects.

Furthermore, private ownership of property in China is still at a relatively early stage of development. Demand for private residential property has been increasing rapidly in recent years, which has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and, accordingly, it is very difficult to predict when and how significantly demand will develop.

Limited availability of accurate financial and market information and the general low level of transparency in China's property industry contribute to overall market uncertainty. In addition, the limited amounts and types of mortgage financing available to individuals may also inhibit demand for residential property. The risk of over-supply is also increasing in parts of China where property investment, trading and speculation have become more active.

Due to an increase in demand for residential properties in the PRC in the last a few years, the PRC Government adopted measures to limit the price level of properties in order to prevent the market from becoming overheated. Such austerity measures may affect property price level, market demand and supply and our business performance.

If as a result of any one or more of these or similar factors, demand for residential property or market prices decline significantly, our business, results of operations, financial condition and prospects could be materially and adversely affected.

We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future, which may affect our business, financial condition, results of operations and prospects.

The growth and success of our business depend on our ability to continue acquiring land reserves located in desirable locations at commercially reasonable prices. Our ability to acquire land depends on a variety of factors that we cannot control, such as general economic conditions, government land policies, our effectiveness in identifying and acquiring land parcels suitable for development and the competition among property developers for such land parcels. During the Track Record Period, a majority of our completed projects were developed on land obtained through public tender, auction or listing-for-sale process organized by government authorities, and we may continue to acquire land for our property development projects through such methods. The PRC Government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Local governments control the land acquisition process through government-organized public tender, auction or listing-for-sale process. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. See "Regulatory Overview". Furthermore, the rapid development of the cities of Nanjing and other parts of the Yangtze River Delta in recent years has resulted in a shortage in the supply of undeveloped land in desirable locations and increased land acquisition costs, which is one of the largest components of our cost of sales. Any increase in our land costs resulting from shortages of supply or our inability to procure land could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to obtain adequate financing to fund our future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all.

Property development is capital intensive. We are expected to continue to incur a high level of capital expenditure for land acquisition and construction for the foreseeable future. For information on our estimated capital expenditure for 2015, 2016 and 2017 and our capital commitments as of December 31, 2015, 2016 and 2017, see "Financial Information — Indebtedness" in this document.

During the Track Record Period, we financed our property projects primarily through a combination of internally generated funds, including proceeds from pre-sales and sales of our properties, borrowings from financial institutions, such as CBRC-licensed commercial banks and trust financing companies, and bonds. See "Business — Project Funding — Trust and Other Financing Arrangements." Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including:

- requirements to obtain PRC Government approvals necessary for obtaining financing in the domestic or international markets;
- our future financial condition, results of operations and cash flows;

- the condition of the international and domestic financial markets and the availability of financing;

- changes in the monetary policies of the PRC Government with respect to bank interest rates and lending practices; and

- changes in policies regarding regulation and control of the property market.

The PRC Government has implemented a number of measures to manage the growth of the money supply and the availability of credit, especially with respect to the property sector. For example:

- the PBOC has adjusted the Renminbi deposit reserve ratio for major banks several times since 2010, first upward (to a peak of 21.5%) and more recently downward (to its present level of 16.5%). Effective January 1, 2018, the PBOC would make downward adjustment of the Renminbi deposit reserve ratio to a minimum of 15.5% for banks meeting certain conditions;

- the PBOC has adjusted the benchmark one-year bank lending rate many times since 2008. In particular, in 2015 the PBOC lowered the benchmark one-year bank lending rate to 5.35% on March 1, 2015, to 5.10% on May 11, 2015, to 4.85% on June 27, 2015, to 4.6% on August 26, 2015, and further lowered it to 4.35% on October 24, 2015;

- requiring that at least (i) 20% of total investment in property projects is for affordable housing or commodity housing; and (ii) 25% of the total investment for all other types of property projects is funded by the developer's own capital, and the highest percentage had been at 30% during the Track Record Period;

- restricting commercial banks from granting loans to property developers which will be used to pay land premium;

- restricting trust companies from providing financing to property developers that have not obtained the relevant land use right certificates, construction land planning permits, construction work planning permits or construction work commencement permits, or to projects that fail to meet project capital ratio requirements;

- restricting trust companies from funding projects developed by property developers which, or whose controlling shareholders, do not have second-level or above qualification;

- prohibiting PRC commercial banks from extending any existing loans or granting any new or revolving credit facilities in any form to property developers with non-compliance records in relation to, among other things, holding and speculating idle lands, using the land outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;

- prohibiting PRC commercial banks from taking commodity properties that have been vacant for more than three years as security for loans to property developers; and

- prohibiting property developers from using borrowings obtained from local banks to fund property developments outside the regions in which the lending banks reside.

In addition, on March 13, 2018, the PRC State Council submitted the Reform Plan on State Council Agencies for review of the First Session of the thirteenth NPC, proposing to merge the CIRC and the CBRC to strengthen the regulation over financial institutions, and thereafter report to the newly established Financial Stability and Development Committee. This reform will lead to uncertainties in regulatory environment of the finance market, which may indirectly affect the real property industry. For further information, see "Regulatory Overview". The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans, trust and other financing arrangements to finance our property projects. Should the PRC Government introduce similar additional initiatives, we may not be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms or at all.

Our results of operations largely depend on a number of factors including the schedule of our property development and the timing of property sales and may therefore vary significantly from year to year.

Our business model is to sell certain properties for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. For the years ended December 31, 2015, 2016 and 2017, our revenue generated from property development and sales amounted to 95.3%, 97.4% and 96.7%, respectively, of our total revenue. Our results of operations may fluctuate due to factors such as the schedule of our property development projects and the timing of property sales.

We generally recognize revenue from the sale of our properties upon delivery to purchasers. There is a time difference between pre-sales of projects under development and the completion of property construction. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between our pre-sales and completion and the delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA, may not be periods in which we generate a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within the same period. The effect of timing of delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs.

Fluctuations in our operating results may also be caused by other factors, including fluctuations in expenses, such as land grant premium, development costs, administrative expenses, and selling and marketing expenses, and changes in market demand for our properties. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be taken as meaningful measures of our financial performance for any specific period. In addition, the cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclicality, combined with the lead time required for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. Furthermore, our property development projects may be delayed or adversely affected by a combination of factors beyond our control, which may in turn adversely affect our revenue recognition and consequently our cash flow and results of operations.

We are subject to risks associated with certain covenants or restrictions under our bank borrowings, bonds issuance, trust and other financing arrangements which may adversely affect our business, financial condition and results of operations.

We are subject to certain restrictive covenants in the loan contracts between us and certain banks and the trust and other arrangements entered into by us. For instance, our loan agreements with certain commercial banks may restrict our operating subsidiaries from paying dividends to their shareholders without prior consent from the lenders. Our loan agreements with certain banks may contain cross-default clauses. If any cross-default occurs, such banks are entitled under these agreements to accelerate the repayment of all or part of the relevant loans and to recover against the security for such indebtedness. We may be required to seek the consent of the banks in order to carry out any mergers, restructurings, spin-offs, reductions in registered share capital, material asset transfers, liquidations, changes in shareholding or management structures or the establishment of any joint ventures. Furthermore, as long as such loans are outstanding, some of our relevant operating subsidiaries may not be able to provide guarantees to any third parties. In addition, our trust and other financing arrangements may have covenants that, among other things, the project company is required to notify and obtain written consent from the trust financing companies and other financing institutions in advance if, during the term of the trust financing, it is involved in any operational decisions which would lead to any material changes to the trust and other financing arrangement's interests, or if we need to provide guarantees for other external loans if there are circumstances which may affect our ability to repay loans. Should we fail to abide by these provisions, our lenders may be entitled to accelerate repayment of the relevant loans, in which case our business, financial condition and results of operations could be materially and adversely affected.

Hong Seng, a company incorporated in the BVI and wholly owned by Hong Yang Group Company, which is not part of our Group, issued US$250 million guaranteed senior notes in May 2017 (the "**May 2017 Notes**"), which bear an interest rate of 7.875% per annum and are due in May 2020. Hong Seng further issued US$250 million guaranteed senior notes in November 2017 with an additional issuance of US$125 million notes of the same series in January 2018 (the "**November 2017 Notes**", together with the May 2017 Notes, the "**Notes**"), which bear an interest rate of 8.50% per annum and are due in November 2018. According to the Indentures governing the Notes (the "**Indentures**"), Hong Yang Group Company and all of its existing and future subsidiaries that are not otherwise designated as unrestricted subsidiaries (the "**Restricted Subsidiaries**"), which include the Company and our subsidiaries, are subject to customary high-yield covenants (the "**Covenants**") and other terms in the Indentures. The Covenants, subject to the permitted exceptions, carve-outs and materiality qualifications contained therein limit Hong Yang Group and the Restricted Subsidiaries' ability to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;

- declare dividends on its capital stock or purchase or redeem capital stock;

- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness by Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates;
- engage in any business other than the Permitted Business, which means any business which is the same as or related, ancillary or complementary to property development and commercial property operation, furniture and construction material wholesaling and retailing as well as property management businesses; and
- effect a consolidation or merger.

On February 1, 2018, we designated certain subsidiaries as unrestricted subsidiaries in accordance with the Indentures. However, a majority of our subsidiaries still remain restricted subsidiaries and thus their business operations are subject to the restrictions imposed by the Covenants. See "Business — Project Funding — Corporate Bonds."

Fluctuations in the price of construction materials and labor costs could affect the construction fees charged by our construction contractors which could adversely affect our business and financial performance.

The cost of construction materials, such as steel and cement, and labor costs, are subject to a high degree of volatility. The risk of fluctuations in construction material and labor costs during the terms of the contracts are absorbed by our construction contractors to a large extent as we outsource our construction work to them as they are responsible for purchasing most of the construction materials and bear relevant labor costs during the terms of the relevant contracts. However, our contracts with construction companies contain price adjustment mechanism which requires us to bear the extra costs if the market price of the raw material deviates more than 5% of its contract price. In addition, if there is any significant increase in the cost of construction materials and labor costs, our construction contractors may require it to renegotiate construction fees or we may be subject to higher construction fees when our existing construction contracts expire. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if the costs of construction materials and labor increase subsequent to the pre-sales. If any of these occur, our business, financial condition and results of operations may be adversely affected.

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

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development and management operations, we must also apply to relevant government authorities to obtain and renew various licenses, permits, certificates and approvals, including but not limited to, qualification certificates for property developers, land use right certificates, construction work commencement permits, construction work planning permits, construction land planning permits and pre-sales permits. Before the government authorities issue or renew any certificate or permit, we must meet the relevant requirements. Those who engage in real estate development without obtaining qualification certificates will be ordered to cease development activities. The illegal profits will be confiscated and a fine of five times of the illegal profits or less may be imposed. See "Regulatory Overview".

There can be no assurance that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary certificates and/or government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

The LAT calculated by the relevant PRC tax authorities may be different from our calculation of LAT liabilities for provision purposes, which may have an adverse effect on our financial condition.

Pursuant to PRC regulations on LAT, both domestic and foreign investors in real estate development in the PRC are subject to LAT on income from the sale or transfer of land use rights, properties and their attached facilities, at progressive rates ranging from 30% to 60% on the appreciation of land value. We paid RMB147.1 million, RMB331.9 million and RMB349.2 million for LAT for the years ended December 31, 2015, 2016 and 2017, respectively. In accordance with a circular issued by the State Administration of Taxation, which became effective on February 1, 2007, LAT obligations are required to be settled with the relevant tax bureaus within a specified time after the completion of a property development project.

We make provisions for LAT by reference to our sales recognized and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. For the years ended December 31, 2015, 2016 and 2017, we made LAT provisions of

RMB388.2 million, RMB373.8 million and RMB401.1 million, respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially provided for. Any such differences may impact our profit after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Our financial condition may be adversely and materially impacted if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions.

The appraised value of our properties may be different from their actual realizable value and are subject to change, and if the actual realizable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operation and financial condition.

The appraised value of our properties as set forth in the property valuation report contained in Appendix III to this document is based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties and land reserves is based, include that we will develop and complete the projects in a timely manner in accordance with our latest development proposals provided to Savills and set out in the property valuation report contained in Appendix III to this document; we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development of the projects, which do not allow for any delays, such as those that may be caused by weather or natural disasters, or delays in the timely completion of demolition and relocations; and we have paid all the land premium and demolition and resettlement costs and obtained all land use right certificates and transferable land use rights without any obligation to pay additional land premium or demolition and resettlement costs.

If we fail to obtain the approvals from regulators necessary for the development of our projects, some assumptions used by Savills in appraising the value of our properties will prove inaccurate. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of our property projects as well as national and local economic conditions may affect the value of our property holdings.

We may not be able to complete our development projects on time, which may affect our cash flow.

Property development projects require substantial capital expenditure prior to and during the construction period for, among other things, land acquisition and construction. The construction of property projects may take over a year or longer before a positive net cash flow may be generated through pre-sales, sales, leasing or rentals. As a result, our cash flows and results of operations may be affected by our project development schedules and any changes to those schedules. The schedules of our project developments depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction. Other specific factors that could adversely affect our project development schedules include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns and decreases in business and consumer sentiments in general;

- failure to obtain necessary licenses, permits and approvals from relevant government authorities in a timely manner;
- changes in relevant regulations, government policies and government planning; and
- relocation of existing residents and/or demolition of existing structures.
- shortages of raw materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents; and
- errors in judgment on the selection and acquisition of potential sites.

Construction delays or failure to complete the construction of a project according to our planned specifications, schedule and budget may harm our reputation as a property developer, leading to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units of the project may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their pre- sales agreements and claim damages. There can be no assurance that we will not experience any significant delays in completion or delivery of any of our projects in the future or that we will not be subject to any liabilities for any such delays.

We had negative net operating cash flow for the year ended December 31, 2017 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments whether through bank loans, corporate bonds, trust financing or other arrangements, on commercially reasonable terms, or at all.

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

However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For the years ended December 31, 2017, we recorded negative net cash flow used in operating activities of approximately RMB3,498.0 million. Our negative net operating cash flow was principally attributable to the long-term and capital-intensive nature of property development, our land acquisitions and business expansion during the relevant periods. See "Financial Information — Liquidity and Capital Resources — Cash Flow." We cannot assure you that we will not experience negative net cash flow from our operating activities in the future again. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

We currently have, and will continue to require, a substantial amount of indebtedness. Our bank loans and other borrowings, including both current and non-current borrowings, as of December 31, 2015, 2016 and 2017 were RMB5,663.7 million, RMB7,690.8 million and RMB11,629.5 million, respectively, and our gearing ratio was 119.4%, 136.0% and 137.5%, respectively, as of the same dates. Our indebtedness and gearing could have significant implications, including, among others:

- increasing our vulnerability to adverse general economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow for our business expansion, working capital and other general corporate purposes;
- limiting our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;
- limiting our ability to borrow additional funds; and
- increasing our cost of additional financing.

Pursuant to certain trust financing agreements, trust companies and asset management companies have veto rights over some of our above corporate actions, which will further limit our flexibility of operation and ability to raise additional funding. Moreover, our trust and other financings are generally secured by our equity interests in the PRC subsidiaries or lien of land use rights or development projects. If we default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these PRC subsidiaries, our proportionate share of the asset value of the relevant land use rights or our development projects. See "Business — Project Financing — Trust and Other Financing Arrangements."

In the future, we may from time to time require substantial additional indebtedness and contingent liabilities. Our ability to generate sufficient cash to satisfy our existing and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debt, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying property project development, disposing of assets, restructuring or refinancing indebtedness or seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in a material and adverse effect on our business, results of operations and financial condition.

Our financing costs are subject to changes in interest rates.

We have incurred and are expected to continue to incur a significant amount of interest expense relating to our borrowings from banks, as well as from our trust and other financing arrangements. Accordingly, changes in interest rates have affected and will continue to affect our financing costs. Because a majority of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have fluctuated significantly in recent years. We recorded finance costs of RMB358.1 million, RMB354.4 million and RMB441.5 million in the years ended December 31, 2015, 2016 and 2017, respectively. Future increases in the PBOC benchmark interest rate may lead to higher lending rates, which may increase our finance costs and thereby materially and adversely affect our business, financial condition, results of operations and prospects.

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

We have entered into joint ventures and established associated companies with third parties and may continue to do so in the future. The performance of such joint ventures and associated companies has affected, and will continue to affect, our results of operations and financial position. Generally, we do not expect to record gains from such joint ventures and associated companies until they start to generate revenue by delivering properties they develop. For the years ended December 31, 2015 and 2016, our share of loss on joint ventures and associates was RMB15.2 million and RMB31.9 million, respectively. For the year ended December 31, 2017, our share of gain on joint ventures and associates was RMB418.1 million.

During the Track Record Period, our investments in joint ventures and associated companies increased significantly. As of December 31, 2015, 2016 and 2017, our investments in joint ventures amounted to nil, RMB152.9 million and RMB639.5 million, respectively. Our investments in associated companies amounted to RMB0.5 million, RMB59.1 million and RMB805.9 million, respectively as of the same dates.

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

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

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

Future investments or acquisitions may have a material adverse effect on our ability to manage our business.

We may make strategic investments and acquisitions that complement our operations. However, our ability to make successful strategic investments and acquisitions depend on a number of factors, including our ability to identify suitable targets, obtaining required financing on reasonable and favorable terms and governmental approval. In the event that we fail to identify suitable targets or are prevented from making such strategic investments or acquisitions due to financial, regulatory or other constraints, we may not be able to effectively implement our investment or expansion strategies.

Acquisitions typically involve a number of risks, including, but not limited to (i) difficulties in integrating the operations and personnel of the acquired businesses; (ii) difficulties in maintaining uniform standards, controls and policies across the expanded group; (iii) liabilities associated with the acquired businesses that were unknown at the time of acquisition; and (iv) adverse impact on our results of operations due to amortization and/or impairment for goodwill associated with the acquisitions. Further, we cannot assure you that we will be able to make acquisitions or investments on favorable terms or within a desired time frame. There is also no assurance that such acquisitions or investments would yield the expected level of return. In addition, we may require additional financing in order to make such acquisitions and investments. Debt financing may result in an increase in the level of our indebtedness while equity financing may result in dilution of ownership of existing Shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on third-party contractors and any failure by these contractors to provide satisfactory services, our reputation, business, results of operations and financial condition may be adversely affected.

We engage third parties to carry out various services relating to our property development projects, including project design, pile setting, foundation building, construction, utility connection, landscaping, equipment installation, elevator installation and decoration. We generally select third-party contractors through a tender process and endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. Our third-party contractors may fail to provide satisfactory services at the level of quality or within the time required by us. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to the financial or other difficulties of our contractors. If the performance of any third-party contractor is unsatisfactory, we may need to replace such contractor or take other remedial actions, which could increase the costs and adversely affect the development schedules of our projects and materially and adversely affect our reputation, credibility, financial condition and business operations. Moreover, we cannot assure you that our employees will be able to consistently applying our quality standards in carrying out quality control, and to detect all defects in the services rendered by third-party service providers or contractors. In addition, as we enter into new geographical areas in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other requirements in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors, which may adversely affect the construction schedules and development costs of our property development projects. Furthermore, if our relationship with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be unable to successfully manage the growth of our business and our results of operations from the Track Record Period may not be representative of our future performance.

Our revenue experienced fluctuations during the Track Record Period. Our revenue increased from RMB5,376.8 million in 2015 to RMB8,775.5 million in 2016, and decreased to RMB6,139.7 million in 2017. There can be no assurance that our revenue will grow in the future. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and business opportunities.

We have established a set of policies, controls and procedures to manage our subsidiaries, including personnel management policies, internal control policies and internal audit procedures. However, as our business continues to expand, there can be no assurance that these policies, controls and procedures will prove as effective as we hope. As a result, our past results of operations may not be indicative of our future performance.

As such, our financial information from January 1, 2018 onwards may not be directly comparable to our historical financial information during the Track Record Period.

Our expansion into new geographical markets presents certain risks and uncertainties.

In order to achieve sustainable growth, we need to continue to seek development opportunities in select regions in the PRC with the potential for growth and where we have no existing operations. We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects. For the geographic locations we select, we may face intense competition from developers with established experience or presence and from other developers with similar expansion plans. As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities.

Furthermore, our experience in existing markets and our business model, including our Hong Yang Plazas, may not be readily transferable to, and replicated in, new markets in our target cities. The property markets in our target cities may be different from each other in terms of the level of local economic and industrial development, local governmental policies and support, development phases of local businesses, market demand for our properties, types of properties to be developed and development cycles. We may have limited ability to leverage our established brands and reputation in new markets in the way we have done in our existing markets. Furthermore, the administrative, regulatory and tax environments in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments in the new markets. In addition, we may not have the same level of familiarity with local governments, business practices, regulations and customer preferences as other local and more experienced property developers in such cities, which may put us in a disadvantageous position.

As we continue to expand, we will have to continue to improve our managerial, development and operational expertise and allocation of resources. To effectively manage our expanded operations, we will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our property development requirements, including staff with local market knowledge. In order to fund our ongoing operations and our future growth, we need to have sufficient internal capital sources or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, tenants, suppliers, contractors, service providers, lenders and other third parties. Accordingly, we will need to further strengthen our internal controls and compliance functions to ensure that we are able to comply with our legal and contractual obligations and to reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays and operational difficulties at new business locations. We may also experience difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability.

We are required to reassess the fair value of our investment properties at the end of each reporting period. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of comprehensive income for the period in which they arise. Our investment properties were valued by Savills, an independent property valuer, as of December 31, 2014, 2015, 2016 and 2017, on an open market and existing use basis, which reflected market conditions on the respective dates. Based on such valuation, we recognized the aggregate fair value of our investment properties and relevant deferred tax on our combined statements of financial position and increases in fair value of investment properties and movements of the relevant deferred tax on our combined statements of comprehensive income. For the years ended December 31, 2015, our fair value gain on investment properties was RMB614.1 million. For the years ended December 31, 2016 and 2017, our fair value losses on investment properties were RMB109.8 million and RMB287.4 million, respectively.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties or that the fair value of our investment properties will not decrease in the future. In addition, the fair value of our investment properties may materially differ from the amounts it would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of the investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

We are partially dependent on commercial property investment and operation income from our investment property portfolio.

Commercial property investment and operation income from our investment properties constitutes an important part of our business and revenue. For the years ended December 31, 2015, 2016 and 2017, the revenue of commercial property investment and operations accounted for approximately 3.5%, 1.9% and 2.7% of our total revenue, respectively. We are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to the level of the then prevailing market rate, or at all, upon the expiry of the existing terms. In addition, we may not be able to enter into new leases at the rental rates expected. All these factors could negatively affect the demand for our investment properties and our rental income, which could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to attract and retain quality tenants for our investment properties.

Our investment properties compete for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. There can be no assurance that our existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with us would increase the competition for tenants and, as a result, we may have to reduce rental rates or incur additional costs to make our properties more attractive. Also, we may not be able to lease our properties to a desirable mix of tenants to achieve our business objectives or for rental rates that are consistent with our projections. If we are not able to retain our existing tenants, attract new tenants to replace those that leave or lease our vacant properties, our occupancy rates may decline and our investment properties may become less attractive and competitive. This in turn may have a material and adverse effect on our business, financial condition and results of operations.

We incur maintenance and operating costs in operating our investment properties and hotel, which may increase.

Our Hong Yang Plazas, amusement park and hotel utilize a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utility providers charge, nor can we easily switch to different utilities providers. Any price increase or change in the pricing structure from these utility providers could have an adverse effect on our operating costs. As a result, increases in the prices of products and services which we procure to maintain our services to our tenants and guests could increase our operating costs if we are not able to pass these higher costs onto our customers.

In addition, operating investment properties and our hotel, as well as the restaurants and other associated facilities within the hotel, involves a significant amount of fixed costs, including maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions by minimizing costs. Such limitations may have an adverse impact on our profitability when the property leasing and hotel industries experience a downturn and may exacerbate the impact of a decline in occupancy rates, rental rates or room rates or in demand for our restaurants and catering facilities. Any significant increase in maintenance costs and operating costs may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We face certain risks of defects or deficiencies in connection with our investment properties, amusement park and hotels and any accidents, injuries or prohibited activities in our investment properties, amusement park and hotels may adversely affect our reputation and subject us to liability.

Our investment properties, amusement park and hotels may have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses or payment of other obligations to third parties. If any of our investment properties, amusement park or hotels has design, construction or other latent property or equipment defects, repairs, maintenance or, if necessary, replacements may need to be carried out to rectify these defects. In addition, wear and tear of our investment properties, amusement park and hotels or adverse weather conditions could result in defects requiring repairs or replacement. Such defects and/or the repair, maintenance or replacement works carried out to rectify them could increase our costs and could have an adverse effect on the operations of our investment properties, amusement park and hotels and/or the attractiveness to tenants and guests of such investment properties, amusement park and hotels.

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

Our investment properties and hotel may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, refurbishments, renovation or upgrade of the properties or neighboring properties.

Our investment properties and hotel may require repairs and refurbishments which may require significant capital expenditures. Our investment properties and hotels may also need to undergo redevelopment or renovation works from time to time to retain their attractiveness and may also require maintenance or repairs. Such repairs, refurbishments, redevelopments, renovations or upgrade of our investment properties and hotels may impact on our ability to attract tenants at our investment properties and guests and customers for our restaurants and event facilities at our hotel. In some circumstances, such repairs, refurbishments, redevelopments or renovations may require the temporary closure of an investment property or hotel or the restaurants or other facilities within the investment property or hotel. As a result, during the period of any such repairs, refurbishments, redevelopments, renovations or upgrade, we may experience a reduction in the occupancy rates, rental income and/or average room rates of the investment properties or hotel. For instance, we commenced the commercial operation of the Nanjing Hong Yang Plaza in May 2011 and started the renovation and upgrading work in 2016. See "Business — Commercial Property Investment and Operations — Nanjing Hong Yang Plaza — Renovation and Upgrade." The renovation and upgrading work resulted in termination or failure to renew of certain leases with tenants of Nanjing Hong Yang Plaza, as well as compensation paid to these tenants.

Furthermore, buildings neighboring any of our investment properties and hotel may be demolished or redeveloped for alternative uses, which may cause disruption to our investment properties and hotel. This may in turn negatively impact the revenue, attractiveness and valuation of our investment properties and hotel. Furthermore, any development or redevelopment of neighboring properties could add properties that compete with our investment properties and hotel. The occurrence of any of the above circumstances could have a material and adverse effect on our business, financial condition, results of operations and prospects.

The illiquidity of investment properties and the lack of alternative uses of hotel and investment properties may significantly limit our ability to respond to adverse changes in the performance of our investment properties.

Because property investments in general are relatively illiquid, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. Moreover, we may also need to incur capital expenditure to manage and maintain our properties or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all. In addition, if we sell an investment property during the term of that property's management agreement or tenancy agreement, we may have to pay termination fees to our retail tenants.

Furthermore, the aging of investment properties, changes in economic and financial conditions or changes in the competitive landscape in the PRC property market may adversely affect the amount of rentals and revenue we generate from, as well as the fair value of, our investment properties. However, hotels and investment properties may not be readily converted to alternative uses, as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that we will possess the necessary approvals and sufficient funds to carry out the required conversion. These factors and any others that would impede our ability to respond to adverse changes in the performance of our hotel and investment properties could affect our ability to compete against our competitors and our results of operations.

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

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. According to the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, and the Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (人民防空工程平時開發利用管理辦法) promulgated by the House Civil Air Defense Office on November 2001, after obtaining the approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties in times of peace and make profit therefrom. During the Track Record Period, we had entered into contracts to transfer the right to use civil air defense properties in our property development projects to our customers as car parks and we intend to continue such transfer. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not be able to use such area as car parks, and such area will no longer be a source of our revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material aspects, we cannot assure you that such laws and regulations will not be amended in the future, which may make it more burdensome for us to comply with and increase our compliance cost. We confirm that as of the Latest Practicable Date, we had 16 completed civil air defense properties with an aggregate GFA of 120,417 sq.m., which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio.

We guarantee mortgage loans of certain of our customers and may become liable to mortgagee banks if customers default on their loans.

We derive a substantial portion of our revenue from sales of our properties. Most purchasers of our properties apply for bank borrowings and mortgages to fund their purchases. In line with industry practice, banks require us to guarantee mortgage loans taken out by purchasers of the properties that we develop. Typically, we guarantee the full value of mortgage loans taken out by purchasers, as well as accrued interest and penalties for defaults in mortgage payments, up until the issuance of the relevant property ownership certificates and the registration of the mortgage in favor of the mortgagee bank. These are contingent liabilities not reflected on our balance sheets. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction off the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluations conducted by the mortgage banks for such customers.

As of December 31, 2017, our outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB5,046.9 million. During the Track Record Period, we did not encounter any incidents of default by our customers with a material impact on our business or financial condition. However, should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

The total GFA of some of our property developments may be different from the original authorized area.

Government grants of land use rights for a parcel of land specify in the land grant contract the permitted total GFA that the developer may develop on the land. In addition, the total GFA is also set out in the relevant urban planning approvals and construction permits. However, the actual GFA constructed may be different from the total GFA authorized in the land grant contract or relevant construction permits due to factors such as subsequent planning and design adjustments. The actual GFA may be subject to approval when the relevant authorities inspect the properties after completion. The developer may be required to pay additional land premium and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a completion certificate (工程竣工驗收備案表) can be issued to the property developer. Until the completion certificate is issued, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. The methodology for calculating the additional land premium is generally the same as the original land grant contract. If issues related to excess GFA cause delays in the delivery of our products, we may also incur liability to purchasers under our sales and purchase agreements. There can be no assurance that the constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA. Any of these factors may adversely affect our business.

We are exposed to contractual and legal risks related to pre-sales, which could have an adverse effect on our business, financial condition and result of operations.

We make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete a pre-sold property on time, we may be liable to the relevant customers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for compensation. A customer may also terminate his or her contract with us and/or bring claims for compensation for certain other contractual disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates by more than 3% from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the customer fails to receive the individual property ownership certificate within a statutory period due to our fault. Any of such factors could have a material adverse effect on our business, financial condition and results of operations. Though we are typically entitled to claim damages from the third-party contractors if such breaches are due to their fault, we cannot assure you that the damages we recoup will fully compensate our losses.

Changes of PRC laws and regulations with respect to pre-sales may adversely affect our business.

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and pre-sales proceeds may only be used to finance the related development. Any ban or additional restrictions on pre-sales may require us to seek alternative sources of funding to finance our developments, and if sufficient alternative funding is not available to us on commercially reasonable terms, or at all, our cash flow and prospects, and business, results of operations and financial condition could be materially and adversely affected.

We may be liable to our customers for damages if individual property ownership certificates are not delivered to our customers in a timely manner due to our fault.

Property developers in the PRC typically assist purchasers of property to obtain the relevant individual property ownership certificates within a time frame set out in the relevant property sale and purchase agreement, or in the absence of such time frame, within 90 days of delivery of the property if the construction of the property purchased has not been completed, or within 90 days of execution of the agreement if the construction of the property purchased has been completed. We generally elect to specify the deadline for the delivery in the property sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning permits, to the local bureau of land resources and housing administration after receipt of the completion and acceptance certificate for the relevant properties and apply for the property ownership initial registration in respect of these properties. We are then required to submit after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, for the relevant local authority's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. There can be no assurance that we will not incur material liability to purchasers in the future for the late delivery of individual property ownership certificates due to our fault or for any reason beyond our control.

The property development business is subject to claims under statutory quality warranties, and if a number of claims are brought against us under our warranties, our reputation, business, results of operation and financial condition may be materially and adversely affected.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) enacted by the State Council on July 20, 1998 and amended on January 8, 2011, and the Regulation for the Administration of Sales of Commodity Buildings (《商品房銷售管理辦法》), which went into effect on June 1, 2001, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from third-party contractors with respect to our property projects. If a large number of claims were brought against us under our warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and adversely affect our business, financial condition and results of operations.

We may be subject to fines or forfeit land to the PRC Government if we fail to pay land grant premium or fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts.

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, resettlement and demolition costs and other fees, the designated use of the land and the time for commencement and completion of the property development, government authorities may issue a warning, impose a penalty and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we fail to commence development within one year of the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land fee on the land equal to 20% of the land premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may confiscate our land use rights without compensation, unless the delay in the development is caused by government action or is due to a force majeure. Moreover, if a property developer commences development of the property in accordance with the timeframe stipulated in the land grant contract but, suspend for more than one year and falls under either of the following two situations (i) the developed land area is less than one-third of the total land area, or (ii) the total invested capital is less than one fourth of the total planned investment in the project, the land may be treated as idle land and will be subject to the risk of forfeiture.

In September 2007, the Ministry of Land and Resources issued a new notice to further enhance control of the land supply by requiring developers to develop land according to the terms of the land grant contracts and restricting or prohibiting any non-compliant developers from participating in future land auctions. In January 2008, the State Council issued a Notice on Promoting Land Saving and Efficient Use (《關於促進節約集約用地的通知》) to escalate the enforcement of existing rules on idle land management. Furthermore, the Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (《關於嚴格建設用地管理促進批而未用土地利用的通知》) in August 2009, which reiterated the applicable rules with regard to idle land management. On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land (《閒置土地處置辦法》), which went into effect July 1, 2012. These further measures may prevent competent land authorities from accepting any application for new land use rights or processing any title transfer transaction, lease transaction, mortgage transaction or land registration application with respect to idle land prior to the completion of the required rectification procedures.

We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use right grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

If we are unable to successfully retain the services of our current personnel and hire, train and retain senior executives or key personnel, our ability to develop and successfully market our products may be impaired.

The success and growth of our business has depended significantly on our ability to identify, hire, train and retain suitable employees with capable skills and qualifications, including management personnel with relevant professional skills. We rely on them to continue to develop our business. We provide incentives to attract and retain management and experienced personnel to meet the future development needs. In addition, if any Director or any member of our senior management team or any of our other key personnel joins a competitor or carries on a competing business, we may lose customers and additional key staff members. However, as the competition is fierce in China for senior management and key personnel with extensive experience in property development, if a large number of directors and senior management resign, and we fail to find a suitable candidate, our business may be adversely affected.

Potential liability for health and environmental problems could result in delay in the development of our properties.

We are subject to a variety of laws and regulations concerning the protection of health and the environment. As required by PRC laws, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and environmental impact assessment documents were submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty for a project where environmental impact assessment documents have not been approved before commencement of construction.

As required by PRC laws and regulations, property projects with GFA in excess of 50,000 sq.m. or in environmentally sensitive regions or areas are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. For other property projects, we are required to file the environmental impact registration form for approval. If we fail to meet such requirements, local authorities may issue orders to terminate our construction activities and may impose a penalty in the range of RMB50,000 to RMB200,000. After completion of construction, we are required to apply for environment protection acceptance check for completed property projects. Relevant government authorities will entrust an evaluation authority to investigate property projects with GFA in excess of 50,000 sq.m. For other property projects, we are required to file the environmental protection acceptance check registration card. If we cannot obtain the approval on our construction projects and environmental impact assessment documents in due course, the development of our projects may be delayed.

The CBRC and/or other agencies of the PRC Government may tighten the regulations relating to trust loans being provided to the property industry in the PRC, which may affect our ability to obtain trust loans.

As of December 31, 2017, we had seven trust and other financing arrangements, which accounted for approximately 23.7% of our total indebtedness. See "Business — Project Funding — Trust and Other Financing Arrangements." There are uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the CBRC pursuant to the Rules Governing Trust Financing Companies (《信託公司管理辦法》), which went into effect on March 1, 2007. Trust financing companies are therefore under the supervision and monitoring of the CBRC and are required to comply with the relevant notices and regulations promulgated by the CBRC. There can be no assurance that the PRC Government will not implement additional or more stringent requirements with regard to trust financing companies. This could result in a reduction in our financing options and/or an increase in the cost of financing our properties, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Pursuant to the Administrative Measures for Commodity Housing Leasing (商品房屋租賃管理辦法), parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we leased 57 properties mainly for our office premises and failed to register 55 lease agreements. We also rented out certain properties to third parties. As of the Latest Practicable Date, we entered into 150 leases as the landlord and failed to register 20 leases. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, as advised by our PRC Legal Adviser, we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. Our Directors estimated total maximum penalty is approximately RMB750,000. The occurrence of any of the above conflicts or disputes or the imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

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

Consistent with what we believe to be the industry norm for the property development industry in the PRC, we do not maintain insurance coverage against destruction of or damage to our properties, no matter whether they are under development or held for sale other than those over which our lending banks have securities interests or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have adequate insurance coverage to provide sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. Therefore, there may be instances when we will sustain losses, damages and liabilities because of our lack of insurance coverage, which may in turn adversely affect our financial condition and results of operations.

We may be involved in legal and other disputes arising out of our operations and may face relevant liabilities as a result.

We may be involved from time to time in disputes with various parties involved in the development and the sale of our properties, including (without limitation) contractors, suppliers, construction workers, original residents, partners, banks and purchasers. These disputes may lead to protests and may result in damage to our reputation, substantial costs and diversion of resources and management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may commence legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. During the Track Record Period, a few legal proceedings were brought against us. See "Business — Legal Proceedings and Compliance — Legal Proceedings". We may be involved in other proceedings or disputes in the future that may have an adverse effect on our business, financial condition, results of operations or cash flows.

We may be exposed to intellectual property infringement, misappropriation or other claims by third parties and deterioration in our brand image could adversely affect our business.

We believe that we have built an excellent reputation in our markets for the quality of our various product series. We have also placed great importance on the continuous enhancement of our brand name and the increase in our brand recognition. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, business, financial condition and results of operations. Brand value, which is based largely on consumer perceptions with a variety of subjective qualities, can be damaged even by isolated business incidents that damage consumers' trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decrease in brand value, or any failure to establish our brand in provinces and cities in which we currently operate, may have a material adverse effect on our business, financial condition and results of operations.

Our brand strategy also depends on our ability to use, develop and protect our intellectual properties, such as our trademarks. As a result, we could be subject to trademark disputes. The defense and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties and to pay ongoing royalties, or subject us to injunctions prohibiting the use of such name and/or logo.

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

Historically, we experienced certain non-compliance incidents during the Track Record Period. During the Track Record Period, three of our project companies commenced construction for certain of our projects before obtaining construction work permits, four of our project companies did not comply with the relevant construction works planning permit when they constructed the relevant projects, our Group did not fully make certain social security insurance and housing provident fund contributions for their employees, and five subsidiaries experienced several other types of non-compliance incidents, including failure to report an accurate tax base and failure to file accurate tax amount, mis-sales, failure to attached identification labels to prepackaged food, sales of food outside the scope of catering service permit, and sub-contracting the construction works without authorization during the construction of our project. We believe these non-compliances did not have a material operational and financial impact on us. See "Business — Licenses, Permits and Qualification Certificates — Non-compliance Incidents" for further details of our non-compliance incidents. There is no assurance that our internal control measures will be effective and there will not be any non-compliance incidents in the future.

In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

We may not be able to timely prevent or detect actions by our employees or agents which violate applicable anti-corruption laws and regulations.

Bribery and other misconduct by our employees or agents may be difficult to prevent or to detect on a timely basis, or at all. Although we have put in place relevant internal control measures aimed at preventing our employees and agents from engaging in conduct which would violate applicable anti-corruption laws and regulations, there can be no assurance that we will be able to prevent or detect such misconduct. Such misconduct by our employees or agents could subject us to financial losses and harm our business and operations. In addition to potential financial losses, such misconduct could subject us to third party claims and regulatory investigations. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to implement sufficiently and effectively our risk management and internal control policies and procedures, our business and prospects may be materially and adversely affected.

We continually enhance our risk management and internal control policies and systems as part of a continuous effort to improve our risk management capabilities and enhance our internal controls. See "Business — Internal Control and Risk Management" for more details. However, there can be no assurance that our risk management and internal control policies and procedures will adequately control or protect us against all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them. If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures and systems are not achieved in a timely manner (including our ability to maintain an effective internal control system), our business, financial condition, results of operations and reputation may be materially and adversely affected.

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

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

RISKS RELATING TO INDUSTRY

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

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

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

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

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

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

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

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

Local governments in Nanjing and certain other cities have introduced further policies to restrain property purchases for specialization purposes and prevent property prices from rising too quickly. Such policies include raising the minimum percentage of down payment of the purchase price, setting the minimum interest rate for personal mortgage loans, adopting lots drawing policy for the sales of residential properties, setting a credit cap for housing provident fund loans and strictly restricting purchasers from acquiring second and more residential property and selling properties owned for less than five years. On April 1, 2017, the Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development issued the Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). To maintain a housing supply-demand balance, cities facing serious demand over supply and overheating market shall increase the supply of housing land, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build inspection systems to monitor the source of funds for land acquisition to ensure that the real estate developers use their own legal funds to purchase lands. These measures reduced the transaction volumes in certain major cities in the PRC in the second quarter of 2017.

There are no assurance that the PRC Government will relax existing restrictive measures, impose and enhance restrictive measures, or to impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs, and any easing measures introduced may also not be sufficient. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

We face intense competition, which may materially and adversely affect our business, results of operation and financial condition.

The property market in Nanjing and other parts of the Yangtze River Delta has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in the region where we have operations and those into which we may enter in the future. Our competitors include overseas listed foreign developers and top-tier domestic developers and they may have better access to resources, in particular financial resources than us. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, temporary local market surpluses in property supply leading to property price declines, and higher costs to attract or retain talented employees, thereby affecting our profitability. If we fail to compete effectively, our financial condition, results of operations and prospects may be materially and adversely affected.

Our investments in the PRC are subject to the PRC Government's control over foreign investment in the property sector.

The PRC Government has imposed restrictions on foreign investment in the property sector to curtail the perceived over-heating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control on cross-border investment and financing activities and imposing restrictions on purchases of properties in China by foreign persons. Restrictions imposed by the PRC Government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material and adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The PRC economic, political and social conditions as well as government policies could affect our business.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to structure, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC Government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. Many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined and improved over time. The PRC economy has grown significantly in recent decades, but there can be no assurance that this growth will continue or continue at the same pace. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by (i) political instability or changes in social conditions in the PRC, (ii) changes in laws, regulations or policies or the interpretation of laws, regulations or policies, (iii) measures which may be introduced to control inflation or deflation, (iv) changes in the rate or method of taxation, and (v) imposition of additional restrictions on currency conversion and remittances abroad.

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

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

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

The global financial markets have experienced significant slowdown and volatility during the past few years and any continued deterioration may adversely affect the PRC property market and our business operations.

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC property market by, among other things, reducing the demand for commercial and residential properties resulting in the reduction of property prices; adversely impacting the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices; and negatively impacting the ability of property developers and potential property purchasers to obtain financing.

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

Fluctuations in the value of the Renminbi and governmental control of currency conversion may limit our ability to use capital effectively.

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

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for reference rates to consider the previous day's closing spot rate, foreign exchange demand and supply as well as changes in major currency rates. The value of the Renminbi depreciated against the U.S. Dollar approximately 4.4% in 2015 and 7.2% in 2016, but appreciated against the U.S. Dollar 6.7% in 2017. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that we will have sufficient foreign exchange to meet our foreign exchange needs. Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. But we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange businesses. Foreign exchange transactions under the capital account, however, must be directly reviewed and handled by banks in accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**Circular 13**"), and the SAFE and its branches must perform indirect regulation over the foreign exchange registration via banks. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain adequate foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

The PRC Government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy the funds raised outside of China in our business in the PRC.

On July 10, 2007, SAFE issued the Circular Regarding the Publication of the List of the First Batch of Foreign-Invested Property Development Projects that Have Filed with MOFCOM (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) ("**Circular No. 130**"). On April 28, 2013, SAFE issued the Measures for the Administration of Foreign Debt Registration (外債登記管理辦法) ("**Notice No. 19**"). Circular No. 130 and Notice No. 19 stipulate, among other things, (i) that SAFE will no longer process foreign debt registrations and applications for the purchase of foreign exchange submitted by foreign- invested real estate enterprises (including newly established enterprises and enterprises with increased registered capital) which obtained approval certificates from and registered with MOFCOM on or after June 1, 2007; and (ii) that SAFE will no longer process foreign exchange registrations (or amendments of such registrations) or applications for the sale and purchase of foreign exchange submitted by foreign-invested real estate enterprises which obtained approval certificates from the commerce departments of local governments but which had not registered with MOFCOM. These regulations effectively prohibit our ability to fund our PRC subsidiaries by way of shareholder loans.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require approvals from the commerce department of the local government and registration with the MOFCOM, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. There can be no assurance that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration for all our operating subsidiaries in the PRC to comply with this regulation.

The implementation of the EIT Law may significantly increase our income tax expenses.

On March 16, 2007, the PRC National People's Congress, Chinese national legislature, adopted a new tax law, the EIT Law, which became effective on January 1, 2008. On December 6, 2007, the State Council issued the Implementation Regulations of the Enterprise Income Tax Law (the "**Implementation Regulations**"), which also became effective on January 1, 2008.

Under the EIT Law and Implementation Regulations, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to us by our PRC subsidiaries, unless we are entitled to reduction or elimination of such tax, including by tax treaty. According to a tax treaty between the PRC and Hong Kong, dividends paid by a foreign-invested enterprise in China to a shareholder incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if the Hong Kong shareholder directly holds a 25% or more interest in the PRC enterprise. We cannot assure you, however, that the current tax treaties in place between the PRC and Hong Kong will remain in place or that we will continue to be able to enjoy a reduced withholding tax on dividends we receive from our PRC subsidiaries.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income.

Under the EIT Law, commencing January 1, 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the uniform 25% EIT rate as to their global income. Under the Implementation Regulations for the EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Substantially all of our management is currently based in China and may remain in China. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will explain the regulation. Therefore, we may be treated as a PRC resident enterprise for EIT purposes. The tax consequences of such treatment are currently unclear, as they will depend on how PRC finance and tax authorities apply or enforce the EIT Law and the Implementation Regulations.

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

On February 3, 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, which abolished certain provisions in the Circular on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises' Share Transfers (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) ("**SAT Circular No. 698**"), previously issued by the State Administration of Taxation on December 10, 2009. SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**"). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, if such transaction were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

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

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular No. 37**"), which was promulgated by SAFE and became effective on July 4, 2014, requires a PRC individual resident ("**PRC Resident**") to register with a local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Offshore SPV**") that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Pursuant to the Circular 13, the aforesaid registration shall be reviewed and handled by the banks, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. Following the initial registration, the PRC Resident is also required to make registration for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV's registered capital, share transfer or swap, merger or division. We cannot assure you that all of our shareholders who are PRC Resident will file all applicable registrations or update previously filed registrations as required by these SAFE regulations. Failure to comply with the registration procedures of the SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV's Chinese subsidiary to distribute dividends to its overseas parent.

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

Our investment properties are held by us under land use rights granted by the PRC Government. Under PRC laws, the maximum term of the land use rights ranges from 40 years to 70 years depending on the land use purpose. Upon expiration, the land use rights will revert to the PRC Government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

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

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

Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC.

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu or severe acute respiratory syndrome ("**SARS**"), the Ebola virus and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of flood, earthquake, fire, drought or epidemics. Our business, financial position and results of operations may be materially and adversely affected if natural disasters or other such events occur.

For instance, a serious earthquake and its successive aftershocks hit Sichuan province in May 2008, resulting in tremendous loss of life and injury, as well as destruction of assets in the region. Furthermore, the PRC reported a number of cases of SARS in 2003. Since its outbreak in 2004, there have been reports on occurrences of avian flu in various parts of the PRC, including several confirmed human cases and deaths. Any future outbreak of SARS, avian flu or other similar adverse epidemics may, among other things, significantly disrupt our business. An outbreak of infectious disease may also severely restrict the level of economic activity in affected areas, which in turn may have a material and adverse effect on our business, financial position and results of operations.

We cannot assure you as to whether and when we will pay dividends in the future.

We did not declared any dividends during the Track Record Period. We cannot assure you as to whether and when we will pay dividends in the future. Any future declarations of dividends will be proposed by our Board, and the amount of any dividend will depend on various factors such as our results of operations, financial condition and future business prospects. See "Financial Information — Dividend and Distributable Reserves".

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

We are a holding company incorporated in the Cayman Islands and we conduct our business operations primarily through our subsidiaries in China. We will be financially dependent on dividends received from these entities. Therefore, we may face financial difficulties should such entities incur debt or losses affecting their ability to pay us dividends or make other distributions to us.

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

Furthermore, the PRC subsidiaries may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities, to which they may be subject. Any of the above factors may affect our ability to pay dividends to our Shareholders and to service our indebtedness, which could materially and adversely affect our ability to conduct business.

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

There has been no prior public market for our Shares before the [REDACTED] and the liquidity and market price of our Shares following the [REDACTED] may be volatile.

Before the **[REDACTED]**, there has been no **[REDACTED]** market for our Shares. The **[REDACTED]** for our Shares will be the result of negotiations between the Joint Sponsors, the **[REDACTED]** (on behalf of the **[REDACTED]**) and us, which may differ from the **[REDACTED]** of our Shares after the **[REDACTED]**. Following the completion of the **[REDACTED]**, the Stock Exchange will be the only market on which our Shares are **[REDACTED]**. However, there is no assurance that the **[REDACTED]** will result in the development of an active and liquid **[REDACTED]** for our Shares following the **[REDACTED]**. Following the **[REDACTED]**, our Shares may be **[REDACTED]** in the **[REDACTED]** below the **[REDACTED]**. The volume and price at which our Shares will be **[REDACTED]** are affected by a number of factors, including (i) changes in senior management; (ii) changes in laws and regulations in the PRC; (iii) general economic conditions in the PRC; and (iv) market perception of our prospects. We cannot assure you that the market price of our Shares will not decline below the **[REDACTED]**.

A sale or the expectation of a sale of Shares by our existing Shareholders may have a material adverse effect on our Share price.

Future sale of a substantial number of our Shares by our existing Shareholders after the **[REDACTED]** could materially and adversely affect market prices of our Shares prevailing from time to time. Future sale of substantial amounts of our Shares, including future offerings, or the perception that such sale are likely to occur may also materially and adversely affect the prices of our Shares and our ability to raise capital.

Immediately after the **[REDACTED]**, only a limited number of the Shares currently outstanding will be available for sale as our Controlling Shareholders are subject to a **[REDACTED]** period. See "**[REDACTED]**". While we are not aware of any intentions of our current Shareholders to dispose of significant amounts of their Shares upon lapse of the **[REDACTED]** periods, we are not in a position to give any assurance that such disposal will not occur. Future sale of a substantial number of our Shares, or the perception that such sale may occur, could materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

Our Pre-[REDACTED] Share Option Scheme will have a dilutive effect on your shareholding percentage and may result in our issuances of Shares at prices lower than their trading price or fair market price.

The Grantees may exercise the Pre-**[REDACTED]** Share Options in tranches as provided in the scheme. The exercise price for all of the Pre-**[REDACTED]** Share Options will be 80% of the **[REDACTED]**. You may find additional disclosure about the terms and conditions of the Pre-**[REDACTED]** Share Option Scheme and the Pre-**[REDACTED]** Share Options in the section entitled "Statutory and General Information — D. Other Information — 1. Pre-**[REDACTED]** Share Option Scheme" in Appendix V to this document.

You should note that none of the Grantees have any obligation to exercise the Pre-**[REDACTED]** Share Options for our Shares. If the Grantees exercise their Pre-**[REDACTED]** Share Options, your shareholding in our Company will be subject to dilution in terms of your ownership percentage in our Company and in terms of the fair value of our Shares you hold. The dilutive effect on shareholding percentage assuming full exercise of the Pre-**[REDACTED]** Share Options is approximately **[REDACTED]**%.

The price of our Shares may fall before trading begins due to the time lag between pricing and trading of the [REDACTED].

The **[REDACTED]** will be determined on the **[REDACTED]**. The **[REDACTED]** will not commence trading on the Stock Exchange until the **[REDACTED]**. Investors may not be able to sell or otherwise deal in our Shares during this period between the **[REDACTED]** and the **[REDACTED]**. Accordingly, holders of our Shares bear the risk that the prices of our Shares could fall before trading begins and may be lower than the **[REDACTED]** due to adverse market conditions or other adverse developments which may occur between the **[REDACTED]** and the **[REDACTED]**.

The Controlling Shareholders have substantial control over us and their interests may not be aligned with the interests of the other Shareholders.

Immediately following completion of the **[REDACTED]**, the Controlling Shareholders will continue to have substantial control over us. The Controlling Shareholders, by virtue of the controlling beneficial ownership of our share capital, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged and harmed.

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

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

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

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

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

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

Certain facts and statistics in this document relating to the PRC and global economy, the PRC property market may not be fully reliable.

Certain facts and statistics in this document relating to the PRC and global economy, the PRC property market have been derived from various official government publications that we generally believe to be reliable. However, there can be no assurance of the quality or reliability of these materials. While the Directors have taken reasonable care in extracting and reproducing such information, they have not been prepared or independently verified by us or the Joint Sponsors or any of our or their respective affiliates or advisers and, therefore, no representation is made as to the accuracy of these facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between government-published information and other market practice, these facts and statistics in this document may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled by the government on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts and statistics from government official publications with respect to China, the PRC economy and the PRC property market contained in this document.

Investors should read the entire circular carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this document.

There may be coverage in the media regarding our operations. There had been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the **[REDACTED]**, press and media coverage regarding us, which contained, among other matters, certain financial information, projections, valuations and other forward-looking information about us. We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this document, we disclaim it. Accordingly, prospective investors should read the entire circular carefully and should not rely on any of the information in press articles or other media coverage. Prospective investors should only rely on the information contained in this document to make investment decisions about us.

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

This document contains certain statements that are "forward-looking" and uses forward looking terminology such as "anticipate", "believe", "expect", "may", "plan", "consider", "ought to", "should", "would" and "will". Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

In preparation for the **[REDACTED]**, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our Group's principal business and operations are located, managed and conducted in the PRC through our PRC operating subsidiaries. All of our revenue is generated from the PRC, and none of our executive Directors is ordinarily based in Hong Kong (though Mr. Zeng is a Hong Kong permanent resident but he is ordinarily based in the PRC) and they will continue to be based in the PRC after **[REDACTED]**. As a result, our Company does not, and will not, in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rule 8.12 of the Listing Rules. Further, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily resident in Hong Kong or to relocate its existing PRC based executive Directors to Hong Kong.

[Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules.] In order to maintain regular and effective communication with the Stock Exchange, we put in place the following measures:

(i) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives of our Company are Mr. Zeng, executive Director, and Ms. Ko Nga Kit, the company secretary of our Company. Ms. Ko Nga Kit is ordinarily resident in Hong Kong;

(ii) any meeting between the Stock Exchange and the Directors will be arranged through the authorized representatives or the compliance advisor of our Company or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our compliance advisor;

(iii) each of the authorized representatives of our Company will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

(iv) each of the authorized representatives of our Company has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and the Directors, we have implemented a policy that (a) each Director will provide their respective office phone numbers, mobile phone numbers, facsimile numbers and email addresses to the authorized representatives; and (b) all the Directors and authorized representatives will provide, if available, their office phone numbers, mobile phone numbers, facsimile numbers and email addresses to the Stock Exchange. In the event that a Director expects to travel or is out of office, he/she will provide the phone number of the place of his/her accommodation to our authorized representatives;

(v) the Directors, who are not ordinarily resident in Hong Kong and not being Hong Kong permanent residents, have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and are able to meet with the Stock Exchange within a reasonable period of time;

(vi) we have, in compliance with Rule 3A.19 of the Listing Rules, appointed ABCI Capital Limited as our compliance advisor who will, among other things, in addition to the two authorized representatives of our Company, act as the additional channel of communication with the Stock Exchange for the period commencing from the **[REDACTED]** and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the **[REDACTED]**. ABCI Capital Limited will have full access at all times to the authorized representatives of our Company and the Directors; and

(vii) we will also retain legal adviser to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after **[REDACTED]**.

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions for our Company under the Listing Rules following completion of the **[REDACTED]**. We have applied to the Stock Exchange for, [and the Stock Exchange has agreed to grant,] a waiver from strict compliance with the requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details of such continuing connected transactions and the waiver, please see "Continuing Connected Transactions."

COMPANIES ACQUIRED/TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Rules 4.04(2) and 4.04(4)(a) of the Listing Rules require that, amongst other things, the results and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of this document (the "**Relevant Requirements**").

After the Track Record Period, in order to expand our business, we have acquired or entered into agreements to acquire equity interest in certain companies that possess land use rights (the "**Target Companies**") as set out below (the "**Acquisitions**"):

	Company	Business	Percentage of equity interest acquired/ to be acquired and status of the acquisition	Approximate total consideration to be paid/paid for the acquisition[Note(1)]
(i)	Anhui Weilin Land Co., Ltd. (安徽威林置業有限公司) ("**Anhui Weilin**")	Property development	51% equity interest to be acquired pursuant to a cooperation agreement signed on December 19, 2017	RMB 267,980,500
(ii)	Changzhou Green Land Kunte Land Co., Ltd. (常州綠地昆特置業有限公司) ("**Changzhou Green Land**")	Property development	Acquisition of 85% equity interest was completed on February 2, 2018	RMB339,769,937
(iii)	Chongqing Bojing Mingsha Property Co., Ltd. (重慶柏景銘廈置業有限公司) ("**Chongqing Bojing**")	Property development	Acquisition of 100% equity interest was completed on January 15, 2018	RMB498,063,357
(iv)	Xuzhou Weixin Real Estate Development Co., Ltd (徐州威新房地產開發有限公司("**Xuzhou Weixin**")	Property development	33.3% equity interest to be acquired pursuant to a cooperation agreement signed on January 18, 2018	RMB 229,956,989
(v)	Xuzhou Xiangyun Sight Management Co., Ltd (徐州祥雲景區管理有限公司) ("**Xuzhou Xiangyun Sight Management**")[(Note2)]	Property development	Acquisition of 80% equity interest was completed on January 16, 2018	RMB129,490,483[Note2]
(vi)	Xuzhou Jiawang Baite Enterprise Management Co., Ltd (徐州賈汪佰特企業管理有限公司)("**Xuzhou Jiawang Baite**")[(Note2)]	Property development	Acquisition of 80% equity interest was completed on January 16, 2018	RMB24,313,055[Note2]
(vii)	Zhonghai Hongyang Land (Xuzhou) Co., Ltd. (中海宏洋置業(徐州)有限公司) ("**Zhonghai Hongyang**")	Property development	33% equity interest to be acquired pursuant to a cooperation agreement signed on March 16, 2018	RMB 475,789,072

Notes:

(1) The consideration for each of the Acquisitions is inclusive of shareholder's loan (if any).

*(2) We have aggregated the Acquisitions in relation to Xuzhou Xiangyun Sight Management and Xuzhou Jiawang Baite (together the "**Jiawang Acquisitions**") for the purpose of calculating the applicable percentage ratios as (i) the parcels of land held by these two companies are adjacent to each other in Jiawang District, Xuzhou and (ii) one of the counterparties which entered into both of the Jiawang Acquisitions with the Company is the same party.*

For further information in relation to the Acquisitions, please see "Business—Property Development and Sales Process—Investment—Land Acquisition—Acquisition of Equity Interests or Investments in Companies".

In such circumstance, we have applied for, [and the Stock Exchange has granted,] a waiver from strict compliance with the Relevant Requirements on the following grounds:

(a) The Group has entered into the Acquisitions in its ordinary and usual course of business

The Group had entered into the Acquisitions in its ordinary and usual course of business. The purpose of the Acquisitions was to obtain the interest in the land held by the Target Companies. It is a normal practice in the PRC for real estate companies to acquire land interest through acquiring the company holding the interest of the land. The considerations for the Acquisitions were mainly determined by the value of the land instead of the financial results of the Target Companies.

(b) Exemption would not prejudice the interests of the investing public

(i) The Acquisitions are de minimus as each of the asset ratio, profits ratio and revenue ratio relating to each of the Acquisitions by reference to the most recent financial year of the Track Record Period (i.e. the year ended December 31, 2017) is less than 5%.

(ii) Accordingly, the Acquisitions, in particular considering that almost all the Target Companies have not carried out any significant business operations since their incorporation, have not resulted in any significant change to the financial position of the Group since December 31, 2017 and all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of the Group has been included in this document. As such, an exemption from compliance with the Relevant Requirements would not prejudice the interests of the investing public.

(c) Limited historical financial information of the Target Companies is available

For the Acquisitions in relation to Changzhou Green Land, Chongqing Bojing, Xuzhou Xiangyun Sight Management and Xuzhou Jiawang Baite, as they were only completed recently, it is expected that a substantial amount of time shall be required before the Group can have full access to all the historical financial information of these Target Companies and to prepare the accounts to satisfy the Relevant Requirements.

For the Acquisitions in relation to Anhui Huilin, Xuzhou Weixin and Zhonghai Hongyang, as they are yet to be completed, save for the limited financial information provided by the relevant Target Companies for the Group's due diligence purposes, the Group is unable to have access to the historical financial information of such Target Companies for the purpose of preparing the accounts to satisfy the Relevant Requirements.

(d) It would be impracticable and unduly burdensome to the Company and the investors

As the Company does not have sufficient information to prepare the historical financial information of the Target Companies, it would be impracticable and unduly burdensome to the Company and the Shareholders as a whole to require the Company to prepare the accounts required by the Relevant Requirements for inclusion in this document.

(e) Alternative information will be provided in this document

Having regard to the guidance under the Guidance Letter HKEx-GL32-12 issued by the Stock Exchange, the Company has provided in this document alternative information in connection with the Acquisitions that would be required for a discloseable transaction under Chapter 14 of the Listing Rules in order to compensate for the non-inclusion of historical financial information of the Target Companies. Please see "Business — Property Development and Sales Process — Investment — Land Acquisition — Acquisition of Equity Interests or Investments in Companies" for more details.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Zeng Huansha (曾煥沙)	33/F, Flat B 39 Conduit Road Hong Kong	Chinese
He Jie (何捷)	Room 603, No. 6, Lane 422 Huanghua Road Minhang District Shanghai, the PRC	Chinese
Non-Executive Directors		
Jiang Daqiang (蔣達強)	Room 2501, Unit 1, Building 5 No. 199 Leshan Road Jianye District, Nanjing Jiangsu Province, the PRC	Chinese
Zhang Liang (張良)	#904, Unit 2, Building 4, Water Garden Water Park Road Nankai District Tianjin, the PRC	Chinese
Zhang Hongwu (張宏武)	#6, Room 2102, Building 17 Liuzhou East Road Pukou District, Nanjing Jiangsu Province, the PRC	Chinese
Independent non-executive Directors		
Lee Kwok Tung Louis (李國棟)	Flat B, 16/F, Tower 1 Grand Promenade 38 Tai Hong Street Sai Wan Ho Hong Kong	Chinese
Leung Yau Wan John (梁又穩)	Flat D, 50/F, Tower 6 Caribbean Coast Albany Cove 1 Kin Tung Road Tung Chung Lantau Island Hong Kong	Australian
Auyeung Po Fung (歐陽寶豐)	Room F, 28/F, Block 2 Broadview Court Shum Wan Road Hong Kong	Chinese

For further information regarding our Directors, see "Directors, Senior Management and Employees" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Party	Name and Address
Joint Sponsors	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited Unit 5808-12, 58/F, The Center 99 Queen's Road Central Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong

[REDACTED]

Party	Name and Address
	[REDACTED]
Legal advisers to the Company	*As to Hong Kong law and US law*: Paul Hastings 21-22/F, Bank of China Tower 1 Garden Road Central Hong Kong
	As to PRC law: Jingtian & Gongcheng 45/F, K. Wah Center 1010 Huaihai Zhong Road Xuhui District Shanghai, the PRC

Party	Name and Address
	As to Cayman Islands law: Walkers 15/F, Alexandra House 18 Chater Road Central Hong Kong
Legal advisers to the Joint Sponsors and [REDACTED]	*As to Hong Kong law and US law*: Sullivan & Cromwell (Hong Kong) LLP 28/F, Nine Queen's Road Central Hong Kong *As to PRC law*: Commerce & Finance Law Offices 6/F, NCI Tower A12 Jianguomenwai Avenue Beijing, the PRC
Auditor and reporting accountant	Ernst & Young *Certified Public Accountants* 22/F CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Property valuer	Savills Valuation and Professional Services Limited 23/F Two Exchange Square Central Hong Kong
Industry Consultant	Savills Real Estate Valuation (Beijing) Limited Unit 01, 21 Floor, East Tower, Twin Towers B-12 Jianguomenwai Avenue, Chaoyang District Beijing

[REDACTED]

Principal Place of Business and Head Office in the PRC	26th Floor Hong Yang Building No. 9 Daqiao North Road Nanjing Jiangsu Province, the PRC
Registered Office	Offices of Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands
Company's Website	www.rsunproperty.hk *(the contents on this website do not form part of this document)*
Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Company Secretary	Ms. Ko Nga Kit (高雅潔) 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong *(a Fellow of The Hong Kong Institute of Chartered Secretaries and a Fellow of The Institute of Chartered Secretaries and Administrators in the United Kingdom)*
Authorized Representatives	Mr. Zeng Huansha (曾煥沙) Flat B, 33/F 39 Conduit Road Hong Kong Ms. Ko Nga Kit (高雅潔) 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. Leung Yau Wan John (梁又穩) (chairman) Mr. Zhang Hongwu (張宏武) Mr. Jiang Daqiang (蔣達強) Mr. Lee Kwok Tung Louis (李國棟) Mr. Auyeung Po Fung (歐陽寶豐)

Remuneration Committee	Mr. Lee Kwok Tung Louis (李國棟) (chairman) Mr. Zhang Liang (張良) Mr. He Jie (何捷) Mr. Leung Yau Wan John (梁又穩) Mr. Auyeung Po Fung (歐陽寶豐)
Nomination Committee	Mr. Zeng Huansha (曾煥沙) (chairman) Mr. Zhang Hongwu (張宏武) Mr. Leung Yau Wan John (梁又穩) Mr. Lee Kwok Tung Louis (李國棟) Mr. Auyeung Po Fung (歐陽寶豐)

[REDACTED]

Cayman Islands Principal Share Registrar and Transfer Office	Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008
Compliance Adviser	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
Principal Banks	Agriculture Bank of China Taishan Branch No. 87 Daqiao North Road Pukou District, Nanjing City PRC Bank of China Qiaobei Branch No. 9 Daqiao North Road Pukou District, Nanjing City PRC ICBC Qiaobei Branch No. 48 Daqiao North Road Pukou District, Nanjing City PRC

Bank of Communications
Nanjing City Cheng Zhong Branch
No. 188 Guangzhou Road
Gulou District, Nanjing City
PRC

The information and statistics set out in this section have been extracted and derived from various official government publications, publicly available sources and private publications, unless otherwise indicated. We believe that the sources of this information and statistics are appropriate sources for such information and statistics and reasonable care has been exercised by our Directors in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Joint Sponsors, the **[REDACTED]** *or our or their respective directors, advisers and affiliates have independently verified such information and statistics. Accordingly, none of our Company, the Sponsors, or our or their respective directors and advisers or any other parties involved in the* **[REDACTED]** *makes any representation as to the accuracy and completeness of such information and statistics. As such, the official and non-official sources contained herein should not be unduly relied upon. Furthermore, due to the inherent time-lag involved in collecting any industry and economic data, some of the data contained in this section may only represent the state of affairs at the time such data were collected. As such, you should also take into account subsequent movements in the industry and the PRC economy when you evaluate the information contained in this section.*

SOURCE OF INFORMATION

In connection with the **[REDACTED]**, we have engaged Savills, an Independent Third Party, to prepare the Savills Report with necessary information on the property markets of China and Nanjing. Savills is an international real estate consultancy group which provides a range of services including valuation and consultancy for occupiers, investors and developers across all sectors of the real estate market. Savills has offices in Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu in China, as well as Hong Kong, Singapore and other countries in Asia.

For the purpose of the **[REDACTED]**, Savills also serves as our property valuer. A property valuation report prepared by Savills relating to our property interests is included in Appendix III to this document. Savills provides industry consulting and property valuation services through two business teams which are independent from each other. The Savills Report was prepared primarily by the designated market research team of Savills based on data collected from various government publications, site visits and interviews, the proprietary database of Savills, as well as the CREIS China Index Database, on relevant property markets. The CREIS China Index Database is developed by the China Index Academy. China Index Academy, an Independent Third Party, is a renowned Chinese property research institution which was integrated in 2004 from a number of China research resources, including the China Real Estate Index System, Soufun Research Institute, China Villa Index System and Top 10 China Real Estate Research Group. The database has been widely used and relied upon by the PRC property industry.

It is a general market practice to adopt official data and announcements from various Chinese government agencies, and Savills understands the collection methodology and data sources of the data in the proprietary database of Savills and the subscribed database from the China Index Academy. As such, Savills adopted the above sources of information and considered them reliable.

While preparing this section, Savills had relied on the following assumptions: (i) all land transaction records and contracted average selling prices of select projects provided by the Company were true and correct;

(ii) all published data by the Statistics Bureaus were true and correct; (iii) all collected information relating to residential sales transactions from relevant local housing administrative bureaus were true and correct; (iv) all land transaction records collected from the Land Resources Administrative Bureaus were true and correct; and (v) where subscribed data were obtained from renowned public institutions, Savills had relied upon the apparent integrity and expertise of such institutions. Savills had not verified the accuracy of such information or reports, and assumed no responsibility for their accuracy.

We have agreed to pay Savills a total fee of RMB700,000 for the preparation of the Savills Report. The payment of such amount is not contingent upon the findings of the Savills Report. We believe the payment is in line with the market rate for such report.

Our Directors, upon taking reasonable care, confirm that there have been no adverse changes in the market information since the Latest Practicable Date which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE ECONOMY IN CHINA

Over the past seven years, China's nominal GDP had increased from RMB48,930 billion in 2011 to RMB82,712 billion in 2017, representing a CAGR of approximately 9.1%. Meanwhile, China's nominal GDP per capita grew at a CAGR of 8.2% from RMB36,403 in 2011 to RMB59,660 in 2017, demonstrating a significant increase in the purchasing power of China's population. The table below sets out selected economic statistics of China for the periods indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR *(%)*
Population (million)	1,347	1,354	1,361	1,368	1,375	1,383	1,390	0.5%
Nominal GDP (RMB billion)	48,930	54,037	59,524	64,397	68,905	74,359	82,712	9.1%
Real GDP growth rate (%)	9.5%	7.9%	7.8%	7.3%	6.9%	6.7%	6.9%	7.6%*
GDP per capita (RMB)	36,403	40,007	43,852	47,203	50,251	53,980	59,660	8.6%
Fixed asset investment (RMB billion)	31,149	37,469	44,462	51,202	56,200	60,647	63,168	12.5%
Unemployment rate (%)	4.10	4.10	4.05	4.09	4.05	4.02	3.90	4.04%*
Per capita disposable income of urban households (RMB)	21,810	24,565	26,467	28,844	31,195	33,616	36,396	8.9%

Source: National Bureau of Statistics of China
*Note: * is the arithmetic mean of 2011 to 2017.*

KEY DRIVERS OF THE PRC PROPERTY MARKET

China's real estate industry was part of the nation's planned economy prior to the 1990s, since when it began transitioning into a market-oriented system and solid economic conditions of China have driven strong growth in the property market. For example, fixed assets investment in China accelerated from

RMB31,149 billion in 2011 to RMB63,168 billion in 2017, representing a CAGR of 12.5%. Growths in per capita disposable income and urbanization have also provided strong support to the property market development.

Per Capita Disposable Income in China

The rapid economic development in China had resulted in steady growth of the per capita disposable income of urban households, rising from RMB21,810 in 2011 to RMB36,396 in 2017 at a CAGR of 8.9%.

Urbanization in China

China's reform and opening-up has brought about rapid urbanization since the 1990s. The urbanization rate in China increased from 51.3% in 2011 to 58.5% in 2017, with the total urban population rising from 691 million in 2011 to 813 million in 2017. The growth of urban population has contributed to greater demand for residential properties in urban cities. According to the National Plan on New Urbanization (2014-2020) promulgated by the State Council of the PRC, the urbanization rate is expected to reach 60% by 2020. It is expected that the increase in urbanization rate will fuel an increase in demand for residential properties in the future. In conjunction with the New National Plan for Urbanization, the state government laid down a coherent city cluster plan in which by 2020, China will have a total of 19 regional city clusters with each city cluster comprises one or two nucleus cities and several neighboring cities with well-connected transportation facilities with an aim to drive economic growth, direct population flow and achieve a balanced regional development. It is expected that the third and fourth tier cities in these city clusters will benefit from the city cluster plan, and the real estate market in these cities will be presented with new opportunities as urbanization accelerates in these cities. The table below sets out data regarding China's urbanization rate for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR *(%)*
Urban population (million)	691	712	731	749	771	793	813	2.8%
Population (million)	1,347	1,354	1,361	1,368	1,375	1,383	1,390	0.5%
Urbanization (%)	51.3	52.6	53.7	54.8	56.1	57.3	58.5	2.2%

Source: National Bureau of Statistics of China

OVERVIEW OF THE PROPERTY MARKET IN CHINA

As a result of China's rapid economic growth and strong disposable income growth, China's property market has been developing significantly in the past years. The amount of property investment in China rose from approximately RMB6,180 billion in 2011 to approximately RMB10,980 billion in 2017, and the total GFA of properties sold per year increased from 1,094 million sq.m. in 2011 to 1,694 million sq.m. in 2017.

Supply and demand for properties for commercial uses and hotels have seen a steady increase over the same period. According to the National Bureau of Statistics of China, there was an increase in the GFA of properties completed and GFA of properties sold for commercial properties between 2011 and 2017. The table below sets out certain statistics relating to different sectors of China's property market for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Total real estate investment (RMB billion)	6,180	7,180	8,601	9,504	9,598	10,258	10,980	10.1%
Residential Properties								
Investment in residential properties (RMB billion)	4,432	4,937	5,895	6,435	6,460	6,870	7,515	9.2%
GFA of residential properties completed (million sq.m.)	717	790	787	809	738	772	718	0.03%
GFA of residential properties sold (million sq.m.)	965	985	1,157	1,052	1,124	1,375	1,448	7.0%
ASP of residential properties (RMB per sq.m.)	4,993	5,430	5,850	5,933	6,472	7,203	7,614	7.3%
Commercial Properties								
Investment in commercial properties (RMB billion)	742	931	1,194	1,435	1,461	1,584	1,564	13.2%
GFA of commercial properties completed (million sq.m.)	90	102	109	121	120	125	127	5.8%
GFA of commercial properties sold (million sq.m.)	79	78	85	91	93	108	128	8.5%
ASP of commercial properties (RMB per sq.m.)	8,488	9,021	9,777	9,817	9,561	9,786	10,323	3.3%

Source: National Bureau of Statistics of China

Historical Price Trend of Construction Material and Land Cost

Raw Materials

Construction material cost is an important factor for real estate developers and steel and cement make up a major part of the cost of construction materials.

The table below sets out the Purchasing Price Index of Raw Material, Fuel and Power ("PPIRM") for construction materials and average price of steel and cement in China over the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
PPIRM Index (Previous Year = 100)	108.4	99.7	98.7	99.8	95.9	97.6	108.6*	N/A
Steel Product Price (RMB per ton)	4,738.1	3,929.9	3,572.5	3,153.9	2,317.2	2,628.2	4,051.3	-2.6%
Cement Product Price (RMB per ton)	483.3	462.8	454.8	427.7	373.3	351.2	403.8	-3.0%

Source: National Bureau of Statistics of China, Bloomberg, CEIC
**estimated by Savills. N/A refers to data not applicable.*

Land Price

Land price, which is a crucial factor for real estate operations, is significantly affected by multiple factors from land supply to government directives. Total site area sold in China dropped from 2,688.0 million sq.m. in 2011 to 1,979.8 million sq.m. in 2017, representing a CAGR of -5.0%. In general, it is anticipated that the land cost will continue to increase in the future, creating greater pressure on real estate developers. The table below sets out data regarding the site area sold and average site value for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Total site area sold (million sq.m.)	2,688.0	2,918.2	2,986.2	1,724.7	1,968.7	1,870.7	1,979.8	-5.0%
Average site value — residential (RMB per sq.m.)	2,221.1	2,265.8	2,853.1	3,486.9	3,562.2	5,001.4	6,089.8	18.3%
Average site value — retail and office (RMB per sq.m.)	2,021.3	1,605.7	2,170.9	2,415.7	2,131.7	2,399.3	2,899.1	6.2%

Source: CREIS

THE YANGTZE RIVER DELTA CITY CLUSTER

The Yangtze River Delta city cluster, covering a total of 26 cities in Shanghai, Jiangsu Province, Zhejiang Province and Anhui Province since May 2016, is the largest economic region of China in terms of economic output and total population. The region, occupying approximately 2.2% of total land area of China, contributed approximately 20.0% of national GDP, 36.1% of total export and 24.6% of total commodity property sales in 2016. Total resident population of the region was approximately 152.7 million in 2016, representing approximately 11.0% of population of China. The state government aimed to promote the region to become the largest city cluster of the world by 2030, with favorable government policies, including the establishment of the China (Shanghai) Pilot Free Trade Zone to promote investment in the Yangtze River Delta city cluster. Shanghai, Hangzhou, Nanjing and Suzhou are among the most attractive cities for real estate investment in the PRC; and the eight cities in Anhui Province which was added and become part of the city cluster, are the cities with the highest potential for economic development as the state government aims at developing inward through industry transfer and city integration.

OVERVIEW OF THE ECONOMY AND THE PROPERTY MARKET OF JIANGSU PROVINCE

Located along the east coast of China and covering an area of approximately 102,600 sq. km. and a population of 80.3 million in 2017, Jiangsu Province is one of the most important economic and commercial centers in China. The economy of Jiangsu Province has been developing steadily in recent years. The nominal

GDP continually increased from RMB4,911.0 billion in 2011 to RMB8,590.1 billion in 2017, with a CAGR of 9.8%. The table below sets out selected economic statistics of Jiangsu Province for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Population (million)	79.0	79.2	79.4	79.6	79.8	80.0	80.3	0.3%
Nominal GDP (RMB' billion)	4,911.0	5,405.8	5,975.3	6,508.8	7,011.6	7,608.6	8,590.1	9.8%
Real GDP growth rate (%)	11.0%	10.1%	9.6%	8.7%	8.5%	7.8%	7.2%	9.0%*
GDP per capita (RMB)	62,290	68,347	75,354	81,874	87,995	95,257	107,189	9.5%
Per capita disposable income (RMB)	26,341	29,677	31,585	34,346	37,173	40,152	43,622	8.8%

Source: Jiangsu Statistics Bureau
*Note: * is the arithmetic mean*

The residential real estate market in Jiangsu Province was the second largest amongst all provinces and municipalities of China in terms of investment volume and total area sold in 2017. Real estate investment in residential properties increased from RMB409.4 billion in 2011 to RMB731.5 billion in 2017, representing a CAGR of 10.2%. The average selling price of residential properties increased at a CAGR of 6.7% from RMB6,145 per sq. m. in 2011 to RMB9,070 per sq. m. in 2017.

The table below sets out selected market indicators of the real estate market in Jiangsu Province for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Fixed asset investment (RMB billion)	2,631.5	3,170.7	3,598.3	4,155.3	4,590.5	4,937.1	5,300.0	12.4%
Real estate investment (RMB billion)	556.8	620.6	724.1	824.0	815.4	895.6	962.9	9.6%
GFA of residential properties completed (million sq.m.)	61.5	76.9	75.8	72.6	79.3	76.0	70.9	2.4%
GFA of residential properties sold (million sq.m.)	67.7	79.2	101.9	88.0	102.8	126.6	124.9	10.7%
ASP of residential properties (RMB / sq. m.)	6,145	6,423	6,650	6,783	7,177	8,734	9,070	6.7%

Source: Jiangsu Statistics Bureau

OVERVIEW OF THE ECONOMY AND THE PROPERTY MARKET OF ANHUI PROVINCE

Anhui Province is located on the middle and lower reaches of the Yangtze and Huaihe rivers, forming the hinterland of Jiangsu and Zhejiang Province. The province has a total land area of approximately 139,000 sq. m., and a resident population of approximately 62.5 million in 2017. GDP of Anhui Province increased 8.5% year-on-year, the sixth highest across all provinces and municipalities of in China, to RMB2,751.9 billion in 2017, and enjoyed a sustainable growth at a CAGR of 10.3% between 2011 and 2017.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Population (million)	59.7	59.9	60.3	60.8	61.4	62.0	62.5	0.8%
Nominal GDP (RMB billion)	1,530.1	1,721.2	1,922.9	2,084.9	2,200.6	2,411.8	2,751.9	10.3%
Real GDP growth rate (%)	13.5%	12.1%	10.4%	9.2%	8.7%	8.7%	8.5%	10.2%*
GDP per capita (RMB)	25,659	28,792	32,001	34,425	35,997	39,092	44,206	9.5%
Per capita disposable income (RMB)	18,606	21,024	23,114	24,839	26,936	29,156	31,640	9.3%

Source: Anhui Statistics Bureau
*Note: * is the arithmetic mean;*

The real estate market of Anhui Province has undergone a rapid development stage from 2011 to 2017. Total real estate investment increased at a CAGR of 13.6% to RMB561.3 billion in 2017. Total GFA of residential properties sold increased at a CAGR of 12.2% between 2011 and 2017 to approximately 79.5 million sq.m., whereas average selling price increased at a CAGR of 5.2% during the same period to RMB6,137 per sq.m. in 2017.

The table below sets out selected market indicators of the real estate market in Anhui Province for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Fixed asset investment (RMB billion)	1,212.6	1,505.5	1,825.1	2,125.6	2,396.6	2,675.8	2,918.6	15.8%
Real estate investment (RMB billion)	261.2	315.2	394.6	433.9	442.5	460.4	561.3	13.6%
GFA of residential properties completed (million sq.m.)	28.9	31.2	39.2	38.3	41.0	40.5	34.2	2.9%
GFA of residential properties sold (million sq.m.)	39.9	42.8	55.7	53.6	53.6	75.1	79.5	12.2%
ASP of residential properties (RMB / sq. m.)	4,371	4,495	4,776	5,017	5,067	5,637	6,137	5.8%

Source: Anhui Statistics Bureau

OVERVIEW OF ECONOMY AND RESIDENTIAL PROPERTY MARKETS OF SELECTED CITIES IN JIANGSU AND ANHUI PROVINCE

Nanjing

Nanjing is the capital of Jiangsu Province and the political, cultural and economic center of the province. It is also one of the major urban centers in the Yangtze River Delta for commerce, trade, finance, tourism and logistics. With a population of 8.3 million and an urban population of 6.9 million in 2017, Nanjing is the third largest city in Eastern China in terms of urban population and urban area. The city covers an area of 6,598 square kilometers and consists of 11 districts. Located at the forefront of the Yangtze River Delta, Nanjing is an important coastal communication hub in eastern China, and it ranked eleventh among all cities in China in terms of total economic output in 2017.

Nanjing has maintained a sustainable growth on its GDP over the past 6 years, with an average growth rate of 11.4% from 2011 to 2017. Moreover, the GDP per capita increased at an average rate of 10.8% from RMB76,263 in 2011 to RMB141,103 in 2017. The economic growth has led to an increase in the consumption power of Nanjing residents, as evidenced by the increase in the retail sales of consumer goods with an average growth rate of 13.0% from 2011 to 2017. The table below sets out selected economic statistics of Nanjing for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR *(%)*
Population (million)	8.1	8.2	8.2	8.2	8.2	8.3	8.3	0.5%
Nominal GDP (RMB' billion)	614.6	720.2	808.0	882.1	972.1	1,050.3	1,171.5	11.4%
Real GDP growth rate (%)	12.0%	11.7%	11.0%	10.1%	9.3%	8.0%	8.1%	10.0%*
GDP per capita (RMB)	76,263	88,525	98,848	107,545	118,171	127,264	141,103	10.8%
Per capita disposable income (RMB)	32,200	36,322	39,115	42,568	46,104	49,997	54,538	9.2%
Retail sales of consumer goods (RMB' billion)	269.7	310.4	368.9	416.7	459.0	508.8	560.5	13.0%

Source: Nanjing Statistics Bureau
*Note: * is the arithmetic mean*

As a rapidly growing metropolis, Nanjing has seen a growth of investment in the city's fixed assets, especially in the real estate sector. The total real estate investment in Nanjing increased from RMB89.7 billion in 2011 to approximately RMB217.0 billion in 2017, representing a CAGR of 15.9%. In the real estate sector, focus has been particularly placed on the residential properties segment. The average selling price of residential properties increased from RMB8,415 per sq.m. in 2011 to RMB15,259 per sq.m. in 2017, representing a CAGR of 10.4%.

The residential property market in Nanjing in the past few years has been shifted to the previously sububan area. The more remote areas of Nanjing had garnered increasing strength with improved transportation and assumed a major role as the next important residential property market in Nanjing.

Affected by the macro-control measures undertaken by the PRC and the municipal government of Nanjing in 2016 and 2017, the GFA of residential properties sold declined from 14.1 million sq.m. in 2016 to 12.1 million sq.m. in 2017. The total sales of residential properties also recorded a decline from RMB251.4 billion in 2016 to RMB184.5 billion in 2017.

Since the old urban districts of Nanjing are already well-developed, available land for property development in these districts has become limited in the past few years. According to China Index Academy, total land sales for the core areas of Nanjing accounted for approximately 18% of total consideration of land sales in 2017.

The table below sets out key statistics related to the residential property market of Nanjing for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
GFA of residential properties sold (million sq.m.)	6.8	8.8	11.4	11.2	14.3	14.1	12.1	10.0%
Total sales of residential properties (RMB' billion)	57.3	84.8	126.6	123.3	160.9	251.5	184.5	21.5%
ASP of residential properties (RMB per sq.m.)	8,415	9,675	11,078	10,964	11,260	17,884	15,259	10.4%
Total site area sold (million sq. m.)	4.5	4.4	5.2	6.8	4.5	5.5	5.7	4.2%
Average accommodation value — commodity properties (RMB per sq.m.)	3,030	3,814	5,939	4,351	7,172	14,105	11,796	25.4%

Source: Nanjing Statistics Bureau

Suzhou

Suzhou is a major economic center and focal point of trade and commerce and the largest city in the Jiangsu Province in terms of both GDP and population. Suzhou occupies a total land area of approximately 8,488.4 million sq.m. and had a population of approximately 10.7 million as of December 31, 2017.

Suzhou experienced continuous economic growth and its nominal GDP increased from RMB1,071.7 billion in 2011 to RMB1,732.0 billion in 2017, representing a CAGR of 8.3%. Disposable income of urban households per capita increased from RMB33,243 in 2011 to RMB58,806 in 2017, representing a CAGR of 10.0%.

The table below sets out selected economic statistics of Suzhou for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Population (million)	10.5	10.5	10.6	10.6	10.6	10.6	10.7	0.3%
Nominal GDP (RMB' billion)	1,071.7	1,201.2	1,297.0	1,376.1	1,450.4	1,547.5	1,732.0	8.3%
Real GDP growth rate (%)	12.0%	10.1%	9.6%	8.3%	7.5%	7.5%	7.1%	8.9%*
GDP per capita (RMB)	102,129	114,029	123,209	129,925	136,702	145,556	162,113**	8.0%
Per capita disposable income (RMB)	33,243	37,531	41,143	46,677	50,390	54,341	58,806	10.0%

Source: Suzhou Statistics Bureau
*Note: * is the arithmetic mean. ** estimated by Savills*

Real estate investment in Suzhou increased from RMB119.9 billion in 2011 to RMB228.8 billion in 2017, representing a CAGR of approximately 11.4%. The average selling price of residential properties increased steadily from RMB9,028 per sq.m. in 2011 to RMB15,415 per sq.m. in 2017, representing a CAGR of 9.3%.

The table below sets out certain selected statistics relating to the residential property market in Suzhou for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR *(%)*
GFA of residential properties sold (million sq.m.)	9.8	12.6	16.3	14.5	19.4	22.6	16.9	9.4%
ASP of residential properties (RMB per sq.m.)	9,028	8,980	9,479	9,639	10,335	13,596	15,415	9.3%
Total site area sold (million sq. m.)	9.6	9.5	12.4	7.7	9.0	8.9	9.6	-0.1%
Average accommodation value — commodity properties (RMB per sq.m.)	2,899	1,969	3,038	2,778	4,208	9,447	8,218	19.0%

Source: Suzhou Statistics Bureau

Wuxi

Wuxi is located in southeast Jiangsu Province covering an area of 4,800 sq. km. With a population of 6.6 million in 2017, the city is an important commercial and hi-tech industrial hub in the Yangtze River Delta Region. From 2011 to 2017, Wuxi's nominal GDP grew from RMB688.0 billion to RMB1,051.2 billion, representing a CAGR of 7.3% and ranking third within the Jiangsu Province and fourteenth across all cities in China.

The table below sets out selected economic statistics of Wuxi for the periods indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR *(%)*
Population (million)	6.4	6.5	6.5	6.5	6.5	6.5	6.6	0.3%
Nominal GDP (RMB' billion)	688.0	756.8	777.0	820.5	851.8	921.0	1,051.2	7.3%
Real GDP growth rate (%)	11.6%	10.1%	9.3%	8.2%	7.1%	7.5%	7.4%	8.7%*
GDP per capita (RMB)	107,437	117,357	120,007	126,389	130,938	141,258	160,700	6.9%
Per capita disposable income (RMB)	31,638	35,663	38,999	41,731	45,129	48,628	52,659	8.9%

Source: Wuxi Statistics Bureau
*Note: * is the arithmetic mean.*

Real estate investment in Wuxi experienced a steady growth from RMB81.8 billion in 2011 to RMB120.2 billion in 2017 representing a CAGR of 6.6%. Average selling price continued an upward trend and increased to RMB10,580 per sq.m. in 2017, representing a CAGR of 4.6% years from 2011 to 2017.

The table below sets out certain selected statistics relating to the residential property market in Wuxi for the periods indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
GFA of residential properties sold (million sq.m.)	5.3	7.8	7.8	7.6	8.7	11.7	10.2	11.4%
ASP of residential properties (RMB per sq.m.)	8,065	7,741	7,448	7,198	7,575	8,562	10,580	4.6%
Total site area sold (million sq. m.)	5.7	5.5	6.6	3.4	1.1	2.4	3.9	-6.0%
Average accommodation value — commodity properties (RMB per sq.m.)	2,299	1,451	1,693	1,528	1,407	7,974	6,251	18.1%

Source: Wuxi Statistics Bureau

Nantong

Nantong is a fast-growing coastal city in close proximity to Shanghai, and strategically located along the northern bank of the Yangtze River and a key port and economic center in the Jiangsu province. Nantong Port is the third largest inland river port in China. The GDP of Nantong has increased steadily from RMB408.0 billion in 2011 to RMB773.5 billion in 2017, representing a CAGR of 11.2% and ranking fourth within Jiangsu province and eighteenth across all cities of China.

The table below sets out selected economic statistics of Nantong for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Population (million)	7.3	7.3	7.3	7.3	7.3	7.3	7.3	0.04%
Nominal GDP (RMB' billion)	408.0	455.9	515.0	565.3	614.8	676.8	773.5	11.2%
Real GDP growth rate (%)	12.1%	11.8%	11.8%	10.5%	9.6%	9.3%	7.8%	10.4%*
GDP per capita (RMB)	56,005	62,506	70,572	77,457	84,236	92,702	105,881	11.2%
Per capita disposable income (RMB)	24,757	27,912	30,641	33,374	36,291	39,247	42,756	9.5%

Source: Nantong Statistics Bureau
*Note: * is the arithmetic mean*

Real estate investment in Nantong increased at a CAGR of 12.1% from RMB30.7 billion in 2011 to RMB61.0 billion in 2017. The table below sets out certain selected statistics relating to the residential property market in Nantong for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR *(%)*
GFA of residential properties sold (million sq.m.)	4.8	6.3	9.4	8.4	8.6	11.2	N/A	18.4%**
Average price of residential properties (RMB per sq.m.)	5,604	5,458	5,260	4,906	5,192	6,612	N/A	3.4%**
Total site area sold (million sq. m.)	12.5	14.1	16.6	11.7	10.1	6.8	6.7	-9.8%
Average accommodation value — commodity properties (RMB per sq.m.)	859	996	1,226	1,387	1,311	1,978	3,075	23.7%

Source: Nantong Statistics Bureau
*** refers to CAGR from 2011 to 2016. N/A refers to data not available.*

Changzhou

Changzhou is situated in the southern part of Jiangsu Province with an area of approximately 4,385 sq.km. The city is one of the major manufacturing bases in the Yangtze River Delta, the fifth largest economy in Jiangsu Province in terms of GDP. From 2011 to 2017, Changzhou's nominal GDP grew from RMB358.1 billion to RMB662.2 billion, representing a CAGR of 10.8%.

The table below sets out selected economic statistics of Changzhou for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR *(%)*
Population (million)	4.6	4.7	4.7	4.7	4.7	4.7	4.7	0.2%
Nominal GDP (RMB' billion)	358.1	397.0	445.0	490.2	527.3	577.4	662.2	10.8%
Real GDP growth rate (%)	12.2%	11.5%	10.9%	101.%	9.2%	8.5%	8.1%	10.1%*
GDP per capita (RMB)	77,485	85,040	94,895	104,423	112,221	122,721	140,517	10.4%
Per capita disposable income (RMB)	29,829	33,587	36,946	39,483	42,710	46,058	49,955	9.0%

Source: Changzhou Statistics Bureau
*Note: * is the arithmetic mean*

Real estate market of Changzhou has undergone a consolidation period from 2014 to 2016 as investment declined in three consecutive years, and recovered in 2017 with investment in real estate increased 7.2% y-o-y to RMB47.9 billion. The residential property market of Changzhou however recorded a significant increase in sales volume to 8.1 million sq.m. in 2016, and the upward trend continued in 2017 with total GFA sold slightly increased to 8.3 million sq.m..

The table below sets out certain selected statistics relating to the residential property market in Changzhou for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
GFA of residential properties sold (million sq.m.)	6.0	6.6	7.7	6.7	6.7	8.1	8.3	5.5%
Average price of residential properties (RMB per sq.m.)	6,269	6,516	6,575	6,167	6,240	7,143	N/A	2.6%**
Total site area sold (million sq. m.)	7.1	7.5	7.3	5.2	6.0	3.2	3.6	-10.5%
Average accommodation value — commodity properties (RMB per sq.m.)	1,744	1,624	1,702	1,757	1,968	1,911	4,529	17.2%

Source: Changzhou Statistics Bureau
*Note: N/A refers to data not available. ** refers to CAGR from 2011 to 2016.*

Hefei

Located in the center of Anhui Province and in the middle reaches of Yangtze River, Hefei is the capital and the largest city of Anhui Province in Eastern China with an area of 11,434.25 sq. km. Hefei has a resident population of 8.0 million as at the end of 2017. Nominal GDP of Hefei increased from RMB363.7 billion in 2011 to RMB721.3 billion in 2017, representing a CAGR of 12.1%. Disposable income of urban households per capita increased from RMB22,459 in 2011 to RMB37,972 in 2017, representing a CAGR of 9.1%.

The table below sets out selected economic statistics of Hefei for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Population (million)	7.5	7.6	7.6	7.7	7.8	7.9	8.0	1.0%
Nominal GDP (RMB' billion)	363.7	416.4	468.4	518.1	566.0	627.4	721.3	12.1%
Real GDP growth rate (%)	15.4%	13.6%	11.5%	10.0%	10.5%	9.8%	8.5%	11.3%*
GDP per capita (RMB)	48,540	55,182	61,701	67,689	73,102	80,136	90,564**	11.0%
Per capita disposable income (RMB)	22,459	25,434	28,083	29,348	31,989	34,852	37,972	9.1%

Source: Hefei Statistics Bureau
*Note: * is the arithmetic mean ** estimated by Savills*

Real estate investment in Hefei grew from RMB89.0 billion in 2011 to RMB155.7 billion in 2017, representing a CAGR of 9.8%. The residential property market of Hefei has been growing steadily with average selling price also continued an upward trend from RMB5,608 per sq.m. in 2011 to RMB11,442 per sq.m. in 2017, representing a CAGR of 12.6%.

The table below sets out certain selected statistics relating to the residential property market in Hefei for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
GFA of residential properties sold (million sq.m.)	10.6	11.2	14.5	13.3	12.9	17.1	9.6	-1.6%
ASP of residential properties (RMB per sq.m.)	5,608	5,754	6,084	6,858	7,512	9,312	11,442	12.6%
Total site area sold (million sq. m.)	3.2	5.6	7.6	5.6	5.2	6.4	5.7	10.2%
Average accommodation value — commodity properties (RMB per sq.m.)	1,614	1,658	2,036	2,857	3,441	7,738	6,827	27.2%

Source: Hefei Statistics Bureau

Chuzhou

Chuzhou is a prefecture-level city located at eastern Anhui province and neighboring Nanjing, with a population of 4.1 million and an area of 13,500 sq. km. It is the largest city of Nanjing One-hour Metropolitan Region in terms of land area, and is included as a national demonstration zone for undertaking industry transfers in the Wanjiang City Belt.

The table below sets out selected economic statistics of Chuzhou for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
Population (million)	3.9	3.9	4.0	4.0	4.0	4.0	4.1	0.6%
Nominal GDP (RMB' billion)	85.0	97.1	111.2	121.4	130.6	142.3	160.8	11.2%
Real GDP growth rate (%)	14.0%	13.1%	11.1%	9.4%	9.9%	9.2%	9.0%	10.8%*
GDP per capita (RMB)	21,634	24,650	28,136	30,562	32,634	35,361	N/A	10.3%**
Per capita disposable income (RMB)	16,059	18,308	20,248	22,091	24,168	26,286	28,612	10.1%

Source: Chuzhou Statistics Bureau
*Note: * is the arithmetic mean.*

Real estate investment in Chuzhou increased at a CAGR of 16.4% from RMB17.2 billion in 2011 to RMB42.7 million sq.m. in 2017. Average selling price of residential properties in Chuzhou increased at 30.3% y-o-y to RMB5,711 per sq. m., representing a CAGR of 7.1% from 2011 to 2017.

The table below sets out certain selected statistics relating to the residential property market in Chuzhou for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR (%)
GFA of residential properties sold (million sq.m.)	2.6	3.0	4.2	4.4	5.2	6.0	8.3	21.4%
ASP of residential properties (RMB per sq.m.)	3,785	3,904	4,042	4,042	4,070	4,384	5,711	7.1%
Total site area sold (million sq. m.)	2.6	3.3	9.0	4.7	5.7	4.0	5.4	12.7%
Average accommodation value — commodity properties (RMB per sq.m.)	779	558	423	485	683	1,188	2,267	19.5%

Source: Chuzhou Statistics Bureau
** refers to CAGR from 2011 to 2016*

THE SHOPPING CENTER MARKETS[1] OF SELECTED CITIES IN JIANGSU PROVINCE

Nanjing

Supply & Demand

Shopping centers have replaced department stores as the dominant retail offering in Nanjing since 2009, and currently have a total area of approximately over 2.8 million sq. m., of which a total of 17 shopping centers with an aggregate area of over 1.2 million sq. m. are prime shopping centers which target mid- and upscale markets. Based on the number of confirmed or ongoing construction projects to be completed in the following three years, it is expected that there will be an addition of 17 shopping centers covering a total area of approximately over 1.5 million sq. m. in 2018. Of these existing shopping centers, less than half are situated in the traditional retail areas, i.e. Xinjiekou and Hunan Road in Gulou District, and Confucius Temple in Qinhuai District, while over half are located in emerging retail districts such as Xinjiangdong and Hexi CBD in Jiangye District, Lake Baijia in Jiangning District and Jiangbei New Area formed by Pukou District, Luhe Central Business District and part of Qixia District. Major growth drivers for shopping centers in Nanjing include the robust economic growth in Nanjing, and the continued urbanization process of Nanjing, which helped create a sustainable growth of emerging suburban retail areas.

Price

Rents for prime shopping centers in Nanjing, as indicated by first-floor rents, ranged from RMB33.6 per sq. m. per day in Xinjiekou, RMB20.7 per sq. m. per day in Confucius Temple to RMB10.3 per sq. m. per day in

1 Shopping center in Asia Pacific Region is defined by International Council of Shopping Centers (ICSC) and adopted in the Savills Report as "a group of retail and other commercial establishments that is planned, developed and managed as a single property, comprising commercial multi-branded rental units and common areas". A shopping center will have a minimum Retail Net Leaseable Area of 20,000 sq. ft. In the context of China and for the purpose of analysis, the shopping center market in China comprises properties which:

- conform to definition set by ICSC
- deliver convenient and fashion- and service-oriented offerings to its trade area, with comprehensive features such as supermarkets, fashion, dining, entertainment, healthcare and education;
- are developed as purpose-built and centrally managed scheme with a GFA of no less than 20,000 sq.m.; and
- include general purpose centers as differentiated by size and typical anchor tenants; and special purpose centers that encompass schemes such as outlet centers.

Hunan Road. In emerging districts, first floor prime retail rents ranged from RMB12.0 per sq. m. per day in Xinjiangdong and RMB6.5 per sq. m. per day in Hexi (CBD) in Jiangye District. First floor prime retail rents in other emerging areas such as Lake Baijia and Jiangbei New Area were committed at approximately RMB8.2 per sq. m. per day in 2017.

Changzhou

Supply & Demand

Shopping centers market have been widely developed and replaced department stores as the dominant retail format for the past eight years since 2011 in Changzhou. Currently there have at least 39 complexes covering a total of approximately over 4.26 million sq. m. Based on the number of confirmed or ongoing construction projects to be completed in the following two years, it is expected that there will be an addition of 11 shopping centers covering a total area of approximately 1.2 million sq. m. up to 2019. The principal retail areas in Changzhou are located in Tianning District, Wujin District and Xinbei District. Of these existing shopping centers, approximately 68.6% of retail area are situated in these three traditional retail areas.

Price

Rents for shopping centers in Changzhou, as indicated by first-floor rents, ranged from RMB14.8 per sq. m. per day in prime Xinbei District and prime Tianning District, RMB8.5 per sq. m. per day in Wujin District to RMB3.6 per sq. m. per day in Zhonglou District.

THE HOTEL MARKET OF SELECTED CITIES IN JIANGSU PROVINCE

Nanjing

Nanjing's hospitality industry has witnessed a continuous boom along with economic development, as evidenced by the growth of domestic tourism revenue from RMB84.5 billion in 2011 to RMB151.9 billion in 2016, representing a CAGR of 12.4%. At the end of 2017, there were 21 certified 5-star hotels providing approximately 7,536 rooms, and at least 11 international-branded hotels providing approximately 3,405 rooms in Nanjing. It is estimated that at least six new upscale hotels with an aggregate supply of 1,498 guestrooms will open between 2018 and 2020. The new supply of hotels, substantially all of which are expected to be mixed-use projects, will continue to change the landscape of Nanjing's hospitality market and provide a boost to the respective sectors. Additionally, a number of new upscale hotels are scheduled to open in new business areas such as Hexi CBD in Jianye District or Pukou and Jiangning District, and remote areas featuring wetland and natural life encounters.

The demand in the hotel industry in Nanjing is mainly driven by both business travel and tourism and MICE (Meetings, Incentives, Conferences and Exhibitions) travel segments. It is anticipated that the business and MICE travel segment will continue to remain strong, underpinned by the growth of core industries in Nanjing; and the change in accommodation preferences and acquired taste for high quality services and unique living experience from leisure travelers will present opportunities for hoteliers in Nanjing to reach for new customers.

Wuxi

Wuxi's hotel industry has been one of the strongest among various servicing sectors in Wuxi, as the city is one of the leading destinations for domestic tourisms. The Taihu National Vacation and Holiday Tourist Resort is one of the most popular State-level tropical holiday resorts in China, and is well-known for its upscale hotels. At the end of 2017, there were 13 certified 5-star hotels providing approximately 4,201 rooms in Wuxi. In addition, at least 9 international-branded hotels have made their presence in Wuxi, providing approximately 3,032 guest rooms in aggregate in both resorts and business areas in Wuxi.

Leisure demand, as indicated by both inbound visitor arrivals and tourism receipts, is the major driving force for the growth of tourism and hotel market of Wuxi. Domestic visitors increased at a CAGR of 8.2% from 57.3 million in 2011 to 91.8 million in 2017. Total tourism receipts increased 12.1% year-over-year to RMB 174.3 billion in 2017. It is expected that the MICE travel segment in Wuxi will maintain a steady growth pace, and help boost the hotel market in Wuxi.

MARKET COMPETITION CONCERNING US

Unlike other developers which target to expand their businesses across the nation, we mainly focus on the real estate market in Nanjing and the Yangtze River Delta City Cluster, where we have accumulated experience and market reputation over the past years. Subsequently, we have a more in-depth understanding of the local markets as compared to our peers and benefit from a comprehension of government directives and initiatives and the aspiration of our customers to their home requirements.

Of the GFA of properties sold by the top 100 developers in Nanjing in 2017, the top 10 developers accounted for 35.0% of the GFA of properties sold. Among such top 100 developers, Nanjing Redsun, a wholly owned subsidiary of us, ranked third with a market share of 3.7%. The tables below sets forth information relating to the GFA of properties sold by, the contracted sales and the market shares (in terms of the GFA of properties sold and the total sales revenue from contracted sales by the top 100 developers in Nanjing) of the top 10 developers in Nanjing in 2017.

Top 10 Real Estate Developer by GFA Sold of Residential Properties in Nanjing

	Company	GFA of properties sold *(sq.m.)*	Market Share *(%)*
1.	Company A	404,014	6.0%
2.	Company B	320,354	4.8%
3.	Red Sun Properties Group Limited	249,514	3.7%
4.	Company C	226,524	3.4%
5.	Company D	214,661	3.2%
6.	Company E	207,416	3.1%
7.	Company F	190,727	2.9%
8.	Company G	184,556	2.8%
9.	Company H	173,746	2.6%
10.	Company I	166,696	2.5%

Source: CREIS, compiled by Savills

According to the CREIS China Index database covering various cities in Jiangsu and Anhui Province in which the Company operates, the Company ranked eighteenth in a total of 11 cities in Jiangsu and Anhui province in 2017 in terms of residential GFA sold. The table below sets forth information relating to the GFA of properties sold and the market shares (in terms of the GFA of properties sold by the top 100 developers) of the top 10 developers in these 11 cities in Jiangsu and Anhui province in 2017.

Top 10 Real Estate Developer by GFA Sold of Residential Properties in 11 Cities of Jiangsu and Anhui province

Company		GFA of properties sold *(sq.m.)*	Market Share *(%)*
1.	Company C	2,160,803	6.2%
2.	Company J	1,738,480	5.0%
3.	Company F	1,662,651	4.7%
4.	Company H	1,528,480	4.4%
5.	Company I	1,073,227	3.1%
6.	Company K	890,583	2.5%
7.	Company E	740,721	2.1%
8.	Company A	719,777	2.1%
9.	Company L	698,924	2.0%
10.	Company B	696,826	2.0%
18	Red Sun Properties Group Limited	428,653	1.2%

Source: CREIS, compiled by Savills

This section sets forth a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate.

REGULATIONS ON THE ESTABLISHMENT OF REAL ESTATE ENTERPRISES

Establishment of a Real Estate Development Enterprise

According to the *Law of the People's Republic of China on Urban Real Estate Administration* (中華人民共和國城市房地產管理法) (the "Urban Real Estate Law") promulgated by the Standing Committee of the National People's Congress (中華人民共和國全國人大常委會) (the "SCNPC"), effective on January 1, 1995, amended on August 30, 2007, and August 27, 2009, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the *Regulations on Administration of Development and Operation of Urban Real Estate* (城市房地產開發經營管理條例) (the "Development Regulations") promulgated and implemented by the State Council on July 20, 1998, and amended on January 8, 2011, the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfill the following requirements: 1) its registered capital shall be RMB1 million or above; and 2) it shall have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate.

However, *the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment* (關於調整固定資產投資項目資本金比例的通知) issued by the State Council on May 25, 2009 has reduced the requirement on the minimum capital for Social Welfare Housing and general commercial residence from 35% to 20%, while the requirement on the minimum capital for other real estate projects has been reduced to 30%. Under the *Notice on Adjusting and Perfecting the System of Capital Fund for Fixed Assets Investment* (國務院關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on September 9, 2015, the minimum portion of capital funding for Social Welfare Housing and general commercial residence maintained at 20%, while the minimum portion of capital funding for other real estate projects has been reduced from 30% to 25%.

Foreign-Invested Real Estate Enterprises

On June 28, 2017, the Ministry of Commerce of the PRC (中華人民共和國商務部) (the "MOFCOM") and the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) (the "NDRC") promulgated the *Catalog of Industries for Guiding Foreign Investment (2017 Revision)* (外商投資產業指導目錄(2017年修訂)), or the Catalog 2017, which took effect on July 28, 2017. The Catalog 2017 re-classifies the encouraged items subject to limitations on ownership of category, the negative list for the access of foreign investments, and applies unified restrictive measures. In addition, 11 items are removed from the Catalog 2017 as the same restrictions apply to both foreign and domestic investments in these items, including, for example, the construction and operation of large-scale theme parks and the construction of villas and golf courses.

On July 11, 2006, the Ministry of Construction (中華人民共和國建設部), MOFCOM, the NDRC, the People's Bank of China (中國人民銀行) (the "PBOC"), the State Administration for Industry and Commerce (國家工商行政管理總局) (the "SAIC") and the State Administration of Foreign Exchange (國家外匯管理局) (the

"SAFE") jointly promulgated *Opinions on Regulating the Entry and Administration of Foreign Capital into the Real Estate Market* (關於規範房地產市場外資准入和管理的意見) (the "Opinions"), which provides, that: (i) foreign organizations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in China; while branches of foreign organizations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an operation term of one year only after they have paid back all the land premium and obtained the state-owned land use rights certificate; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies.

On August 19, 2015, Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部)("MOHURD"), MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated *Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market* (關於調整房地產市場外資准入和管理有關政策的通知) (the "Circular"). Pursuant to the Circular, the ratio of registered capital to total investment of foreign invested real estate companies shall be subject to the *Tentative Regulations of the State Administration for Industry and Commerce on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures* (國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定) that a foreign invested real estate company must fully pay its registered capital before applying for domestic or foreign loans, or settlement of foreign exchange loans has been canceled.

On June 18, 2008, MOFCOM issued *the Circular on Properly Handling the Filing of Foreign Investment in the Real Estate Industry* (關於做好外商投資房地產業備案工作的通知) ("No. 23 Circular"), which has become effective on July 1, 2008. According to the No. 23 Circular the registration shall be preliminarily examined by the provincial branch of the MOFCOM before submitting to the MOFCOM for registration.

On November 6, 2015, MOFCOM and SAFE jointly promulgated the *Circular of the Ministry of Commerce and the State Administration of Foreign Exchange on Further Improving the Registration of Foreign Investments in Real Estate* (商務部、外匯局關於進一步改進外商投資房地產備案工作的通知) which has simplified the administrative procedures for foreign invested real estate companies. According to the circular, the local departments shall approve the establishment and changes of foreign-invested real estate enterprises in accordance with the laws and statutes concerning foreign investment, and provide information on real estate projects in the foreign investment information system of MOFCOM.

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

Qualification of a Real Estate Developer

Classification of a real estate enterprise' Qualification

Under the Development Regulations, a real estate developer must file its establishment to competent department of real estate development of the place where the registration authority is located within 30 days from the date of obtaining Business License. The real estate development authorities shall examine applications for classification of a real estate developer's qualification by considering its assets, professional personnel and industrial achievements. A real estate enterprise shall only engage in real estate development projects in compliance with its approved qualification.

Under the *Provisions on Administration of Qualifications of Real Estate Development Enterprises* (房地產開發企業資質管理規定) (the "Provisions on Administration of Qualifications") promulgated by the Ministry of Construction of PRC and implemented on March 29, 2000 and amended on May 4, 2015, a real estate developer shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of real estate without a qualification classification certificate for real estate development.

In accordance with the Provisions on Administration of Qualifications, qualifications of a real estate enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualification shall be subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council and there is no limitation on the construction scale for an enterprise who holds a class 1 qualification. Procedures for approval of developers of class 2 or lower classes shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government and the GFA of each project developed by an enterprise who holds a class 2 or lower qualification shall not exceed 250,000 sq. m. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established real estate developer, after it reports its establishment to the real estate development authority, the latter shall issue the Provisional Qualification Certificate (《暫定資質證書》) to the eligible developer within 30 days. The Provisional Qualification Certificate is effective for 1 year from its issuance while the real estate development authority may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The real estate developer shall apply for qualification classification by the real estate development authority within 1 month before the expiry of the Provisional Qualification Certificate.

REGULATIONS ON LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS

Land Grants

On April 12, 1988, the National People's Congress of China (the "NPC") passed an amendment to the *Constitution of the PRC* (中華人民共和國憲法). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. On December 29, 1988, the SCNPC also amended the *Land Administration Law of the PRC* (中華人民共和國土地管理法) to permit the transfer of land use rights for value.

Under the *Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land-Use Rights of State-owned Urban Land* (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "Provisional Regulations on Grant and Transfer") promulgated by the State Council on May 19, 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay land premium to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Development Regulations provide that the land use right for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the *Regulations on the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale* (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the Ministry of Land and Resources (中華人民共和國國土資源部) (the "MLR") on May 9, 2002 and implemented on July 1, 2002 and revised on September 28, 2007 with the name *Regulations on the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale* (招標拍賣掛牌出讓國有建設用地使用權規定) effective on November 1, 2007 (the "Land Grant Regulations"), land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

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

On June 11, 2003, the MLR promulgated the *Regulations on the Grant of State-owned Land Use Rights by Agreement* (協議出讓國有土地使用權規定). According to this regulation, if there is only one party interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commodity residential properties) may be assigned by way of agreement. If two or more parties are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction and listing-for-sale.

According to the *Notice of the MLR on Relevant Issues Concerning the Strengthening the Examination and Approval of Land Use in Urban Construction* (關於加強城市建設用地審查報批工作有關問題的通知) promulgated by the MLR on September 4, 2003, from the day of issuance of the Notice, the grant of land use rights for luxurious commodity houses shall be stringently controlled, and applications for land use rights to build villas shall be stopped. According to the *Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Project (2012 Edition)* (關於印發<限制用地項目目錄(2012年本)>和<禁止用地項目目錄(2012年本)>的通知) promulgated by the MLR and NDRC on May 23, 2012, the granted area of the residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which is not lower than 1.0.

The Measures on the Administration of Reserved Land (土地儲備管理辦法), promulgated by MLR, Ministry of Finance (the "MOF"), the PBOC and the CBRC on January 3, 2018, define "reserved land" and stipulate the administrative, regulatory and implementing procedures involved with the planning, standard, development, management and protect, supply and capital expenditure of reserved land.

Development of a real estate project

Commencement of real estate project and regulations with respect to idle land

Under the *Urban Real Estate Law*, those who have been granted the land use rights must develop the land in accordance with the use and construction period as prescribed by the land use right grant contract. Pursuant to the *Measures on Disposal of Idle Land* (閒置土地處置辦法) promulgated by the MLR on April 28, 1999, amended on June 1, 2012 and implemented on July 1, 2012, the land can be defined as idle land under any of the following circumstances:

(i)development and construction of the state-owned idle land is not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or

(ii) the development and construction of the state-owned idle land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

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

The Notice on Strengthening the Disposing of Idle Land (關於加大閒置土地處置力度的通知) issued by the MLR on September 8, 2007 emphasizing that the disposal of idle land shall be speeded up. The land regulatory authority may impose an idle land penalty of up to 20% of the land premium; the land regulatory authority shall reclaim the idle land without compensation as required by the relevant regulations. For land that becomes idle as a result of illegal approval, such land shall be reclaimed before the end of 2007.

Planning of a real estate project

Under the *Regulation on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area* (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a real estate developer shall apply for a construction land planning permit (建設用地規劃許可證) from the municipal planning authority. The SCNPC promulgated the *Urban and Rural Planning Law of PRC* (中華人民共和國城鄉規劃法) on October 28, 2007 and amended on April 24, 2015, pursuant to which, a construction works planning permit (建設工程規劃許可證) must be obtained from relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

After obtaining the construction works planning permit, a real estate developer shall apply for a construction works commencement permit (建設工程施工許可證) from the construction authority under the local people's government at the county level or above in accordance with the *Measures for the Administration of Construction Permit for Construction Projects* (建築工程施工許可管理辦法) promulgated by MOHURD on June 25, 2014 and implemented on October 25, 2014.

In accordance with the *Regulations on Administration of Development and Operation of Urban Real Estate* (城市房地產開發經營管理條例) promulgated by State Council on July 20, 1998 and amended on January 8, 2011, the *Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure* (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD on April 7, 2000 and amended on October 19, 2009 and the *Rules for the Confirmation of the Completion of Building Construction and Municipal Infrastructure Projects* (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by MOHURD implemented on December 2, 2013, after the completion of construction of a project, the real estate development enterprise must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities.

REGULATIONS ON REAL ESTATE TRANSFER AND SALE

Sale of Commodity Buildings

Under the *Regulatory Measures on the Sale of Commodity Buildings* (商品房銷售管理辦法) (the "Regulatory Measures") promulgated by the Ministry of Construction on April 4, 2001 and implemented on June 1, 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

Permit of Pre-sale of Commodity Buildings

According to the *Measures for Administration of Pre-sale of Commodity Buildings* (城市商品房預售管理辦法) (the "Pre-sale Measures") promulgated by the Ministry of Construction on November 15, 1994 and amended on August 15, 2001 and July 20, 2004 respectively, any pre-sale of commodity buildings is subject to specified procedures. If a real estate development enterprise intends to sell commodity buildings in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit. Under the Pre-sales Measures and the Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

Conditions of the sale of post-completion commodity buildings

Under the *Regulatory Measures*, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (i) the real estate development enterprise shall have a business license and a qualification certificate of a real estate developer; (ii) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (iii) the enterprise shall have the construction works planning permit and construction works commencement permit; (iv) the building shall have been completed, inspected and accepted as qualified; (v) the relocation of the original residents shall have been well completed; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other supplementary essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; (vii) the real property management plan shall have been completed. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority.

Notices on Accelerating a Stable and Healthy Development in the Real Estate Market

On January 7, 2010, the General Office of the State Council issued A *Notice on Accelerating a Stable and Healthy Development in the Real Estate Market* (關於促進房地產市場平穩健康發展的通知), which stipulates:

(i) Increase the effective supply of security housing and common commercial housing.

(ii) Reasonably steer housing consumption and suppress speculative house purchasing demand.

(iii) Strengthen risk prevention and market supervision.

(iv) Quicken the security Comfort Housing Project construction.

On April 17, 2010, the State Council issued the *Notice on Restraining Resolutely Over-rise of Housing Prices in Some Cities* (關於堅決遏制部分城市房價過快上漲的通知), which requires that:

(i) Each district and each department practically implement their duty to stabilize property prices and residential housing guarantees.

(ii) Unreasonable housing demands should be strictly restricted and stricter differentiating credit policies should be implemented.

The *Provisions on Sales of Commodity Properties at Clearly Marked Price* (商品房銷售明碼標價規定) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency ("real estate operators") is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate development projects that have received property pre-sale permit or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

On February 26, 2013, the General Office of the State Council issued a *Circular on Continuing the Regulation of Real Estate Market* (關於繼續做好房地產市場調控工作的通知) which requires, among other restrictive measures:

(i) Firmly restraining purchases of residential housing for investment and speculation purposes. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20% individual income tax on home sale profits;

(ii) Expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years.

On September 24, 2015, PBOC and CBRC jointly issued *the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving the Relevant Issues concerning the Differential Housing Credit Policy* (中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知), which provides that in cities where "property purchase control measures" are not implemented the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25%.

According to *the Notice on Certain Matters Concerning Individual Housing Loan Policies* (關於個人住房貸款政策有關問題的通知), promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and effective on the same date, and *the Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing* (關於調整個人住房轉讓營業稅政策的通知) promulgated by MOF and SAT on March 30, 2015 and effective on March 31, 2015 (collectively, the "330 New Policy"), where a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40%. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower's credit record and financial condition.

For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first house, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price. In addition, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

On February 1, 2016, PBOC and CBRC jointly issued *The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loans Policies* (關於調整個人住房貸款政策有關問題的通知) which provides that in cities where property purchase control measures are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% by local authorities. For existing residential property household owners which have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%.

Notice on Adjusting the Preferential Policies on Deed Tax and Business Tax During Real Estate Transactions (關於調整房地產交易環節契稅、營業稅優惠政策的通知) was jointly promulgated by MOF, SAT and MOHURD on February 17, 2016 and implemented on February 22, 2016. The business tax policy subject to the notice are as follows: when an individual sells his/her house to an external party within the two-year period from the purchase, he/she shall pay the full amount of business tax; when an individual sells his/her house to an external party after two years (including the second anniversary) from the purchase, he/she is exempted from paying business tax.

Mortgage on real estate

Under the *Urban Real Estate Law*, the *Guarantee Law of the People's Republic of China* (中華人民共和國擔保法) promulgated by the SCNPC on June 30, 1995 and implemented on October 1, 1995, and the *Measures on the Administration of Mortgages of Real Estate in Urban Areas* (城市房地產抵押管理辦法) issued by the Ministry of Construction on May 9, 1997, effective on June 1, 1997 and amended on August 15, 2001, when a mortgage is created on a building legally obtained, a mortgage shall be simultaneously created on the land use rights of the land on which the building is situated. When the land use rights of State-owned land acquired through means of grant are being mortgaged, the buildings on the land shall also be mortgaged at the same time. The land use rights of town and village enterprises cannot be mortgaged. When buildings owned by town and village enterprises are mortgaged, the land use rights occupied by the buildings shall also be mortgaged at the same time. The mortgager and the mortgagee shall sign a mortgage contract in writing.

Lease of buildings

Pursuant to the *Administrative Measures for Commodity Housing Leasing* (商品房屋租賃管理辦法) promulgated on December 1, 2010 and effective as of February 1, 2011, the parties to a real estate lease shall apply for lease registration with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the lease contract is signed. There will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

New property law

On March 16, 2007, the 5th Session of the 10th NPC adopted the *Property Rights Law of the People's Republic of China* (中華人民共和國物權法) (the "New Property Law"), which took effect on October 1, 2007.

There are various clauses in the *New Property Law* to strengthen the protection on the rights of the house owners: (i) Article 89 of the *New Property Law* requests that "the construction of a building shall not violate the relevant provisions of the State on project construction, nor obstruct the air circulation, sunlight or daylight of any neighboring building." This clause protects house owners' right to enjoy sunlight and prevents house developers from illegal constructions; (ii) Article 81 of the *New Property Law* grants house owners the right to manage by themselves the building and its ancillary facilities and replace the property management company or any other manager engaged by the house developer. This clause reinforces the independent rights of house owners to manage their own community.

The *New Property Law* further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

Real Estate Registration

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

REGULATIONS ON REAL ESTATE FINANCING

Financing real estate development and acquisition

Pursuant to the *Guidance on Risk Management of Real Estate Loans of Commercial Banks* (商業銀行房地產貸款風險管理指引) issued by the CBRC on August 30, 2004, any real estate developer applying for real estate development loans shall have at least 35 percent of capital required for the development.

On July 29, 2008, PBOC and CBRC jointly issued the *Notice on Promoting Economical and Intensive Use of Land through Finance* (關於金融促進節約集約用地的通知). Banks must provide financial support preferentially to the projects with economical and intensive use of land, such as the development of low-rent housing, economically affordable housing, price-capped housing and small to medium-sized ordinary commercial housing with a total GFA of less than 90 sq.m. The banks are prohibited from granting loans to the property developers for payment of land premium. The Notice emphasizes tightening the policy requirements and management of loans to certain projects, including:

(i) the management of loans for construction projects. The banks are prohibited from providing loans to (i) the projects which do not meet the relevant planning and control requirements, (ii) the projects which have illegal land use and (iii) the projects for which the relevant land falls into the catalog of banned land use projects. Where a loan has already been granted to such a project, it must be gradually recovered provided that necessary protection measures have been taken. A financial institution must exercise caution in granting a loan to the projects which falls into the catalog of restricted land use projects.

(ii) the examination of loans for municipal infrastructures and industrial land use projects.

(iii) the management of loans for rural collective construction land use projects. The banks are prohibited from providing loans to the commercial projects which use rural collective land.

(iv) the management of credit for commercial property development projects.

With respect to loans provided for land reservation in the form of mortgage, a land use rights certificate must be obtained. In addition, the maximum mortgage ratio must not exceed 70% of the appraised value of the underlying collateral and, in principle, the term of loan must not exceed two years. When the relevant land and resource authority confirms that an enterprise has developed less than 1/3 of the site area of land or has invested less than 1/4 of the total investment for the project or hasn't commenced the project after one year from the date of construction commencement as stipulated in the land grant contract, the banks must exercise caution in granting loans to the enterprise and strictly control extended loans or rolling credits to it.

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

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

REGULATIONS ON CONSTRUCTION SAFETY

Under relevant construction safety laws and regulations, including the *Law of the People's Republic of China on Safe Production* (中華人民共和國安全生產法) implemented by the SCNPC on November 1, 2002, and revised on August 31, 2014, the developer shall apply with the relevant supervisory entity on safety for the registration of supervision for work safety in construction before its commencement of construction. Construction without such registration will not be granted construction works commencement permit. Contractors for the construction shall establish objectives and measures for work safety and improve working environment and conditions for workers in a planned and systematic way. A work safety protection scheme shall also be set up to carry out the work safety job responsibility system. At the same time, contractors shall adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

REGULATIONS ON FIRE PREVENTION MANAGEMENT

According to the *Fire Prevention Law of the People's Republic of China* (中華人民共和國消防法) promulgated by the SCNPC on April 29, 1998 and implemented on September 1, 1998, later amended on October 28, 2008 and implemented on May 1, 2009, fire prevention facilities design and works for construction projects shall conform to state's fire prevention technical standards for engineering construction.

Pursuant to *Supervision and Administration of Fire Prevention of Construction Projects* (建設工程消防監督管理規定) promulgated by the Ministry of Public Security of the People's Republic of China (中華人民共和國公安部) on April 30, 2009, implemented on May 1, 2009 and later amended on July 17, 2012 and implemented on November 1, 2012 shall apply to the fire prevention supervision and administration of new construction, expansion, reconstruction (including indoor and outdoor improvement, thermal insulation in buildings and modification of uses) and other construction projects. This provision also specify the procedure and standard for review of fire facilities design and acceptance of fire prevention facilities.

REGULATIONS ON CIVIL AIR DEFENSE PROPERTY

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

REGULATIONS ON ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法), the *Prevention and Control of Noise Pollution Law of the People's Republic of China* (中華人民共和國環境噪聲污染

防治法), the *Environmental Impact Assessment Law of Peoples Republic of China* (中華人民共和國環境影響評價法) the *Administrative Regulations on Environmental Protection of Construction Projects (2017 revision)* (建設項目環境保護管理條例)(2017年修訂) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (建設項目竣工環境保護驗收管理辦法). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

REGULATIONS ON TAXATION

Income Tax

According to the *Enterprise Income Tax Law of the People's Republic of China* (中華人民共和國企業所得稅法)("EIT Law") enacted by the NPC on March 16, 2007 and amended on February 24, 2017, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Furthermore, pursuant to the *EIT Law* and *the Implementation Rules on the Enterprise Income Tax* (企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective on January 1, 2008, a withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. In addition, pursuant to the *Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income* (內地和香港特別行政區關於所得避免雙重徵稅和防止偷漏稅的安排) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the *Notice of the State Administration of Taxation*, or *SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties* (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated on February 20, 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty. One such requirement is that the taxpayer must be the "beneficiary owner" of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the *Notice on How to Understand and Recognize the "Beneficiary Owner" in Tax Treaties* (國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知), or Notice 601, promulgated by SAT on October 27, 2009, narrowed the scope of "beneficiary owners" to individuals, enterprises or other organizations who "normally engage in substantive operations", and introduced various factors to adversely impact the recognition of such "beneficiary owners". On August 27, 2015, SAT issued the *Announcement of the State Administration of Taxation on Promulgation of the*

"Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties" (國家稅務總局關於發佈《非居民納稅人享受稅收協定待遇管理辦法》的公告), effective on November 1, 2015, which applies to entitlement to tax treaty benefits by non-resident taxpayers incurring tax payment obligation in the PRC. According to the Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties, non-resident taxpayers who make their own declaration shall make self-assessment regarding whether they are entitled to tax treaty benefits and submit the relevant reports, statements and materials stipulated in Article 7 of the Measures. Also, all levels of tax authorities shall, through strengthening follow-up administration for non-resident taxpayers' entitlement to tax treaty benefits, implement tax treaties and international transport agreements accurately, and prevent abuse of tax treaties and tax evasion and tax avoidance risks.

Value-added Tax

Pursuant to the *Provisional Regulations on Value-added Tax of the PRC* (中華人民共和國增值稅暫行條例) promulgated on December 13, 1993 and last amended on November 19, 2017 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, and the importation of goods are required to pay value-added tax.

According to the *Interim Administrative Measures on the Management of Levying and Collection of Value-Added Tax on sale of Self-developed Real Estate Project by the Real Estate Developers* (房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法) issued on March 31, 2016 and implemented on May 1, 2016 by SAT, real estate developer shall pay value-added tax for the sales of its self-developed real estate project.

Land Appreciation Tax

In accordance with the requirements of the *Provisional Regulations of the PRC on Land Appreciation Tax* (中華人民共和國土地增值稅暫行條例) (the "Land Appreciation Tax Provisional Regulations") promulgated on December 13, 1993, implemented on January 1, 1994 and amended on January 8, 2011, and the *Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax* (中華人民共和國土地增值稅暫行條例實施細則) (the "Land Appreciation Tax Detailed Implementation Rules") which were promulgated and implemented on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of land use rights and buildings or other facilities on such land, after deducting the deductible items.

Deed Tax

Pursuant to the *Interim Regulations of the People's Republic of China on Deed Tax* (中華人民共和國契稅暫行條例) promulgated by the State Council on July 7, 1997 and implemented on October 1, 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be subject to the payment of deed tax. The rate of deed tax is 3 percent to 5 percent. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the aforesaid range, determine and report their effective tax rates to the MOF and the SAT for record.

Urban Land Use Tax

Pursuant to the *Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas* (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on September 27, 1988, implemented on November 1, 1988 and last amended on December 7,2013, land use tax in respect of urban land is levied according to the area of relevant land.

Building Tax

In accordance with the *PRC Provisional Rules on Real Estate Tax* (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and amended on January 8, 2011 and the *PRC State Council Order 546* (中華人民共和國國務院令2008第546號), for enterprises in PRC, no matter domestic or foreign-invested, the building tax is calculated at the rate of 1.2% on the value of self-owned real estate or at the rate of 12% on rental income derived from real estate.

Stamp Duty

Under the *Interim Regulations of the People's Republic of China on Stamp Duty* (中華人民共和國印花稅暫行條例) promulgated by the State Council on August 6, 1988 and implemented on October 1, 1988 and amended on January 8, 2011, for real estate transfer instruments, including those in respect of real estate ownership transfer, the stamp duty rate shall be 0.05% of the amount stated therein; for permit and certificates relating to rights, including real estate title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

Municipal Maintenance Tax and Education Surcharge

On October 18, 2010, the State Council issued *Notice Issued by the State Council to Unify the Collection of Municipal Maintenance Tax and Education Surcharges on Domestic and Foreign-Invested Enterprises and Individuals* (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) to resume the collection of surtaxes from foreign invested enterprises, foreign enterprises and individuals, effective from December 1, 2010. Similar to the rate applicable to the domestic enterprises, the applicable municipal maintenance tax rate for foreign invested enterprises and foreign enterprises and individuals is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town; the unified applicable education surcharge rate for foreign invested enterprises and foreign enterprises and individuals is 3%.

REGULATIONS ON FOREIGN EXCHANGE REGISTRATION AND FOREIGN CURRENCY EXCHANGE

Foreign currency exchange

Under the *PRC Foreign Currency Administration Rules* (中華人民共和國外匯管理條例) promulgated in January 29, 1996 and revised in January 14, 1997 and August 5, 2008 and various regulations issued by SAFE and other relevant PRC government authorities, RMB is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of RMB into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in RMB. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

Pursuant to *Notice of SAFE on Relevant Issues Relating to Foreign Exchange Control on Offshore Investment, Financing and Round-trip Investments by Domestic Residents Through Special Purpose Vehicles* (the "Circular 37") (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), which was promulgated on July 4, 2014 and implemented on the same date, domestic residents establishing or taking control of a special purpose company abroad which makes round-trip investments in the PRC are required to effect foreign exchange registration with the local foreign exchange bureau. Foreign-invested enterprises established through round-tripping investments are prohibited from paying profits overseas, making settlement, transferring shares, making capital reduction, recovering in advance investment and the principal and interest of shareholder loans and other funds (including the use of profits paid overseas in domestic reinvestment, capital increase, etc.) if domestic legal or natural person residents fail to make the offshore investment-related foreign exchange registration as required.

According to the *Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies* (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "Circular 13") which was promulgated on February 13, 2015 and became effective on June 1, 2015, the above mentioned registration will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and has opened the capital account information system at the foreign exchange regulatory authorities in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

REGULATIONS ON LABOR AND SOCIAL SECURITY

On June 29, 2007, the PRC government promulgated the *PRC Labor Contract Law* (中華人民共和國勞動合同法), which became effective on January 1, 2008, amended on December 28, 2012 and became effective on July 1, 2013. Pursuant to the *PRC Labor Contract Law* and the *PRC Labor Law* (中華人民共和國勞動法), which became effective on January 1, 1995 and amended on August 27, 2009, (i) employers must execute written labor contracts with full-time employees, (ii) employers are prohibited from forcing employees to work overtime unless they pay overtime payment to the employees and the hours worked beyond the standard working hours are within the statutory limits, (iii) employers are required to pay salaries to employees on time and the salaries paid to employees shall not be lower than the local minimum salary standard, and (iv) employers shall establish its work safety and sanitation system, and provide employees with workplace safety training. In addition, in accordance with the relevant laws and regulations on social security, employers in the PRC are required to make contributions to various social insurances (including medical, pension, unemployment, work-related injury and maternity insurance) and the housing fund on behalf its employees.

Pursuant to the *Social Insurance Law of the PRC* (中華人民共和國社會保險法) (the "New Social Insurance Law") promulgated on October 28, 2010 by the SCNPC and implemented on July 1, 2011, the *Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums* (社會保險費征繳暫行條例) promulgated and implemented on January 22, 1999 by the State Council, the *Interim Measures Concerning the Maternity Insurance of Employees of an enterprise* (企業職工生育保險試行辦法) promulgated on December 14, 1994 and implemented on January 1, 1995 by former Ministry of Labor, the *Regulation on the Administration of Housing Provident Fund* (住房公積金管理條例) promulgated and implemented on April 3, 1999 and amended on March 24, 2002 by the State Council, the *Regulation on Occupational Injury Insurances* (工傷保險條例) promulgated on April 27, 2003 by the State Council and implemented on January 1, 2004 and amended on December 20, 2010 by the State Council, and regulations on pension insurance, medical insurance and unemployment insurance in the provincial and municipal level, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund and housing fund for the employees. After the New Social Insurance Law became effective, where an employer fails to pay social insurance premiums on time or in full amount, it will be ordered by the collection agency of social insurance premiums to pay or make up the deficit of premiums within a prescribed time limit, and a daily late fee at the rate of 0.05% of the outstanding amount from the due date will be imposed; and if it still fails to pay the premiums within the prescribed time limit, a fine of 1 to 3 times the outstanding amount might be imposed by the relevant administrative department.

HISTORY AND DEVELOPMENT

Overview

Our Company was incorporated in the Cayman Islands on December 21, 2017 and became the holding company of our subsidiaries as part of the Reorganization. We are a property developer in the PRC, focusing on the development of residential and commercial properties in the Yangtze River Delta region as well as other major cities nationwide. We have established a number of intermediate holding and operating subsidiaries in the PRC and Nanjing Redsun is the onshore intermediate holding company of our Group.

Our History and Key Business Milestones

The origins of our Group can be traced back to the establishment of Nanjing Redsun in 1999 by Mr. Zeng, our founder, Chairman and executive Director. Through Nanjing Redsun, we began engaging in residential property development in Nanjing, Jiangsu province. Prior to founding our Group, Mr. Zeng began his involvement in the business of building materials when he established Nanjing Redsun Commercial World Co., Ltd. (南京紅太陽商業大世界有限公司) ("**Nanjing Redsun Commercial World**") in 1995. For further details of Mr. Zeng's biography, see "Directors, Senior Management and Employees — Board of Directors — Executive Directors."

We began the development of our first residential property development project, Hua Impression (旭日華庭), in Nanjing, Jiangsu province, after our establishment in 1999. Since then, our Group has been primarily engaged in the development of residential properties and promoting our brand. We commenced the sale of Hua Impression Golden Garden in 2003. In 2006, we expanded into commercial property development and began the development of Nanjing Hong Yang Plaza (南京弘陽廣場), our first commercial complex.

We expanded our property development operations into Changshu and Nantong, Jiangsu province in 2010, and further expanded into Wuxi, Jiangsu province in 2011. In 2013, we entered the Changzhou and Suzhou property markets, and launched Nanjing Hong Yang Hotel. We established our presence in Hefei, Anhui province in 2016 and continued to expand into the Yangtze River Delta region and other major cities in the PRC.

During the Track Record Period and as of December 31, 2017, we had developed a diverse portfolio of 25 completed projects, 40 projects under development and 21 projects with land held for future development. The completed projects have an aggregate site area of approximately 1,926,590 sq.m. and an aggregate GFA of approximately 636,261 sq.m. The projects under development have an aggregate site area of approximately 2,111,752 sq.m. and an aggregate GFA of approximately 3,406,160 sq.m. The projects with land held for future development have an aggregate site area of approximately 1,002,807 sq.m.

The following table sets out a summary of our Group's key business development milestones:

Year	Milestone event
December 1999	• Nanjing Redsun was established in Nanjing, Jiangsu province.

Year	Milestone event
November 2003	• We commenced the sale of Hua Impression (旭日華庭), marking our successful transition into the real estate business.
April 2005	• We commenced our development of Wuxi Sanwan Qing (無錫三萬頃), a high-end townhouse in Wuxi.
May 2006	• We expanded into commercial property development and began the development of Nanjing Hong Yang Plaza (南京弘陽廣場), our first commercial complex.
March 2009	• We completed the construction of Hong Yang Tower (弘陽大廈), our commercial office building.
May 2011	• We completed the construction of Nanjing Hong Yang Plaza (南京弘陽廣場), marking our transition into integrated city development.
August 2011	• We commenced the sales of Hong Yang Glorious Residence (常熟弘陽尊邸) in Changshu and Hong Yang Upper City (南通弘陽上城) in Nantong, marking our expansion out of Nanjing.
July 2012	• We were recognized for the first time as one of the China Top 500 enterprises (中國五百強企業) by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會).
May 2013	• Nanjing Hong Yang Hotel (南京弘陽酒店) commenced operation, marking our entrance into the hotel operations market.
February 2014	• We successfully expanded into Yinshan Lake (尹山湖), establishing our presence in the Suzhou property market.
April 2014	• Wuxi Lakefort Hotel (無錫弘陽洛克菲花園酒店), a luxurious boutique hotel, commenced operation.
October 2014	• We commenced the sales of Hong Yang Upper Yard (弘陽上院), a classic French townhouse that signified our cross-river accomplishment.
November 2014	• We commenced the sales of Hong Yang Upper Garden (弘陽上園), a high-end Chinese style townhouse.
October 2016	• We commenced the sales of Changzhou Hong Yang Upper City (常州弘陽上城), marking our official entrance into the Changzhou market.
November 2016	• We successfully obtained the land grant contracts for the development of In Times (時光里), expanding our business operations outside Jiangsu province and establishing our presence in Hefei, Anhui province.
December 2016	• We commenced the sales of Superior Charm Garden (風華上品花園), a quality residential area at the heart of Wuxi.

Year	Milestone event
May 2017	• We obtained the land grant contracts for the development of New City Hong Yang Garden at Mingfa North (明發北站新城弘陽苑), establishing our presence in Chuzhou, Anhui province.

OUR CORPORATE DEVELOPMENT

In general, we establish a subsidiary or a joint venture for each new project, a structure we believe is necessary for our financing arrangement. Set forth below are certain details of our major PRC subsidiaries.

Our Major Subsidiaries(1)

	Company name	Date of establishment/ commencement of business	Registered capital as of the Latest Practicable Date	Principal business activities	Property development projects	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
1	Nanjing Redsun	December 30, 1999	RMB 1,990,446,211	Property development and leasing	(i) Solaris Loving City Section 2 (旭日愛上城2區) (ii) Solaris Loving City Section 4 (旭日愛上城4區)	Hong Yang Properties Investment (100%)
2	Suzhou Hong Yang Real Estate	July 12, 2013	RMB850 million	Property development	Upper Lake Garden (上湖雅苑)	Nanjing Redsun (100%)
3	Wuxi Su Yuan Tan Xi Wan Properties	March 19, 2003	RMB50 million	Property development	Wuxi Sanwan Qing (無錫三萬頃)	Nanjing Redsun (100%)
4	Changzhou Hong Yang Plaza Properties	September 14, 2012	RMB50 million	Property development	(i) Hong Yang Upper City (弘陽上城) (ii) Changzhou Hong Yang Plaza (常州弘陽廣場)	Nanjing Redsun (100%)
5	Hong Yang Group Nantong Real Estate	October 9, 2010	RMB301 million	Property development	Hong Yang Upper City (弘陽上城)	Nanjing Guo Gang Properties (100%)
6	Ju Rong Zi Jin Real Estate	March 18, 2010	RMB100 million	Property development	Mountain View Garden (山卿苑)	Nanjing Hong Yang Properties (100%)

	Company name	Date of establishment/ commencement of business	Registered capital as of the Latest Practicable Date	Principal business activities	Property development projects	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
7	Taixing Rui Shang Real Estate	October 17, 2017	RMB20 million	Property development	Taixing land Lot No. TX2017-20	Nanjing Hong Yang Rui Shang Real Estate (100%)
8	Anhui Hong Lan Real Estate	November 9, 2016	RMB406 million	Property development	In Times (時光里)	Chang An Trust (97.54%) and Nanjing Redsun (2.46%)
9	Chuzhou Hong Yang Real Estate	August 1, 2017	RMB50 million	Property development	Garden In Times (時光里花園)	Nanjing Hong Yang Rui Shang Real Estate (40%), Nanjing Zhengrong Zhengsheng Properties Co., Ltd. (南京正榮正升置業有限公司) ("**Nanjing Zhengro Properties**") (30%) and Nanjing Gao Chun Bi Gui Yuan Real Estate Co., Ltd. (南京市高淳碧桂園房地產開發有限公司) ("**Nanjing Gao Chun Bi Gui Yuan Real Estate**") (30%)
10	Nanjing Hong Yang Business Management	March 17, 2008	RMB5 million	Commercial property investment and operations	N/A	Nanjing Redsun (100%)
11	Nanjing Hong Yang Hotel	September 29, 2012	RMB10 million	Hotel operations	N/A	Nanjing Redsun (100%)
12	Nanjing Hong Yang Hengrui	April 28, 2015	RMB25 million	Property development	Loving Garden (愛上花園)	Nanjing Redsun (20.00%) and Nanjing Hong Yang Real Estate (80.00%)

Note:

(1) Our major subsidiaries include: (i) companies which we consider to be significant in regions and segments where we operate; and (ii) projects companies with projects which have substantially contributed to more than 5% of our Group's revenue during any year of the Track Record Period.

Nanjing Redsun

Nanjing Redsun is one of the principal PRC operating subsidiaries of our Company and was the holding company of our Group prior to the implementation of the Reorganization. It is also the project company for a number of our property development projects in Nanjing, Jiangsu province. Nanjing Redsun was established on December 30, 1999 with a registered capital of RMB10 million. At the time of establishment, Nanjing Redsun was owned by Mr. Zeng through Nanjing Redsun Commercial World and Nanjing Redsun Grand Hotel Co., Ltd. (南京紅太陽大酒店有限公司) as to 98% and 2%, respectively.

As a result of several subsequent capital changes and equity transfers from 2001 to 2013, the registered capital of Nanjing Redsun was increased from RMB10 million to RMB200,946,211 and became wholly owned by Hong Yang Group Company. The registered capital of Nanjing Redsun was further increased to RMB340,446,211 on December 1, 2016, RMB540,446,211 on August 16, 2017 and RMB1,990,446,211 on December 5, 2017.

As part of the Reorganization, the entire equity interest in Nanjing Redsun was subsequently transferred to Redsun Properties Group (Holdings), our Company, Redsun Properties Investment (Holdings) and Hong Yang Properties Investment, respectively, through a series of equity transfers, upon completion of which Nanjing Redsun became a wholly owned subsidiary of Hong Yang Properties Investment. For details, please refer to the subsection headed "— The Reorganization — (3) Acquisition of Equity Interest in Nanjing Redsun from Hong Yang Group Company" below.

Suzhou Hong Yang Real Estate

Suzhou Hong Yang Real Estate is the project company for Upper Lake Garden (上湖雅苑), our property development project in Suzhou, Jiangsu province. It is the holding company of Suzhou Hong Yang Properties Co., Ltd. and Zhangjiagang Hongchen Properties Co., Ltd., two of our subsidiaries, and Suzhou Cheng Hong Real Estate Development Co., Ltd., one of our joint ventures. Suzhou Hong Yang Real Estate was established in the PRC on July 12, 2013 with a registered capital of RMB50 million, and was wholly owned by Nanjing Redsun.

Upon several capital injections by Chang An International Trust Co., Ltd. (長安國際信託股份有限公司) ("**Chang An Trust**"), an Independent Third Party, Suzhou Hong Yang Real Estate was held by Nanjing Redsun and Chang An Trust as to 8% and 92%, respectively, and the registered capital of Suzhou Hong Yang Real Estate was increased to RMB627.55 million in September 2014.

In 2015, Chang An Trust transferred 23.9% equity interest in Suzhou Hong Yang Real Estate to Nanjing Redsun at a consideration of RMB150 million, which was determined based on the actual capital contribution of

Chang An Trust. After completion of such equity transfer on February 13, 2015, Suzhou Hong Yang Real Estate became owned by Nanjing Redsun and Chang An Trust as to 31.9% and 68.1%, respectively. Subsequently, upon completion of another capital injection of RMB222.45 million by Chang An Trust on May 20, 2015, Suzhou Hong Yang Real Estate was held by Nanjing Redsun and Chang An Trust as to 23.5% and 76.5%, respectively, and the registered capital of Suzhou Hong Yang Real Estate was increased to RMB850 million.

In 2016, Chang An Trust transferred 28.4% equity interest in Suzhou Hong Yang Real Estate to Nanjing Redsun at a consideration of RMB241.05 million, which was determined based on the actual capital contribution of Chang An Trust for the relevant equity interest. Following the completion of the equity transfer on May 6, 2016, Suzhou Hong Yang Real Estate was held by Nanjing Redsun and Chang An Trust as to 51.9% and 48.1%, respectively.

Subsequently, Chang An Trust transferred its remaining 48.1% equity interest in Suzhou Hong Yang Real Estate to Nanjing Redsun through two transfers at a total consideration of RMB408.95 million, which was determined based on the actual capital contribution of Chang An Trust for the relevant equity interest. Following completion of such equity transfer on October 28, 2016, Suzhou Hong Yang Real Estate became wholly owned by Nanjing Redsun.

Wuxi Su Yuan Tan Xi Wan Properties

Wuxi Su Yuan Tan Xi Wan Properties is the project company of Wuxi Sanwan Qing (無錫三萬傾), our development project in Wuxi. It was established in the PRC as a limited liability company on March 19, 2003 with a registered capital of RMB8 million. At the time of establishment, Wuxi Su Yuan Tan Xi Wan Properties was owned by Wuxi Su Yuan Properties Co., Ltd. (無錫蘇源置業有限公司) and Wuxi Su Yuan Building Installment Co., Ltd. (無錫蘇源建築安裝有限公司), each an Independent Third Party, as to 95% and 5%, respectively.

As a result of a change in registered capital and several equity transfers from 2004 to 2011, the registered capital of Wuxi Su Yuan Tan Xi Wan Properties was increased from RMB8 million to RMB50 million, and Wuxi Su Yuan Tan Xi Wan Properties was wholly owned by Nanjing Redsun as of July 20, 2011.

On June 15, 2015, Nanjing Redsun transferred its entire equity interest in Wuxi Su Yuan Tan Xi Wan Properties to Redsun Materials City at a consideration of RMB50 million, which was determined based on the actual capital contribution of Nanjing Redsun. The equity transfer was completed on June 26, 2015.

Subsequently, on April 21, 2017, Nanjing Materials City transferred its entire equity interest in Wuxi Su Yuan Tan Xi Wan Properties to Nanjing Redsun at a consideration of RMB50 million, which was determined based on the actual capital contribution of Redsun Materials City. Following completion of the equity transfer on May 11, 2017, Wuxi Su Yuan Tan Xi Wan Properties became wholly owned by Nanjing Redsun.

Changzhou Hong Yang Plaza Properties

Changzhou Hong Yang Plaza Properties is the project company of Hong Yang Upper City and Changzhou Hong Yang Plaza, our property development projects in Changzhou, Jiangsu province. It was established in the

PRC as a limited liability company on September 14, 2012 with a registered capital of RMB50 million. Since its establishment, Changzhou Hong Yang Plaza Properties has been wholly owned by Nanjing Redsun.

Hong Yang Group Nantong Real Estate

Hong Yang Group Nantong Real Estate is the project company of Hong Yang Upper City, our property development project in Nantong, Jiangsu province. It was established in the PRC as a limited liability company on October 9, 2010 with a registered capital of RMB100 million. At the time of its establishment, Hong Yang Group Nantong Real Estate was wholly owned by Nanjing Redsun.

As a result of a change in registered capital and several equity transfers from 2010 to 2014, the registered capital of Hong Yang Group Nantong was increased from RMB100 million to RMB760 million and Hong Yang Group Nantong Real Estate was wholly owned by Nanjing Guo Gang Properties as of December 26, 2014. On December 28, 2015, the registered capital of Hong Yang Group Nantong Real Estate was decreased to RMB301 million due to excessive capital.

Ju Rong Zi Jin Real Estate

Ju Rong Zi Jin Real Estate is the project company of Mountain View Garden, our property development project in Zhenjiang, Jiangsu province. It was established in the PRC as a limited liability company on March 18, 2010 with a registered capital of RMB6 million. At the time of its establishment, Ju Rong Zi Jin Real Estate was wholly owned by Jiangsu Bao Hua Travel Development Co., Ltd. (江蘇寶華旅遊開發有限公司), an Independent Third Party.

As a result of a change in registered capital and several equity transfers, the registered capital of Ju Rong Zi Jin Real Estate was increased from RMB6 million to RMB48 million and Ju Rong Zi Jin Real Estate was wholly owned by Jiangsu Yang Guang Group Co., Ltd. (江蘇陽光集團有限公司) ("**Jiangsu Yang Guang Group**"), an Independent Third Party, as of September 7, 2016.

On November 16, 2016, Nanjing Hong Yang Properties acquired the entire equity interest in Ju Rong Zi Jin Real Estate from Jiangsu Yang Guang Group at a consideration of approximately RMB156 million, which was based on the valuation of Ju Rong Zi Jin Real Estate by an independent property valuer. Following completion of the equity transfer on November 21, 2016, Ju Rong Zi Jin Real Estate became wholly owned by Nanjing Hong Yang Properties. Subsequently, on July 25, 2017, the registered capital of Ju Rong Zi Jin Real Estate was increased to RMB100 million.

Taixing Rui Shang Real Estate

Taixing Rui Shang Real Estate is the holding company of a parcel of land in Taixing, Jiangsu province. It was established in the PRC as a limited liability company on October 17, 2017 with a registered capital of RMB8 million. Since its establishment, Taixing Rui Shang Real Estate has been wholly owned by Nanjing Hong Yang Rui Shang Real Estate. On December 12, 2017, the registered capital of Taixing Rui Shang Real Estate was increased from RMB8 million to RMB20 million.

Anhui Hong Lan Real Estate

Anhui Hong Lan Real Estate is the project company of In Times, our property development project in Hefei, Anhui province. It was established in the PRC as a limited liability company on November 9, 2016 with a registered capital of RMB10 million. At the time of its establishment, Anhui Hong Lan Real Estate was wholly owned by Nanjing Redsun.

Upon completion of a capital injection of RMB396 million by Chang An Trust on May 19, 2017, the registered capital of Anhui Hong Lan was increased from RMB10 million to RMB406 million and Anhui Hong Lan Real Estate was held by Nanjing Redsun and Chang An Trust as to 2.46% and 97.54%, respectively. Anhui Hong Lan Real Estate remained a Subsidiary.

Chuzhou Hong Yang Real Estate

Chuzhou Hong Yang Real Estate is the project company of Garden In Times, our property development project in Chuzhou, Anhui province. It was established in the PRC as a limited liability company on August 1, 2017 with a registered capital of RMB20 million. At the time of its establishment, Chuzhou Hong Yang Real Estate was wholly owned by Nanjing Hong Yang Rui Shang Real Estate. Upon completion of a capital increase by Nanjing Zhengro Properties and Nanjing Gao Chun Bi Gui Yuan Real Estate, each an Independent Third Party, on February 2, 2018, the registered capital of Chuzhou Hong Yang Real Estate was increased from RMB20 million to RMB50 million, and Chuzhou Hong Yang Real Estate was owned by Nanjing Hong Yang Rui Shang Real Estate, Nanjing Zhengro Properties and Nanjing Gao Chun Bi Gui Yuan Real Estate as to 40%, 30% and 30%, respectively.

Nanjing Hong Yang Business Management

Nanjing Hong Yang Business Management engages in commercial property investment and operations. It was established as a limited liability company in the PRC on March 17, 2008 with a registered capital of RMB5 million. Since its establishment, Nanjing Hong Yang Business Management has been wholly owned by Nanjing Redsun.

Nanjing Hong Yang Hotel

Nanjing Hong Yang Hotel is one of our two hotels. It was established in the PRC as a limited liability company on September 29, 2012 with a registered capital of RMB10 million. At the time of establishment, it was wholly owned by Jiangsu Hong Yang Group.

On May 18, 2017, Jiangsu Hong Yang Group transferred its entire equity interest in Nanjing Hong Yang Hotel to Nanjing Redsun at a consideration of RMB10 million, which was determined based on the actual capital contribution of Jiangsu Hong Yang Group. Following completion of the equity transfer on May 25, 2017, Nanjing Hong Yang Hotel became wholly owned by Nanjing Redsun.

Nanjing Hong Yang Hengrui Real Estate

Nanjing Hong Yang Hengrui Real Estate is the project company of Loving Garden (愛上花園), our property development project in Nanjing, Jiangsu province. Nanjing Hong Yang Hengrui Real Estate was established in the PRC on April 28, 2015 with a registered capital of RMB20 million, and was held by Nanjing Hong Yang Real Estate. Upon completion of a capital injection of RMB5 million by Nanfang Asset Management Co., Ltd. (南方資本管理有限公司) ("**Nanfang Asset**"), an Independent Third Party, on September 6, 2015, Nanjing Hong Yang Hengrui Real Estate was held by Nanjing Hong Yang Real Estate and Nanfang Asset as to 80% and 20%, respectively, and the registered capital of Nanjing Hong Yang Hengrui Real Estate was increased from RMB20 million to RMB25 million.

On September 12, 2016, Nanfang Asset transferred its 20% equity interest in Nanjing Hong Yang Hengrui Real Estate to Nanjing Redsun at a consideration of RMB5 million, which was determined based on the actual capital contribution of Nanfang Asset. Following completion of the equity transfer on November 22, 2016, Nanjing Hong Yang Hengrui Real Estate was held by Nanjing Redsun and Nanjing Hong Yang Real Estate as to 20% and 80%, respectively.

Our Joint Ventures and Associated Companies

We set up joint ventures and enter into agreements with other property developers to conduct property development from time to time. As of December 31, 2017, we had four projects which we jointly controlled with other property developers and 31 projects which we co-operated with (an)other property developer(s) and in which we had no control. Set forth below are certain details of the arrangements we had with our partners through our joint ventures and major associated companies as of December 31, 2017:

Our partner(s)	Company name	Board majority (our seats: our partner's seats)	Day-to-day management [(role of our representative)]	Shareholding percentage of the Company
Joint Ventures				
Lvdi Guo Ji Shang Wu Co., Ltd. (綠地國際商務有限公司)	Nanjing Lv Hong Real Estate Development Co., Ltd. (南京綠弘房地產開發有限公司) ("**Nanjing Lv Hong Real Estate**")	No (2:3)	vice deputy financial officer and vice general manager	50%
Yuzhou Real Estate (Quanzhou) Co., Ltd. (禹洲地產（泉州）有限公司)	Nanjing Hong Hao Real Estate Development Co., Ltd. (南京弘灝房地產開發有限公司) ("**Nanjing Hong Hao Real Estate**")	No (2:3)	N/A	50%

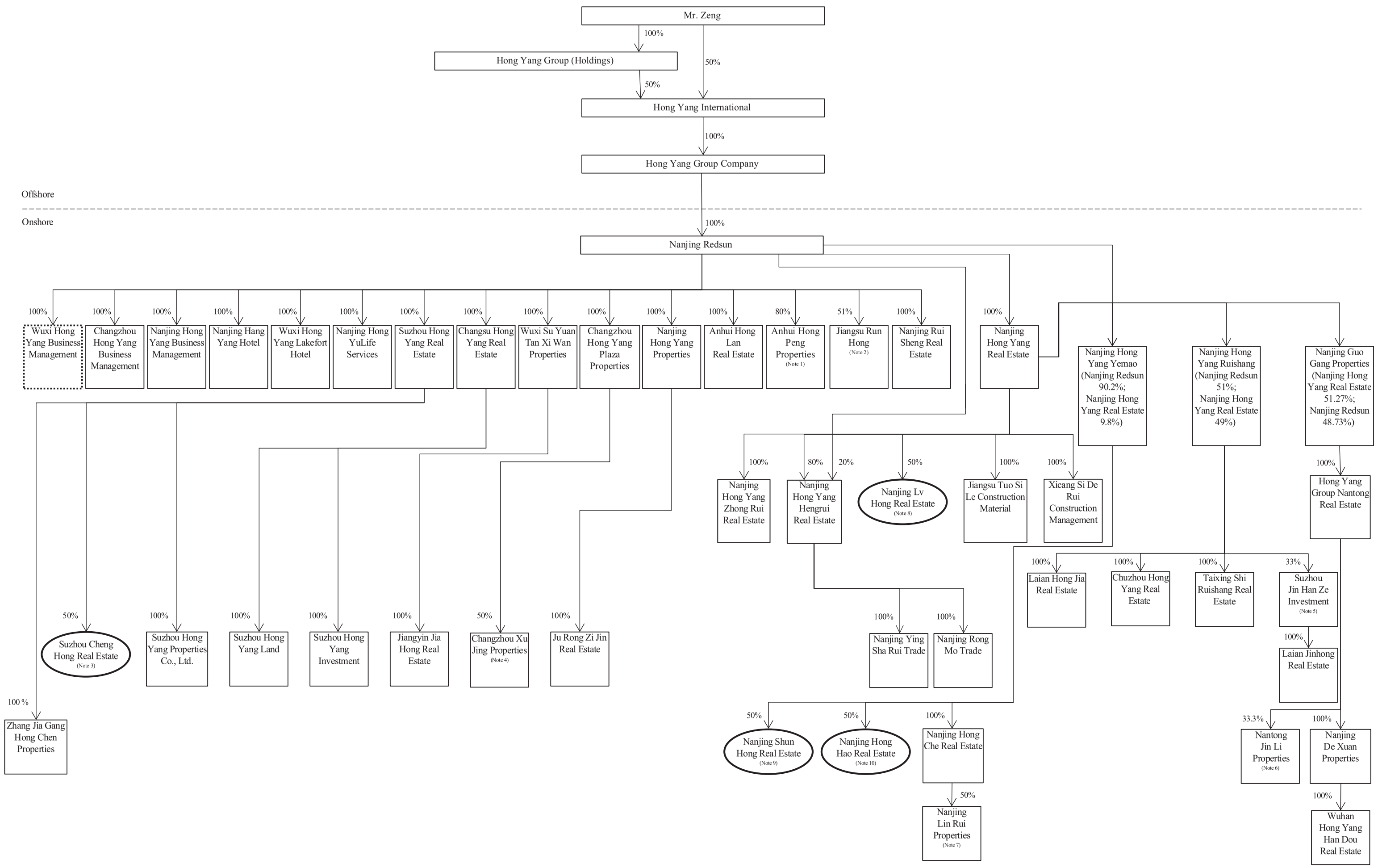
Our partner(s)	Company name	Board majority (our seats: our partner's seats)	Day-to-day management [(role of our representative)]	Shareholding percentage of the Company
Yuzhou Real Estate (Quanzhou) Co., Ltd. (禹洲地產（泉州）有限公司)	Nanjing Shunhong Real Estate Development Co., Ltd. (南京舜鴻房地產開發有限公司) ("**Nanjing Shun Hong Real Estate**")	No (2:3)	N/A	50%
Suzhou Xin Cheng Chuang Jia Properties Co., Ltd. (蘇州新城創佳置業有限公司)	Suzhou Cheng Hong Real Estate Development Co., Ltd. (蘇州城弘房地產開發有限公司) ("**Suzhou Cheng Hong Real Estate**")	No (2:3)	chairman of the board	50%
Associated Companies[(1)]				
Nantong Zhong Nan Shi Ji Hua Cheng Investment Co., Ltd. (南通中南世紀花城投資有限公司) and Shanghai Xin Bi Real Estate Development Co., Ltd. (上海新碧房地產開發有限公司)	Nantong Hong Yan Real Estate Co., Ltd. (南通弘晏房地產有限公司)	No (1:4)	vice general manager	33.4%
Nantong Bi Gui Yuan Real Estate Development Co., Ltd. (南通市碧桂園房地產開發有限公司) and Suzhou Xin Cheng Chuang Jia Properties Co., Ltd. (蘇州新城創佳置業有限公司) . .	Changshu City Xinbi Real Estate Development Co., Ltd. (常熟市新碧房地產開發有限公司)	No (1:4)	chairman vice of the board and financial manager	33%

Note:

(1) Include major associated companies only. For details of all of our associated companies, please refer to "II. Notes to the Historical Financial Information — 17. Investment in Associates" in the Accountants' Report as set out in Appendix I to this document.

THE REORGANIZATION

As part of our restructuring in contemplation of the **[REDACTED]**, we implemented the Reorganization. Following completion of the Reorganization on February 27, 2018, our Company became the holding company of our Subsidiaries. The following chart sets forth the shareholding structure of our Group immediately before the Reorganization:



Company that was disposed of by our Group as part of the Reorganization.

Joint ventures of our Company.

Notes:

(1) Anhui Hong Peng Properties was held by Chuzhou Jin Peng Properties Co., Ltd. (滁州金鵬置業有限公司), an Independent Third Party, as to 20%.

(2) Jiangsu Run Hong was held by Song Feng Corporate Management (Shanghai) Co., Ltd. (頌風企業管理（上海）有限公司), an Independent Third Party, as to 49%.

(3) Suzhou Cheng Hong Real Estate was held by Suzhou Xin Cheng Chuang Jia Properties Co., Ltd. (蘇州新城創佳置業有限公司), an Independent Third Party, as to 50%.

(4) Changzhou Xu Jing Properties was held by Shanghai Zhong Liang Real Estate Group Co., Ltd. (上海中梁地產集團有限公司), an Independent Third Party, as to 50%.

(5) Suzhou Jin Han Ze Investment was held by Nanjing Xin Cheng Wan Jia Real Estate Co., Ltd. (南京新城萬嘉房地產有限公司) and Jin Di Group Shanghai Real Estate Co., Ltd. (金地集團上海房地產發展有限公司), each an Independent Third Party, as to 33% and 34%, respectively.

(6) Nantong Jin Li Properties was held by Nantong Zhong Nan New World Co., Ltd. (南通中南新世界中心開發有限公司) and Wuxi Ji Fu Real Estate Development Co., Ltd. (無錫極富房地產開發有公司), each an Independent Third Party, as to 33.4% and 33.3%, respectively.

(7) Nanjing Lin Rui Properties was held by Xiamen Jia Xuan Da Properties Co., Ltd. (廈門市嘉軒達置業有限公司), an Independent Third Party, as to 50%.

(8) Nanjing Lv Hong Real Estate was held by Lvdi Guo Ji Shang Wu Co., Ltd. (綠地國際商務有限公司), an Independent Third Party, as to 5%.

(9) Nanjing Shun Hong Real Estate was held by Yuzhou Real Estate (Quanzhou) Co., Ltd. (禹州地產（泉州）有限公司), an Independent Third Party, as to 50%.

(10) Nanjing Hong Hao Real Estate was held by Yuzhou Real Estate (Quanzhou) Co., Ltd. as to 50%.

(1) Disposal of Equity Interest in Wuxi Hong Yang Business Management

One of our Subsidiaries, Wuxi Hong Yang Business Management, was legally and properly disposed of because its businesses were different from our Group's core business. Wuxi Hong Yang Business Management was principally engaged in home building materials circulation. On December 18, 2017, the entire equity interest in Wuxi Hong Yang Business Management was transferred from Nanjing Redsun to Redsun Materials City upon entrance into a share swap agreement on the same day between Nanjing Redsun and Redsun Materials City, pursuant to which Nanjing Redsun would transfer its entire equity interest in Wuxi Hong Yang Business Management to Redsun Materials City and Redsun Materials City would transfer its entire equity interest in Jiangsu Mao Hong Corporate Management to Nanjing Redsun. In addition, Redsun Materials City would make a payment of RMB374.13 million in cash to Nanjing Redsun. The transaction was completed on December 22, 2017.

(2) Incorporation of Our Company and Our Offshore Subsidiaries

Our Company was incorporated in the Cayman Islands as an exempt company with limited liability on December 21, 2017. The initial authorized share capital of our Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. On the same day, one subscriber Share was allotted and issued to Walkers Nominees Limited, our initial subscriber, which then transferred such Share to Mr. Zeng at par value.

Subsequently, Mr. Zeng transferred such Share at par value to Redsun Properties Group (Holdings), a company wholly owned by Mr. Zeng at the time. Upon completion of such equity transfer on January 4, 2018, our Company became wholly owned by Redsun Properties Group (Holdings). On March 1, 2018, 99 Shares were allotted and issued to Redsun Properties Group (Holdings) as consideration for the acquisition of the entire equity interest in Nanjing Redsun by our Company on February 6, 2018. For details, please refer to the paragraph headed "(3) Acquisition of Equity Interest in Nanjing Redsun from Hong Yang Group Company" below.

Redsun Properties Investment (Holdings) was incorporated in the BVI with limited liability on December 22, 2017 and was authorized to allot and issue no more than 50,000 ordinary shares of US$1.00 each. On the same day, Redsun Properties Investment (Holdings) allotted and issued one ordinary share to Mr. Zeng. Mr. Zeng transferred such share at par value to our Company on January 5, 2018 and Redsun Properties Investment (Holdings) became a wholly owned Subsidiary. On March 1, 2018, Redsun Property Investment (Holdings) allotted and issued 99 ordinary shares to our Company as consideration of its acquisition of the entire equity interest in Nanjing Redsun. For details, please refer to the paragraph headed "(3) Acquisition of Equity Interest in Nanjing Redsun from Hong Yang Group Company" below.

Hong Yang Properties Investment was incorporated in Hong Kong with limited liability on January 22, 2018. On the same day, Hong Yang Properties Investment allotted and issued one ordinary share to Redsun Properties Investment (Holdings) at par value and Hong Yang Properties Investment became a wholly owned subsidiary of Redsun Properties Investment (Holdings). On March 22, 2018, Hong Yang Properties Investment allotted and issued 99 ordinary shares to Redsun Properties Investment (Holdings) as consideration of its acquisition of the entire equity interest in Nanjing Redsun. For details, please refer to the paragraph headed "(3) Acquisition of Equity Interest in Nanjing Redsun from Hong Yang Group Company" below.

(3) **Acquisition of Equity Interest in Nanjing Redsun from Hong Yang Group Company**

On January 29, 2018, Redsun Properties Group (Holdings) acquired the entire equity interest in Nanjing Redsun from Hong Yang Group Company. The equity transfer was completed on February 2, 2018, and Nanjing Redsun became a wholly owned subsidiary of Redsun Properties Group (Holdings). As consideration, Redsun Properties Group (Holdings) allotted and issued 99 ordinary shares to Hong Yang Group Company on February 22, 2018.

On February 6, 2018, our Company acquired the entire equity interest in Nanjing Redsun from Redsun Properties Group (Holdings). The equity transfer was completed on February 8, 2018, and Nanjing Redsun became a wholly owned subsidiary of our Company. As consideration, our Company allotted and issued 99 ordinary shares to Redsun Properties Group (Holdings) on March 1, 2018.

On February 11, 2018, Redsun Properties Investment (Holdings) acquired the entire equity interest in Nanjing Redsun from our Company. The equity transfer was completed on February 22, 2018, and Nanjing Redsun became a wholly owned subsidiary of Redsun Properties Investment (Holdings). As consideration, Redsun Properties Investment (Holdings) allotted and issued 99 ordinary shares to our Company on March 1, 2018.

On February 23, 2018, Hong Yang Properties Investment acquired the entire equity interest in Nanjing Redsun from Redsun Properties Investment (Holdings). The equity transfer was completed on February 27, 2018, and Nanjing Redsun became a wholly owned subsidiary of Hong Yang Properties Investment. As consideration, Hong Yang Properties Investment allotted and issued 99 ordinary shares to Redsun Properties Investment (Holdings) on March 22, 2018.

ACQUISITIONS DURING THE TRACK RECORD PERIOD

As part of our business strategy and long-term development goals, we regularly engage in acquisition activities to expand our business. We acquired the following Subsidiaries during the Track Record Period.

We, through Nanjing Redsun, acquired Anhui Hong Peng Properties, a real estate development company, as to 80% of its equity interest on April 18, 2017, from Chuzhou Jin Peng Properties Co., Ltd. (滁州金鵬置業有限公司), an Independent Third Party, at a consideration of RMB8 million, which was determined based on the actual capital contribution of Chuzhou Jin Peng Properties Co., Ltd. for the relevant equity interest. The acquisition was completed on April 21, 2017.

We, through Changhzou Hong Yang Plaza Properties, acquired Changzhou Jin Tan Xu Run Properties, a real estate development company, as to 50% of its equity interest on July 2, 2017, from Shanghai Zhong Liang Real Estate Group Co., Ltd. (上海中梁房地產集團有限公司), an Independent Third Party, at a consideration of RMB10 million, which was determined based on the registered capital of Changzhou Jin Tan Xu Run Properties. The acquisition was completed on July 26, 2017.

We, through Hong Yang Group Nantong Real Estate, acquired Nantong Jin Li Properties, a real estate development company, as to 33% of its equity interest on July 10, 2017 from Nantong Zhong Nan New World Development Co., Ltd. (南通中南新世界中心開發有限公司), an Independent Third Party, at a consideration of RMB2.66 million, which was determined based on the actual capital contribution of Nantong Zhong Nan New World Co., Ltd. The acquisition was completed on August 25, 2017.

We, through Nanjing Redsun, acquired Changzhou Sang Ma Cultural Expo Park, a cultural venue management and artistic activities company, as to 70% of its equity interest on November 7, 2017, from Yangzi Jiang International Corporation (Nanjing) Co., Ltd. (楊子江國際企業(南京)有限公司) (as to 35%), Da Cheng Tuo Zhan Group Co., Ltd. (大成拓展集團有限公司) (as to 34.3%) and Changzhou Ming Li Fang Zi Co., Ltd. (常州名力紡織有限公司) (as to 0.7%), each an Independent Third Party, at a total consideration of RMB2.8 million, which was determined based on the actual contribution of Yangzi Jiang International Corporation (Nanjing) Co., Ltd., Da Cheng Tuo Zhan Group Co., Ltd. and Changzhou Ming Li Fang Zi Co., Ltd. for the relevant equity interest. The acquisition was completed on November 27, 2017.

We, through Nanjing Hong Yang Properties, acquired the entire equity interest in Ju Rong Zi Jin Real Estate, a property development company, on November 16, 2016, from Jiangsu Yang Guang Group, an Independent Third Party, at a consideration of approximately RMB156 million, which was determined based on the valuation of Ju Rong Zi Jin Real Estate by an independent property valuer. The acquisition was completed on November 21, 2017.

In addition, we acquired a number of companies in which we have no control during the Track Record Period.

ACQUISITIONS POST TRACK RECORD PERIOD

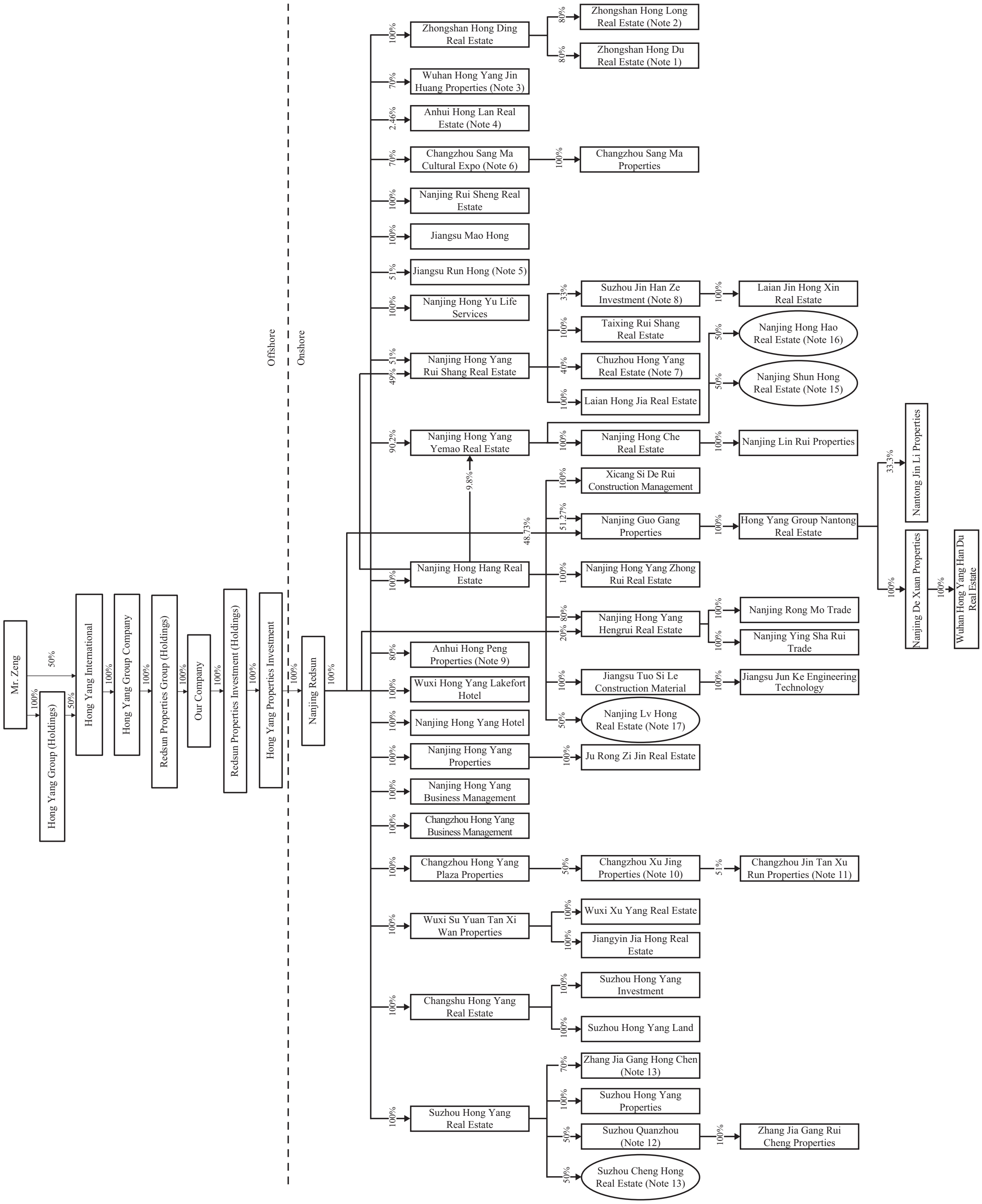
In order to expand our business, we have acquired or entered into agreements to acquire certain companies after the Track Record Period. For details, please refer to the section headed "Waivers from Strict Compliance with the Listing Rules" of this document.

PRE-[REDACTED] SHARE OPTION SCHEME

Our Company adopted the Pre-**[REDACTED]** Share Option Scheme on [●]. Following the adoption of the Pre-**[REDACTED]** Share Option Scheme and as of the Latest Practicable Date, an aggregate of **[REDACTED]** Pre-**[REDACTED]** Share Options have been conditionally granted, representing approximately **[REDACTED]**% of the issued share capital of our Company immediately after the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme), to [●] Grantees, including [●] connected persons of the Company and [●] members of our senior management team. For details, see "Statutory and General Information — D. Other Information — 1. Pre-**[REDACTED]** Share Option Scheme" in Appendix V to this document.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANIZATION AND BEFORE COMPLETION OF THE [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization and before completion of the **[REDACTED]** and the **[REDACTED]**:



Joint ventures of our Company.

Notes:

(1) Zhong Shan Hong Du Real Estate was held by Zhongshan Shi Li Fu Real Estate Investment Co., Ltd. (中山市力富房地產投資有限公司) and Zhongshan Shi Yu Long Industries Co., Ltd. (中山市御龍實業有限公司), each an Independent Third Party, as to 7% and 13%, respectively.

(2) Zhong Shan Hong Long Real Estate was held by Zhongshan Shi Yu Long Industries Co., Ltd. as to 20%.

(3) Wuhan Hong Yang Jin Huang Properties was held by Wuhan Han Yang Huang Jin Kou Investment Co., Ltd. (武漢漢陽黃金口工業園區投資開發有限公司), an Independent Third Party, as to 30%。

(4) Anhui Hong Lan Real Estate was held by Chang An Trust as to 97.54%.

(5) Jiangsu Run Hong was held by Song Feng Corporate Management (Shanghai) Co. Ltd. (頌風企業管理(上海)有限公司), an Independent Third Party, as to 49%.

(6) Changzhou Sang Ma Cultural Expo was held by Yang Zi Jiang International Co., Ltd. (揚子江國際有限公司), Da Cheng Tuo Zhan Co., Ltd. (大成拓展有限公司) and Changzhou Ming Li Fang Zhi Co., Ltd. (常州名力紡織有限公司), each an Independent Third Party, as to 15%, 14.7% and 0.3%, respectively.

(7) Chuzhou Hong Yang Real Estate was held by Nanjing Gao Chun Bi Gui Yuan Real Estate and Nanjing Zhengro Properties, each an Independent Third Party, as to 30% and 30% respectively.

(8) Suzhou Jin Han Ze Investment was held by Nanjing Xin Cheng Wan Jia Real Estate Co., Ltd. (南京新城萬嘉房地產有限公司) and Jin Di Group Shanghai Real Estate Co., Ltd. (金地集團上海房地產發展有限公司), each an Independent Third Party, as to 33% and 34%, respectively.

(9) Anhui Hong Peng Properties was held by Chuzhou Jin Peng Properties Co., Ltd. (滁州金鵬置業有限公司), an Independent Third Party, as to 20%.

(10) Changzhou Xu Jing Properties was held by Shanghai Zhong Liang Real Estate Group Co., Ltd. (上海中梁地產集團有限公司), an Independent Third Party, as to 50%.

(11) Changzhou Jin Tan Xu Run Properties was held by Zhong Xin Trust Co., Ltd. (中信信托有限責任公司), an Independent Third Party, as to 49%.

(12) Suzhou Quan Zhuo was held by Suzhou Zhong Rui Shang Cheng Properties Co. Ltd. (蘇州中鋭尚城置業有限公司) and Jia Xing Rui Tu Investment Partnership Limited (嘉興睿圖投資合夥企業(有限合夥), each an Independent Third Party, as to 47.5% and 2.5%, respectively.

(13) Zhang Jia Gang Hong Chen was held by Suzhou Wei Chen Investment Co., Ltd. (蘇州偉晨投資有限公司), an Independent Third Party, as to 30%.

(14) Suzhou Cheng Hong Real Estate was held by Suzhou Xin Cheng Chuang Jia Properties Co., Ltd. (蘇州新城創佳置業有限公司), an Independent Third Party, as to 50%.

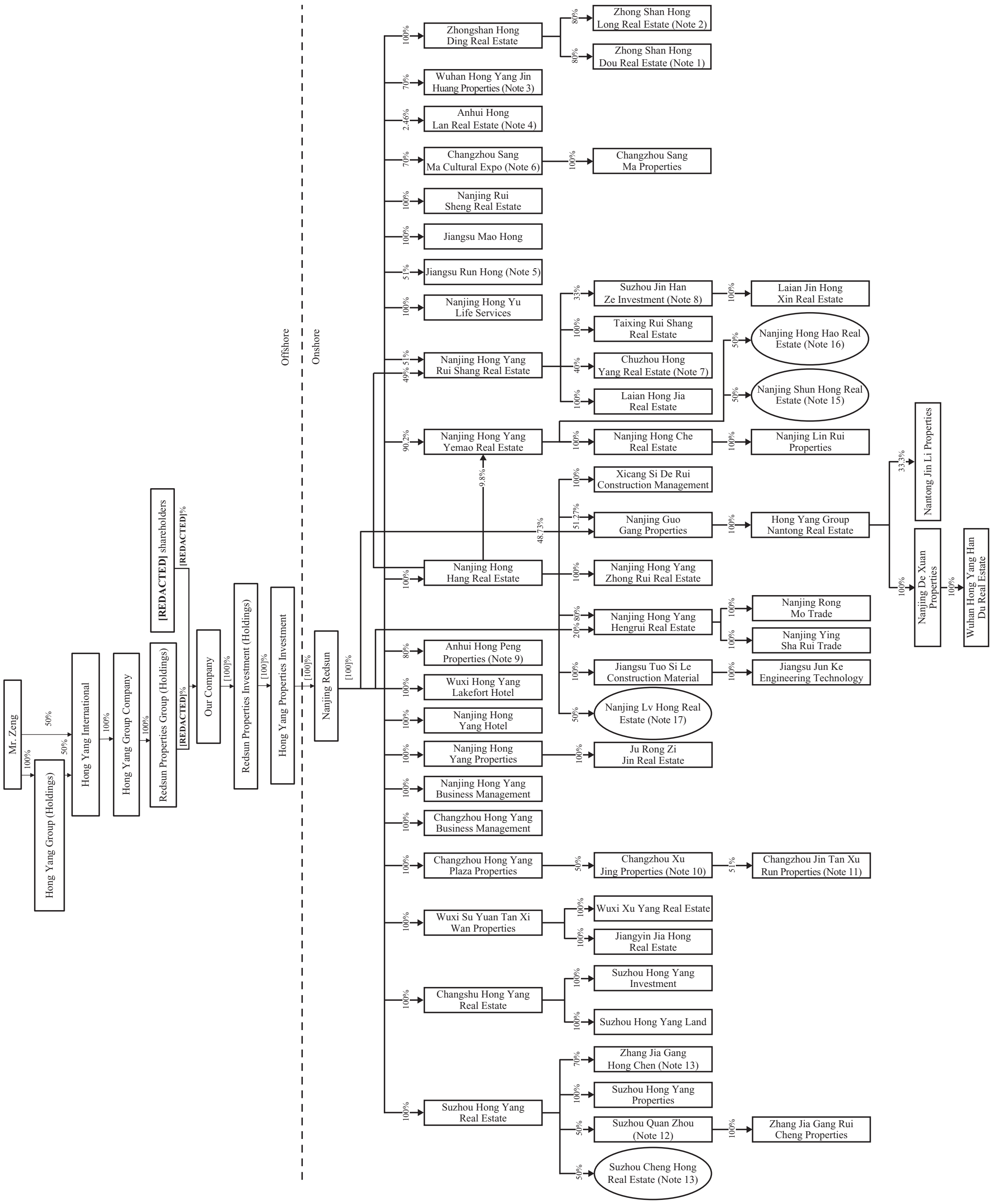
(15) Nanjing Shun Hong Real Estate was held by Yuzhou Real Estate (Quanzhou) Co., Ltd. (禹洲地產（泉州）有限公司), an Independent Third Party, as to 50%.

(16) Nanjing Hong Hao Real Estate was held by Yuzhou Real Estate (Quanzhou) Co., Ltd. as to 50%.

(17) Nanjing Lv Hong Real Estate was held by Lvdi Guo Ji Shang Wu Co., Ltd. (綠地國際商務有限公司), an Independent Third Party, as to 50%.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE [REDACTED] AND THE [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately after the **[REDACTED]** and the **[REDACTED]** (assuming the **[REDACTED]**, the Pre-**[REDACTED]** Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme are not exercised):



Joint ventures of our Company.

Notes:

(1) Zhong Shan Hong Du Real Estate was held by Zhongshan Shi Li Fu Real Estate Investment Co., Ltd. (中山市力富房地產投資有限公司) and Zhongshan Shi Yu Long Industries Co., Ltd. (中山市御龍實業有限公司), each an Independent Third Party, as to 7% and 13%, respectively.

(2) Zhong Shan Hong Long Real Estate was held by Zhongshan Shi Yu Long Industries Co., Ltd. as to 20%.

(3) Wuhan Hong Yang Jin Huang Properties was held by Wuhan Han Yang Huang Jin Kou Investment Co., Ltd. (武漢漢陽黃金口工業園區投資開發有限公司), an Independent Third Party, as to 30%。

(4) Anhui Hong Lan Real Estate was held by Chang An Trust as to 97.54%.

(5) Jiangsu Run Hong was held by Song Feng Corporate Management (Shanghai) Co. Ltd. (頌風企業管理(上海)有限公司), an Independent Third Party, as to 49%.

(6) Changzhou Sang Ma Cultural Expo was held by Yang Zi Jiang International Co., Ltd. (揚子江國際有限公司), Da Cheng Tuo Zhan Co., Ltd. (大成拓展有限公司) and Changzhou Ming Li Fang Zhi Co., Ltd. (常州名力紡織有限公司), each an Independent Third Party, as to 15%, 14.7% and 0.3%, respectively.

(7) Chuzhou Hong Yang Real Estate was held by Nanjing Gao Chun Bi Gui Yuan Real Estate and Nanjing Zhengro Properties, each an Independent Third Party, as to 30% and 30% respectively.

(8) Suzhou Jin Han Ze Investment was held by Nanjing Xin Cheng Wan Jia Real Estate Co., Ltd. (南京新城萬嘉房地產有限公司) and Jin Di Group Shanghai Real Estate Co., Ltd. (金地集團上海房地產發展有限公司), each an Independent Third Party, as to 33% and 34%, respectively.

(9) Anhui Hong Peng Properties was held by Chuzhou Jin Peng Properties Co., Ltd. (滁州金鵬置業有限公司), an Independent Third Party, as to 20%.

(10) Changzhou Xu Jing Properties was held by Shanghai Zhong Liang Real Estate Group Co., Ltd. (上海中梁地產集團有限公司), an Independent Third Party, as to 50%.

(11) Changzhou Jin Tan Xu Run Properties was held by Zhong Xin Trust Co., Ltd. (中信信托有限責任公司), an Independent Third Party, as to 49%.

(12) Suzhou Quan Zhuo was held by Suzhou Zhong Rui Shang Cheng Properties Co. Ltd. (蘇州中鋭尚城置業有限公司) and Jia Xing Rui Tu Investment Partnership Limited (嘉興睿圖投資合夥企業(有限合夥), each an Independent Third Party, as to 47.5% and 2.5%, respectively.

(13) Zhang Jia Gang Hong Chen was held by Suzhou Wei Chen Investment Co., Ltd. (蘇州偉晨投資有限公司), an Independent Third Party, as to 30%.

(14) Suzhou Cheng Hong Real Estate was held by Suzhou Xin Cheng Chuang Jia Properties Co., Ltd. (蘇州新城創佳置業有限公司), an Independent Third Party, as to 50%.

(15) Nanjing Shun Hong Real Estate was held by Yuzhou Real Estate (Quanzhou) Co., Ltd. (禹洲地產（泉州）有限公司), an Independent Third Party, as to 50%.

(16) Nanjing Hong Hao Real Estate was held by Yuzhou Real Estate (Quanzhou) Co., Ltd. as to 50%.

(17) Nanjing Lv Hong Real Estate was held by Lvdi Guo Ji Shang Wu Co., Ltd. (綠地國際商務有限公司), an Independent Third Party, as to 50%.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser is of the view that the reorganization of our PRC subsidiaries disclosed in this section has been conducted in compliance with applicable laws and regulations of the PRC and has been legally completed and duly registered with local registration authorities of the PRC.

The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

According to the "Provisions Regarding Mergers and Acquisitions of Domestics Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**New M&A Rules**") jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2006 and amended in June 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests, the overseas listing of that special purpose company shall be subject to approval by the CSRC. As advised by our PRC Legal Adviser, since Mr. Zeng is a Hong Kong permanent resident but not a domestic natural person defined under the New M&A Rules, Article 11 of the New M&A Rules is not applicable to the acquisitions of Nanjing Redsun by Redsun Properties Group (Holdings), our Company, Redsun Properties Investment (Holdings) and Hong Yang Properties Investment, respectively.

SAFE Registration in the PRC

Pursuant to SAFE Circular 37, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or controlled by the PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties, including the imposition of restrictions on the ability of the Overseas SPV's PRC subsidiary to distribute dividends to its overseas parent.

Our PRC Legal Adviser has advised us that Mr. Zeng has completed the foreign exchange registration procedure for domestic resident making overseas investment on March 3, 2008.

OVERVIEW

We are a leading comprehensive property developer in Jiangsu Province, China, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. We have established a steady regional leading position in Jiangsu Province by taking root in Nanjing, Jiangsu and Yangtze River Delta. Since the incorporation of Nanjing Redsun in 1999, we have worked in the sector of property development and sales for nearly 20 years, established the *Hong Yang* brand and received widespread recognition for our development capacity and industry position. We maintain steady growth during the Track Record Period. Our revenue increased from RMB5,376.8 million in 2015 to RMB6,139.7 million in 2017. Our gross profit increased from RMB2,251.8 million in 2015 to RMB2,491.6 million in 2017.

We have established the *Hong Yang* brand, which enjoyed a high reputation and recognition in the Yangtze River Delta region. In 2017, we were rated Top 100 China Real Estate Developers, Top 10 Development Potential of China Real Estate Developers, Top 10 Brand Value in Eastern China and Top Three Powerful Jiangsu Real Estate Developers by the China Real Estate Association, E-house China R&D Institute, China Real Estate Appraisal and Jiangsu Real Estate Association. According to the sales rankings of Chinese real estate enterprises published by CRIC China (克而瑞中國), we ranked the third place in Nanjing by number of units sold in 2017.

Designing and developing customer-tailored products and implementing high standards of quality control are the lifeline of us. Regarding product positioning, we made an intensive study of customer needs and launched five product lines from high-quality rigid demand housing to top properties, namely, Time Series, Sunrise Joy Series, Yan Lan Series, Tian Chen Series, and TOP Series, to meet the needs of different consumer groups. We used high-quality materials and accessories for construction and decoration and critically reviewed the work of contractors. We used the internal standard of "millimetric quality error" for product quality control. We strive to meet the needs of our customers through fine workmanship and quality control measures.

We have balanced property development and operation abilities. While developing residential properties, we also operate commercial complexes covering shopping malls, amusement parks and community centers, hotels and office buildings. Most of these commercial property buildings are adjacent to our residential property projects, providing ancillary services for our residents and also driving the appreciation of our residential property projects. During the Track Record Period, our commercial properties maintained an average rental rate of over 90%, with the operating income of RMB226.7 million, RMB193.1 million and RMB166.4 million, respectively. As of December 31, 2017, our commercial properties had an aggregate GFA of 527,760 sq.m. and a fair value of RMB8,315.3 million.

We focus our business activities across the Yangtze River Delta region, one of the most economically prosperous and vibrant regions in China. During the Track Record Period and as of December 31, 2017 we had developed a diverse portfolio of 25 completed projects, 40 projects under development and 21 projects held for future development. By virtue of our deep understanding of the property markets in the Yangtze River Delta region, we strategically selected and acquired quality land of the region Jiangsu Province and Anhui Province. As of December 31, 2017, in the term of the proportional interests, we have an aggregate GFA of approximately 6,168,733 sq.m. of land reserves, including (i) completed properties with a saleable and rentable GFA of approximately 636,261 sq.m., accounting for 10.3% of our total land reserves, (ii) properties under development with an aggregate GFA of approximately 3,406,160 sq.m., accounting for 55.2% of our total land reserves, and (iii) properties held for future development with an aggregate GFA of approximately 2,126,312 sq.m., accounting for 34.5% of our total land reserves. Given a reasonable and stable sales pace, our existing land reserves can support our balanced development for three years or so.

Competitive Strengths

We believe that the following competitive strengths are the key to our many achievements and distinguish us from our competitors:

Establishing the *Hong Yang* brand and becoming a leading comprehensive property developer in Jiangsu Province

We are a leading comprehensive property developer in Jiangsu Province, China, focusing on the development of residential properties and the development, operation and management of commercial and multi-use properties. We have established ourselves as a regional market leader in Jiangsu Province from our base in Nanjing, Jiangsu and Yangtze River Delta. Since the incorporation of Nanjing Redsun in 1999, we have worked continuously in property development and sale sector, establishing our *Hong Yang* brand and receiving widespread recognition for our property development expertise and market-leading position.

Currently, our business is concentrated in the Yangtze River Delta region, with a particular focus on Nanjing, Suzhou, Wuxi, Changzhou and Nantong in Jiangsu Province and Hefei, the capital city of Anhui Province. In terms of GDP, population and per capita income, the Yangtze River Delta region is one of the most dynamic economic regions in China. In 2016, while the land area of the Yangtze River Delta region represented only 2.2% of the total land area in the PRC, the region's GDP and sales of commodities represented 20.0% and 24.6% of the GDP and sales of commodities in the PRC as a whole. The Chinese Government also aims to promote the development of the region with favorable policies (such as supporting the growth of the Shanghai Free Trade Zone), with the goal of transforming the region into the world's largest metropolis circle by 2030.

Our development has been based on our foundation in Nanjing, Jiangsu Province. Jiangsu Province is one of the most developed economies in China, with a GDP that reached RMB8,590 billion in 2017, which ranked second among all regional economies in China that year. As the capital of Jiangsu Province, Nanjing is an important coastal transportation hub in eastern China and also one of the commercial, trade and financial centers in the Yangtze River Delta region. As of December 31, 2017, we had developed an aggregate GFA of 5,888,517 sq.m. of residential and commercial properties in Nanjing over our nearly-20-year history. During the Track Record Period, the average selling price of our residential properties in Nanjing increased from RMB9,600 per sq.m. to RMB12,038 per sq.m. Our Nanjing Solaris Loving City • Section VIII (旭日愛上城八區) development received the Nanjing Single Property Top Sales for Residential Buildings award in 2017 by number of units sold.

Jiangbei New Area, Nanjing, where our headquarters located, is a demonstration new district approved by the State Council in 2015 for the purpose of transforming and upgrading of China's national industries and pioneering new urbanization and development. Jiangbei New Area is the only nationally chartered new district in Jiangsu Province. As a new growing region in southern Jiangsu, Jiangbei New Area is also the northern service center and comprehensive transportation hub of the Nanjing metropolis circle, with promising development potential. The Jiangbei New Area government has adopted several policies to promote growth, such as financial subsidies for scientific research institutions and fund investment for innovative enterprises, in order to attract well-known enterprises and talented individuals to settle in the district. Consistent with these growth policies, we have actively contributed to the development of Jiangbei New Area. As of December 31, 2017, we had developed an aggregate GFA of 4,923,012 sq.m. of residential and commercial properties in Jiangbei New Area. Our primary property properties in Jiangbei New Area comprise the Solaris Upper City, Solaris Loving City and Hua Impression residential properties, with aggregate GFAs of 1,731,299 sq.m., 1,284,792 sq.m. and 474,680 sq.m., respectively, Nanjing Hong Yang Plaza, with an aggregate GFA of 462,621 sq.m., and Nanjing Hong Yang Hotel, with an aggregate GFA of 12,485 sq.m.

Our *Hong Yang* brand enjoys a strong reputation and widespread recognition in the Yangtze River Delta region. Brand "Hong Yang" held by Hong Yang Group Company is China well-known trademark. In 2017, we were included in the following categories by the China Real Estate Association, E-house China R&D Institute, China Real Estate Appraisal and the Jiangsu Real Estate Association: Top 100 China Real Estate Developers, Top 10 Development Potential of China Real Estate Developers, Top 10 Brand Value in Eastern China and Top Three Powerful Jiangsu Real Estate Developers. According to the sales rankings of Chinese real estate enterprises published by CRIC China (克而瑞中國), we ranked third in Nanjing by the number of units sold in 2017.

We maintain steady growth during the Track Record Period. Our revenue increased from RMB5,376.8 million in 2015 to RMB6,139.7 million in 2017. Our gross profit increased from RMB2,251.8 million in 2015 to RMB2,491.6 million in 2017.

Accurate product positioning, leading quality control system and customer-tailored products

Designing and developing customer-tailored products and implementing high standards of quality control have been critical to our success.

To position our products to meet the needs of different consumer groups, we conducted an intensive study of customer needs and launched five product lines ranging from high-quality housing for first-time home buyers with relatively inelastic demand to high-end properties, namely, Time Series (時光系), Sunrise Joy Series (昕悦系), Yan Lan Series (燕瀾系), Tian Chen Series (天宸系) and TOP Series (TOP系). To optimize our home designs, we worked with famous design companies in China and abroad based on the concept of "the same function with smaller areas and the same area with richer functions". In respect of landscape design, we engaged international and domestic leading landscape design companies to develop comfortable and pleasant residential environments that surpassed industry benchmarks. When expanding to different cities and regions, we take into account specific regional characteristics, market trends and customer feedback in creating designs that we believe will satisfy our customers' needs.

We strive to enhance customer satisfaction through fine workmanship and quality control measures. In all of our developments, we used high-quality construction materials and accessories and carefully monitor the work of our contractors. We have adopted a quality standard that we refer to as "millimetric quality error" for product quality control. Our quality control measures consist of several elements: (i) supervising construction on the basis of design drawings, quality targets agreed in project contracts, national construction acceptance rules, construction quality inspection standards and our Hong Yang Real Estate Project Administration System; (ii) engaging third parties to evaluate the construction and delivery stages and to survey customer satisfaction with delivered properties; and (iii) exploring the use of big data analytics to identify signs of consumer satisfaction in the information we accumulate through our information technology platform.

We have achieved a strong reputation and high customer retention rates as a results of our complete product lines, excellent designs in the areas of home layout and landscaping and strict quality control. In 2017, our customer retention as measured by recommendation and repurchase rates reached approximately 22%. Meanwhile, according to the FG Consulting (賽惟諮詢)'s third-party customer satisfaction survey, most of our residential property products achieved high customer satisfaction.

High-quality land reserves and stable and reliable land acquisition ability

Leveraging our deep understanding of the property markets in the Yangtze River Delta region, we have strategically selected and acquired quality parcels of land that will enable us to further develop these markets, particularly in Jiangsu Province and Anhui Province. In pursuing developments in new cities, we conduct extensive pilot studies and follow careful evaluation standards before we acquire land. We believe that our high-quality land reserves, will lead to long-term and stable growth.

We have a variety of methods to acquire land, including tender, auction or listing-for-sale, merger and acquisition and cooperative development with third parties. Cooperating with reputable property developers enables us to obtain large, high-quality projects, and we can manage the investment risks we face by minimizing the investment cost. In the Yangtze River Delta region, due to our local resources and brand appeal, many leading property developers in the PRC have established long-term stable partnerships with us. In other regions, the synergistic effect achieved through cooperation also enabled us to benefit from local resources to build our own brand and reputation. For example, the "Great Time at Joy Peak West District" in Nanjing, developed in partnership with Greenland Group, "Best Time Garden" in Nantong, developed in partnership with Country Garden and Zhongnan Group, and "Superior Charm Garden" in Suzhou, developed in partnership with Future Land all achieved satisfactory market responses.

As of December 31, 2017, we had an aggregate GFA of approximately 6,168,733 sq.m. of land reserves, including (i) completed properties with a saleable and rentable GFA of approximately 636,261 sq.m. , accounting for 10.3% of our total land reserves, (ii) properties under development with an aggregate GFA of approximately 3,406,160 sq.m., accounting for 55.2% of our total land reserves, and (iii) properties held for future development with an aggregate GFA of approximately 2,126,312 sq.m., accounting for 34.5% of our total land reserves. We belive our existing land reserves can support our development plans for approximately three years. For details, please refer to "Business — Our Project Portfolio — Land Reserves".

Excellent commercial property assets and strong operational abilities, forming synergistic effect in residential property development

We have balanced property development and operational abilities. While developing residential properties, we also operate a range of commercial properties that include shopping malls, amusement parks, community centers, hotels and office buildings. At present, we have two commercial complexes (Nanjing Hong Yang Plaza and Changzhou Hong Yang Plaza), one office building (Nanjing Hong Yang Tower), and two hotels (Nanjing Hong Yang Hotel and Wuxi Lakefort Hotel). Most of these commercial property buildings are adjacent to our residential property projects, providing ancillary services for our residents and also driving the appreciation of our residential property projects.

In selected cities, we strive to build integrated living centers in promising locations with the goal of meeting the different needs of customers through various business formats. We believe that this approach helps to develop a city while improving the regional property values and living environments. Our Nanjing Hong Yang Plaza has a large commercial scale. After upgrading, it will combine multiple commercial properties, including an integrated shopping mall, an amusement park and a home furniture mall. Nanjing Hong Yang Plaza can provide customers of different age groups with shopping, leisure and entertainment options, including an amusement park with a ferris wheel and a roller coaster. Changzhou Hong Yang Plaza, which is adjacent to the Hong Yang Upper City • Phase IV development and is expected to open in October 2018, will provide a garden-style shopping experience, a revolving restaurant street and an ecology- themed kids' park, and will also include hotels and office space. Changzhou Hong Yang Plaza has been designed as a neighborhood center, based on our "Hong Yang Life + (&Home)" design concept, which we believe will provide our customers with a wide variety of dining, shopping, sports and entertainment venues.

We strive to achieve synergies through an organic combination of commercial property projects and residential property projects. Commercial properties can generate stable rents, supplement cash flows for our residential property development business and reduce risks brought by price fluctuations and uncertain delivery schedules in the residential property development business. Our commercial property assets also create more possibilities for financing. Meanwhile, commercial properties can improve the overall positioning, attractiveness and investment value of property projects, driving the growth of residential property sales. In addition, the brand effect produced by commercial properties can also establish customer loyalty for residential property projects. Our commercial property operations have matured over time. During the Track Record Period, our commercial properties maintained an average rental rate of over 90%, with the revenue of RMB226.7 million, RMB193.1 million and RMB166.4 million in 2015, 2016 and 2017, respectively. As of December 31, 2017, our commercial properties had an aggregate GFA of 527,760 sq.m. and a fair value of RMB8,315.3 million.

An efficient and modern management model that focuses on investment, financing, management and exit (IFME) to maximize returns on property projects

We have established an efficient and modern management model characterized by investment, financing, management (operations) and exit (marketing) and a throughout operation indicator system. These elements are integrated and designed to maximize returns on property projects. We believe that our IFME management model injects vitality and accountability into the Group and helps us to ensure product quality, improve operational efficiency, keep project development on schedule, lower construction costs, and increase shareholder returns.

Investment. We have developed a detailed indicator evaluation system when evaluating projects for investment. Prior to an investment, the main indicators we consider include revenue and cost of land acquisition ratio, gross profit margin and net profit, launch time, destocking cycle, positive cash flow-back cycle. Also prior to an investment, we require expressly provide preliminary arrangement of fund solutions in project feasibility study report and project investment decision and estimate cash flow during project registration. We strive to be disciplined in following the original indicators for a project throughout the pre-investment, investment and post-investment phases. We assign responsibility to specific personnel to adhere to the indicators and they are accountable if there is any deviation. We also have land-acquisition policies in joint venture projects, which are designed to achieve rapid turnover, high profits and low risk and profitability.

Financing. We follow sound financial policies and endeavor to broaden our financial channels to meet our need for capital. We have a variety of sources of funds, including land mortgage financing provided by commercial banks, project development financing, fixed asset financing, working capital loans, debt financing provided by trust companies and asset management companies and capital increases by shareholders. To maintain stable financing sources and lower financing costs, we have established strong relationships with many major banks in China, including Agriculture Bank of China, Bank of China, ICBC and Bank of Communications. During the Track Record Period, we sought financing from major trust companies, including Chang'an Trust and Zijin Trust, and major asset management companies, including China Huarong Asset Management Co., Ltd. As of the Latest Practicable Date, we had a credit line from banks of RMB4,260 million, of which RMB2,024 million remains available.

We follow prudent financial management practices and manage our current assets by closely monitoring the cash status and maturity profile of our borrowings, so as to ensure sufficient working capital. We continually review our debt structure in view of our diversified capital sources, high-quality project portfolio and the PBOC's policy of lowering the benchmark lending rate. As of December 31, 2017, our loans maturing within one year, one to two years, two to five years and over five years accounted for 39.9%, 20.2%, 33.8% and 6.1%, respectively, of our total outstanding debt. By virtue of our close relationships with banks and our good credit history, we believe that we will be able to reduce the interest rates we pay on our current borrowings, thereby reducing our financing costs. The effective interest rates on our debt, in the aggregate, were 8.38%, 7.72% and 7.52% in 2015, 2016 and 2017, respectively.

Management (Operation). We have established "large operation" management systems to improve operation efficiency through standardized project development and management procedures, clear meeting decision-making mechanism, assessment indicator system and various information systems that are necessary to conduct large and complex business operations successfully. Our management systems include detailed operation indicators system and procedures for the main workflows in all phases of the project cycle, with responsibility assigned to specific personnel and completion criteria. For example, we set clear objectives for opening new projects by requiring our development teams in various cities to commence work within 85 days and achieve quality opening within 180 days after land acquisition. To help achieve this result, we formulate a "route for realizing opening within 180 days", specify key deadlines, assign various business support lines to participate in the development process and strive for efficiency in applying for and receiving approvals. Meanwhile, we have standardization for planning and design, component parts of the pioneering zones and demonstration zones, and we have established good relationships with quality general contractors and other suppliers in order to form long-term strategic partnerships with them.

Our information technology systems can monitor real-time data and provide a reference for project evaluation indicator system. On the fourth floor of our headquarters in Hong Yang Tower, we have set up a monitoring center as our operational control platform for remote monitoring of the project implementation. This monitoring center also operates our "400" national complaint service hotline, which we established to receive feedback from our customers. Our objective is to monitor product quality and provide convenient and efficient services for customers after checking each house individually during the delivery.

Exit (Marketing). We have established a comprehensive marketing management system, which includes product positioning management, marketing tactics management, base price management, rate management and goal management. Our headquarters is responsible for auditing the product positioning and marketing tactics of every projects to ensure its rationality and comply with the overall strategy and value proposition of the Company; our Group management controls the base prices and authorizes local branches to adjust selling prices and discounts. Our Group management also controls sales commissions and manages the sales targets. In addition, at each marketing stage, we have adopted standardized marketing plans and a range of approved marketing activities. Improved marketing mechanism can for the most part enhance the selling rate of our projects.

Relying on the payback mechanism with clear time requirements, person in charge and assessment criteria, our marketing department and finance department cooperate closely and make strategy aiming at such as customer's own capital, mortgage loans from different banks and housing provident fund loans respectively, which makes the sales outstanding flowing back rapidly, has helped us improve our capital turnover rate and shorten the period in which our cash flows turn positive. Overall, we believe that our standardized procedures for project implementation will help us improve exit efficiency in the future.

Experienced senior management and team of employees with strong execution ability

Since the establishment of the company, our experienced senior management team has contributed to promoting our business growth. Our founder, Chairman and Director Mr. Zeng Huansha has nearly 20 years of experience in China's real estate development sector. In 1995, Mr. Zeng came to Pukou District, Nanjing and founded Red Sun Business World Co. Ltd. (紅太陽商業大世界有限公司). He established Nanjing Red Sun Real Estate Development Company Limited (南京紅太陽房地產開發有限公司) in 1999, which marked his start in the property sector. In 2003, Mr Zeng founded Hong Kong Red Sun Group Investment Company Limited (renamed as Hong Yang Group Company Limited in 2008) and served as the Chairman of the Board. Mr. Zeng is a standing committee member of All-China Federation of Returned Overseas Chinese, the Vice President of China Federation of Overseas Chinese Entrepreneurs, a standing committee member of Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference, Vice Chairman of the Federation Of Jiangsu Returned Overseas Chinese, Chairman of Jiangsu Overseas Chinese Enterprise Federation, Vice Chairman of the seventh Committee of Jiangsu Overseas Chinese Association and has received wide recognition for his entrepreneurial spirit. He has won such awards and titles as the Outstanding Individual of Returned Overseas Chinese and Family Members (全國歸僑僑眷先進個人), Award for Major Contributions to Chinese Language Education Abroad (熱心海外華教人士重大貢獻獎), Excellent Private Entrepreneur of Jiangsu Province, Top 10 Outstanding Youths of Jiangsu Province and Top 10 Outstanding Youths of Nanjing.

Most of our senior managers have over ten years of work experience in relevant areas, including property development, finance, accounting and management. Our CEO Mr. He Jie also has valuable experience in the property development sector. Mr. He graduated from Zhejiang University, joined us in 2012 and served as CEO of the Group and concurrently as Project Process Director. The rich expertise and valuable industry experience of our senior management team members will help us seize potential opportunities and identify market risks. In addition, we have a dedicated team of employees with experience in property development, planning, design, construction, financing and other relevant fields. We recruit employees from well-known universities in China and provide them with continuous vocational training to improve their abilities. We believe that our remuneration and incentive policies help us attract and retain talented professionals. We follow performance standards, conduct training and evaluate the performance of employees in a manner that we believe improves the work efficiency of our employees and enhances their execution ability.

Our corporate culture emphasizes professionalism and building credibility for the long term. The focus and determination of our management enables us to respond promptly to the ever-changing trends in the PRC property market. With our keen insights, we have leveraged our resources to make advances in the property sector.

Our Strategies

We endeavor to become the premier and trusted comprehensive property developer in the country. For this end, we will implement the following strategies:

Continue to proactively explore markets in the Yangtze River Delta region and selectively develop new markets at the same time to form a regional pattern of "1+3+X".

According to the Savills Report, two important drivers of real estate industry in the future primarily include consumption upgrading and development of urban agglomeration. Therefore, taking urban agglomeration as our development group, based on consulting companies CRIC China and Yihan's research on over 300 property markets in Chinese cities, and taking full account of factors including economic development, market capacity, population growth rate and income level of various regions, we selected "1+3+X" strategic zones (namely the Yangtze River Delta region, central China, southern China, southwestern China and other regions).

We will continue to proactively explore markets in the Yangtze River Delta region, the largest economic circle in China featuring highly developed property markets. We have geographical advantages in the markets as we have reached the Yangtze River Delta for many years and our brand has been recognized by consumers. In the 13 cities we have entered, we intend to implement the customer coverage strategy by five product lines to raise the market share. We intend to focus on Shanghai, Nanjing, Hangzhou and Hefei metropolis circles and expand into surrounding cities, and selectively enter some third/fourth-tier cities with development potentials in the Yangtze River Delta region.

Meanwhile, we had expanded our reach to the whole country by dint of our long-term development experience and ability. We took central China, southern China and southwestern China as priority target regions. In these regions, we place emphasis on hub cities, such as Wuhan, Tianjin, Chongqing, Chengdu, Zhengzhou and Changsha, and the metropolis circles formed by these hub cities and their surrounding cities. As at the Latest Practicable Date, we have established subsidiaries in Wuhan and Chongqing, and plan to establish subsidiaries in the aforesaid remaining hub cities. We set up teams to explore local land resources and cooperation opportunities. In these new markets, we develop projects in a replicable and standardized way and flexibly adapt to local market characteristics for rapid destocking. With the gradual outward extension of these hub cities and metropolis circles, we believe that the Group will be transformed from a regional property company into a first-class, trusted comprehensive property developer in the country.

Continue to adopt diversified land acquisition strategies to enrich and optimize our land reserves.

We believe that traditional process of bidding invitation, auction or listing is becoming more difficult and gradually becoming poor popular due to policy intervention, whereas process of bidding invitation, auction or listing based on government industrialization guides will become more popular. However, as industry centralization is increasing, mergers and acquisitions still exist and are expected to expand rapidly in the next two to three years.

We will continue to adopt diversified land acquisition strategies including open tender, auction or listing-for-sale, cooperation with the third-party partners and acquisitions of equity interest of other companies or property interests held by them. Tender, auction or listing-for-sale is the most important way for us to acquire land during the Track Record Period and is expected to continue to be one of the most important ways for us to acquire land in future.

In the coming two to three years, we plan to continue making cooperative development as an important way of acquiring land and enhance the strength of acquiring land through mergers and acquisitions. Cooperative development is our important land development channel, specifically including joint trading, land lot trading, alternate trading, and so on. We attach great importance to our partners' goodwill and only choose to cooperate with quality enterprises with strong brand strength and rich resources. Mergers and acquisitions are also an important means for us to acquire land reserves. During the Track Record Period, we successfully obtained quality projects including Mountain View Garden in Jvrong, Zhenjiang and Wuxi Sanwan Qing by mergers and acquisitions or financial investment. From 2018, we plan to further acquire new projects in Chongqing and other places to expand our urban layout. Through these flexible and diversified land acquisition strategies, we believe that the land reserves of the Group will be further enriched and optimized.

Further improve product quality and design based on customer and created value for customer

We have always valued product quality, as it is closely connected to the brand image of the Group. We will continue to improve product quality, which will help raise popularity and consumer recognition of the Group in China, thus facilitating our nationwide layout plan. While ensuring reliability of product quality, we will also seek to standardize more product lines, design schemes and development process to accelerate destocking by scalable business models.

We will take characteristics of consumer groups as the point of entry and make targeted design of house layout and community facilities to meet needs of different people. In the coming years, we will gradually shift our main service targets from people with rigid demand to upgraders, and eventually achieve full coverage of all types of customers by the five product lines.

As the population structure and social concepts change over time, consumers' demand for housing is also constantly changing. For example, in view of China's aging population, we design our residential communities with the convenience of the elderly in mind. On the other hand, the increase in the proportion of dink families and the implementation of the two-child policy are the main reasons for transformation of our products towards upgraded properties. We have also conducted special market research on young people to learn about their preferences. We will vigorously promote smart home and intelligent community and establish an online to offline platform to realize one-stop management of mobile applications for community services.

Expand the business sector primarily based on the asset-light mode to promote "Hong Yang" brand and form a synergistic effect with the residential property development sector

General consumers' recognition of the brand "Hong Yang" is closely related to the success of commercial properties in history. Nanjing Redsun Home Furniture and Construction Mall gives many consumers in Nanjing a first impression about the Group, and Nanjing Hong Yang Plaza is even synonymous with one-stop life services in the minds of consumers in Jiangbei. Nanjing Hong Yang Plaza boosted the sales of the Group's 22 residential communities in Jiangbei New Area, and the Changzhou Hong Yang Plaza expected to open in October 2018 and its interpretation of the concept of Hong Yang Life + will also become one of the major selling points of the surrounding residential community Hong Yang Upper City • Phase IV. We will continue to expand the business sector with Hong Yang Plaza as the main product and rely on brand effect of "Hong Yang" to give play to the synergistic effect with the residential property sector.

In expanding the business sector, we intend to adopt a development path combining light assets with heavy assets, dominated by light assets. The combination of light assets and heavy assets helps us optimize resource allocation and avoid risks. In prime locations of some core cities, we consider self-sustaining assets. For example, we have acquired a land at Laodong Middle Road, Tianning District, Changzhou in November 2017 and intended to develop it into the second Hong Yang Plaza in Changzhou. In the relatively risky locations, we adopt a light-asset operation mode, i.e. leasing properties from local property developers and decorate and operate them like Hong Yang Plaza. For example, we have leased a shopping mall of 150,827.3 sq.m. at Changjiang West Road, Shushan District, Hefei in February 2018, intending to rebuild it into the first Hong Yang Plaza in Hefei. Our Hong Yang Plaza has a certain reputation and has a relatively perfect management system, so the time is ripe for replication and promotion. In future, the commercial property operation sector of the Group will take the expansion of light assets as the main route of incremental development.

Improve operation efficiency, pursue rapid turnover and increase capital use efficiency

We formulated a series of systems to standardize and regulate our business processes. Adhering to the management concept of "making Headquarters perfect, cities strong and project settled", we intend to continually optimize our business processes and establish delayering management models and improve operation efficiency by streamlining burdensome procedures and shortening decision-making chains. This will help us achieve faster opening and destocking, so as to achieve the goal of fast turnover. We will strive to shorten the average time from our land acquisition to opening to six months in future.

We will continue to adopt robust financial policies, closely monitor important financial indicators including gearing ratio and interest coverage ratio, and prudently manage capital structure, cash flow and circulating capital to control costs and risks. We plan to maintain a reasonable inventory level to ensure stable cash flows for our operating activities and debt payments.

We also intend to further optimize capital structure via diversified financing channels. At present, our debt ratio is healthy and there is still room for profit margins, so we have greater financing flexibility. In our financing effort, we put more weight on the time value than on the cost of capital, which matches our pursuit of rapid turnover. The headquarters of the Group will continue to exercise overall control over the cash to further increase capital use efficiency.

Accelerate talent system building to attract high-quality talents in the industry

We have established talent system and accelerated to recruit talents with attractive remuneration and benefits. We issued special incentives to motivate the existing team. For example, our project co-investment scheme fully mobilized the enthusiasm of employees by clear co-investment standards.

Our second headquarters in Shanghai has started to operate in the first quarter of 2018. Shanghai, which has a huge property market, is one of our key expansion regions in future. In addition, our demand for quality talents also increases with the nationwide business layout. There are a number of national key universities and talent pools in Shanghai. Moreover, Shanghai can also attract excellent talents from all over the country with its strong economic strength and Shanghai culture. We hope the second headquarters in Shanghai can attract high-quality talents. Our investment, financing, research and development and human resources departments will be mainly set up in Shanghai in future to provide support for our further business expansion.

OUR BUSINESS

Our business operations consist of three principal business segments: (i) property development and sales; (ii) commercial property investment and operations and (iii) hotel operations. We derive our revenue from sales of residential properties and accompanying retail spaces developed by us, rental income from commercial property investment and operations and service fee income from hotel operations. The table below sets forth a breakdown of our total revenue by business lines and nature of income for the periods indicated:

		For the Year Ended December 31,		
Segment	**Nature of income**	**2015**	**2016**	**2017**
		(RMB'000)	*(RMB'000)*	*(RMB'000)*
Property development and sales	Sales of properties	5,124,160	8,549,007	5,938,391
Commercial property investment and operations	Rental and fee income	226,727	193,070	166,420
Hotel operations	Service fee income	25,912	33,388	34,861
Total		5,376,799	8,775,465	6,139,672

During the Track Record Period and as of December 31, 2017, we had developed a diverse portfolio of 25 completed projects, 40 projects under development and 21 projects held for future development.

Residential Properties: Our residential properties are located either in urban areas with convenient access to transportation facilities or in suburban areas with scenic surroundings. Some of these residential properties include accompanying retail spaces or office spaces. We divide our residential properties into five series:

- *Time Series (時光系)* — featuring delicate and elegant neo-classical style or fashionable and simplistic modern style. Examples include Times in the Garden (時光裡花園) in Nanjing, and In Times (時光裏) in Hefei.

- *Sunrise Joy Series (昕悦系)* — similar to Time Series in styles and also featuring neo-Chinese architectural style. Examples include Jing Garden of Superior Class (上品璟苑) in Wuxi, Sunrise Joy Garden (昕悦花園) in Hefei, and Sunrise Joy Masterpiece Residence (昕悦名邸) in Suzhou.

- *Yan Lan Series (燕瀾系)* — featuring symmetrical and concentric French style. Examples include Swallow River Residence (燕江府) and Yan Lan Qi Jin (燕瀾七縉) (i.e. Sea Joy Garden (海悦花園)) in Nanjing, and Swallow Wave Bay (燕瀾灣) (i.e. Hong Yang Upper City • Phase IV (弘阳上城四期)) in Changzhou.

- *Tian Chen Series (天宸系)* — featuring simplistic base, horizontal lined body and layered top edge with cornice. We are planning for the development of properties of this series.

- *TOP Series (TOP系)* — featuring customized designs. Examples include Wuxi Sanwan Qing (無錫三萬頃) in Wuxi and Mountain View Garden (山卿苑) in Zhenjiang.

Commercial Properties: We currently have two Hong Yang Plazas that are located in Nanjing and Changzhou, Jiangsu Province, respectively.

- The Nanjing Hong Yang Plaza, located in Jiangbei New Area, Nanjing, Jiangsu Province, is a commercial complex consisting of a shopping mall and entertainment facilities.

- The Changzhou Hong Yang Plaza, located in Tianning district, Changzhou, Jiangsu Province, is a shopping center. It is adjacent to Hong Yang Upper City • Phase IV (弘陽上城四期).

We had also developed our Hong Yang Tower and two hotels.

Hong Yang Tower: The Hong Yang Tower, located near the Nanjing Hong Yang Plaza, is an office building developed by us. We retain certain office spaces for our own use and have sold the remaining office spaces to third parties.

Hotels: We own and operate two hotels. Our Hong Yang Hotel is located next to the Nanjing Hong Yang Plaza. Our Lakefort Hotel is located near the Lake Tai (太湖) resort in Wuxi, Jiangsu Province.

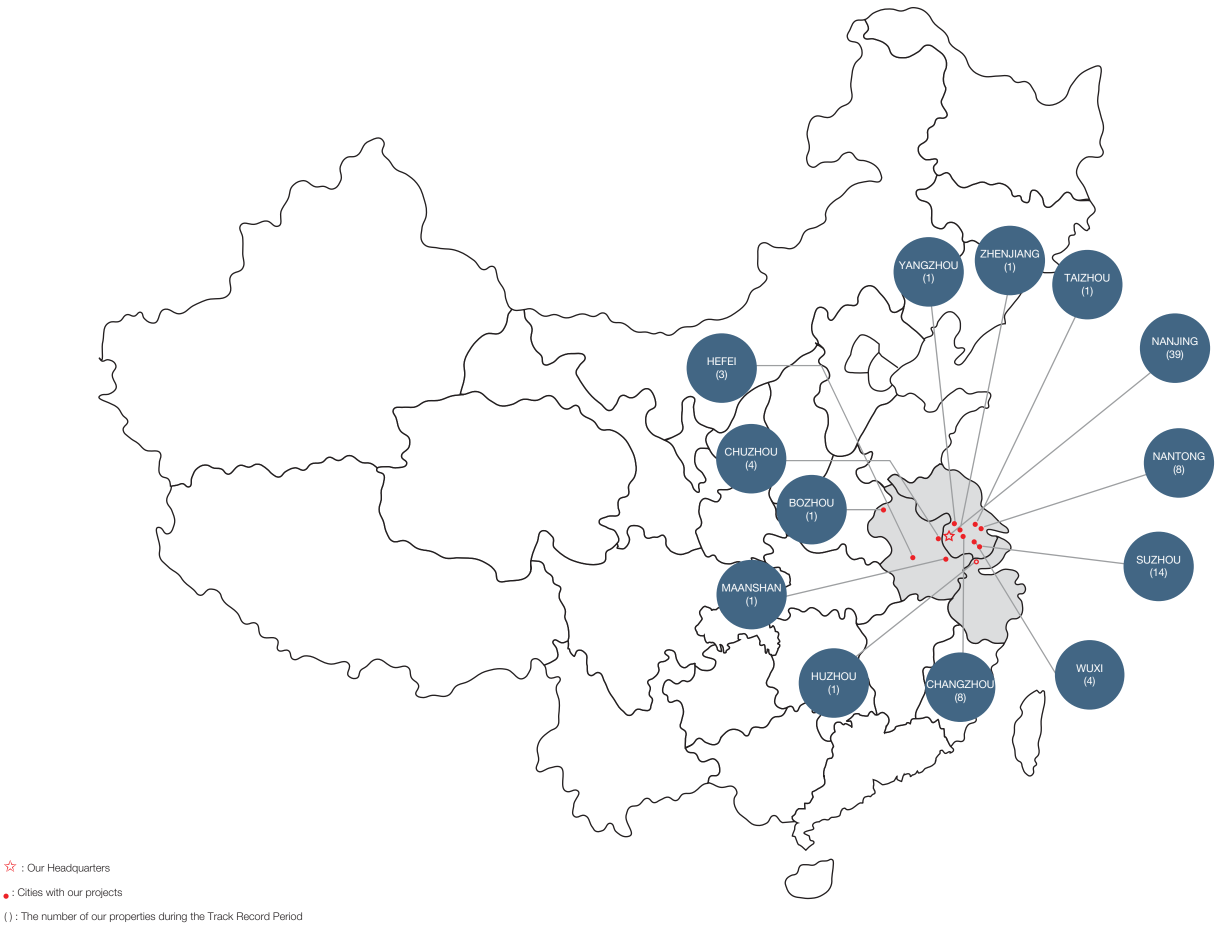
OUR PROJECT PORTFOLIO

The manner in which we classify our projects may be different from the classifications employed by other property developers. Each property project or project phase may require multiple land use right certificates, construction commencement permits, pre-sales permits and other permits and certificates, which may be issued at different times in the development process. The table below sets forth the differences between our classification of properties and the classification of properties adopted in the property valuation report set out in Appendix III and in the combined financial statements set out in Appendix I to this document:

Classification by us	Property valuation report	Accountants' report
Completed projects		
Projects or project phases for which the requisite records of application for examination of completion of works have been obtained	• Property interests held for sales by us in the PRC • Property interests held for investment by us in the PRC • Property interests held and operated by us in the PRC	• Completed properties for sale • Investment properties • Property, plant and equipment
Projects under development		
Projects or project phases for which the requisite land use right certificates and construction works commencement permits have been obtained but the requisite records of application for examination of completion of works have not yet been obtained	• Property interests held under development by us in the PRC	• Properties under development (for the residential portion) • Investment properties (for the commercial portion)
Projects held for future development		
Projects or project phases for which the relevant land use right certificates or land grant contracts have been obtained but the requisite construction works commencement permits have not yet been obtained	• Property interests held for future development by us in the PRC	• Properties under development

During the Track Record Period and as of December 31, 2017, our property portfolio consisted of 25 completed projects, 40 projects under development and 21 projects with land held for future development. The completed projects have an aggregate site area of approximately 1,926,590 sq.m. and an aggregate GFA of approximately 636,261 sq.m. The projects under development have an aggregate site area of approximately 2,111,752 sq.m. and an aggregate GFA of approximately 3,406,160 sq.m. The projects with land held for future development have an aggregate site area of approximately 1,002,807 sq.m. As advised by the PRC Legal Adviser, we had obtained all the requisite land use rights and, where relevant, building ownership certificates for our completed projects, projects under development and projects held for future development during the Track Record Period.

We focus our business activities across the Yangtze River Delta region, one of the most economically prosperous and vibrant regions in China. Of all the aforementioned projects, 39 projects are located in Nanjing, 14 projects are located in Suzhou. The map below shows the location of our headquarters and the geographic coverage of our property portfolio during the Track Record Period:



Since December 31, 2017 and up to the Latest Practicable Date, we had eight additional projects in Changzhou, Xuzhou, Hefei and Chongqing with a total site area of 481,510 sq.m.

Classification of Our Residential Properties

We categorize our residential properties as follows:

- Low-rise apartments (低層住宅) — residential buildings that typically have two to three storeys;
- Multi-storey apartments (多層住宅) — residential buildings that typically have four to six storeys;
- Mid-rise apartments (小高層住宅) — residential buildings that typically have seven to nine storeys;

- High—rise apartments (高層住宅) — residential buildings that typically have 10 storeys or more;

- Townhouses (聯排房屋) — residential house that are connected to each other and each such house typically has three to four storeys.

Land reserves

The following table sets out a summary of our land reserves by geographical location as of December 31, 2017:

	Completed		Under development	Future development	Total land reserves	
Property projects development by our subsidiaries	**Saleable GFA unsold[(1)]** *(sq.m.)*	**Rentable GFA held for investment[(1)]** *(sq.m.)*	**GFA under development[(1)]** *(sq.m.)*	**Planned GFA[(1)]** *(sq.m.)*	**Total GFA[(1)]** *(sq.m.)*	**Percentage of total land bank** *(%)*
Nanjing	56,768	446,915	491,406	69,629	1,065,346	17.3%
Changzhou	23,430	—	709,326	261,362	994,118	16.1%
Suzhou	59,228	—	442,840	193,152	695,220	11.3%
Wuxi	39,170	—	24,073	537,715	600,958	9.7%
Chuzhou	—	—	188,810	252,346	441,156	7.2%
Hefei	—	—	234,567	—	234,567	3.8%
Taixing	—	—	—	123,706	123,706	2.0%
Jurong	—	—	82,105	—	82,105	1.3%
Nantong	—	—	61,479	—	61,479	1.0%
Sub-total	178,596	446,915	2,234,605	1,437,911	4,298,026	69.7%
Projects held by our joint ventues						
Nanjing	8,433	—	166,817	—	175,250	2.8%
Suzhou	2,317	—	54,407	—	56,724	0.9%
Attributable Sub-total[(2)]	10,750	—	221,224	—	231,974	3.8%
Projects held by our associated companies						
Nanjing	—	—	410,881	35,713	446,593	7.2%
Nantong	—	—	185,126	102,592	287,718	4.7%
Suzhou	—	—	145,434	37,600	183,034	3.0%
Bozhou	—	—	—	160,973	160,973	2.6%
Yangzhou	—	—	—	136,943	136,943	2.2%
Hefei	—	—	103,766	—	103,766	1.7%
Wuxi	—	—	—	84,584	84,584	1.4%
Changzhou	—	—	—	59,158	59,158	1.0%
Chuzhou	—	—	53,932	—	53,932	0.9%
Maanshan	—	—	51,193	—	51,193	0.8%
Zhenjiang	—	—	—	44,249	44,249	0.7%
Huzhou	—	—	—	26,591	26,591	0.4%
Attributable Sub-total[(2)]	—	—	950,331	688,402	1,638,733	26.6%
Total	**189,346**	**446,915**	**3,406,160**	**2,126,312**	**6,168,733**	**100.0%**

As of December 31, 2017, we have obtained land use certificates for all of our land reserves.

Notes:

1 Data with respect to the GFA of (i) completed projects have been derived from the information contained in the relevant inspection certificates; and (ii) projects under development have been derived from the information contained in the relevant construction planning permits. The total GFA of a property comprises saleable GFA and non-saleable GFA. "Saleable GFA unsold" includes properties which have been pre-sold. A property is considered sold after the Group has executed the relevant sale and purchase agreement and the property has been delivered to the customer. A property is considered delivered to a customer after the property has been completed, inspected and accepted as qualified. A property is considered pre-sold when the Group has executed the relevant sale and purchase agreement but the property has not yet been delivered to the customer.

2. For projects held by our joint ventures or our associated companies, total GFA is adjusted by our equity interest in the respective project.

Portfolio of Our Property Development Projects

The table below is a summary of our portfolio of property development projects as of December 31, 2017.

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area(1)	Completed GFA(2)	Saleable/ Rentable GFA(3)	Total Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	Planned GFA(2)	GFA without land use rights certificates	Actual/ estimated commencement date for construction(5)	Actual/ estimated commencement date for pre-sale of properties(6)	Actual/ estimated completion date for construction(7)	Development costs incurred(8)	Future development costs to be incurred(9)	Group's interest(10)	Group's attributable market value(11)	Reference to property valuation report(12)
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
I. Residential projects																		
NANJING																		
Solaris Loving City (旭日愛上城) (No. 1 — No. 8)																		
1. Solaris Loving City • Section IV (旭日愛上城第四區)	8,836	33,119	15,842	—	—	—	—	—	—	—	December 2010	August 2012	September 2013	171.3	—	100.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		15,842	15,842	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		17,277	—	—	—	—	—	—	—									
2. Solaris Loving City • Section V (旭日愛上城第五區)	30,528	112,886	88,862	—	—	—	—	—	—	—	November 2012	April 2013	June 2015	497.0	—	100.0	N/A	N/A
Residential		83,581	83,581	—	—	—	—	—	—									
Commercial		4,986	4,986	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		17,456	295	—	—	—	—	—	—									
Ancillary		6,862	—	—	—	—	—	—	—									
3. Hong Yang Solaris Loving City • Section VI (弘陽旭日愛上城六區)	75,237	245,630	181,429	3,081	—	—	—	—	—	—	February 2013	September 2013	December 2015	1,019.8	—	100.0	N/A	N/A
Residential		156,367	156,367	—	—	—	—	—	—									
Commercial		19,215	19,215	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		2,766	2,766	—	—	—	—	—	—									
Ancillary		67,282	3,081	3,081	—	—	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area[1]	Completed GFA[2]	Saleable/ Rentable GFA[3]	Total Saleable GFA unsold[4]	Rentable GFA held for property investment[3]	GFA under development[2]	Saleable/ Rentable GFA[3]	Saleable GFA pre-sold[4]	Planned GFA[2]	GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
4. Hong Yang Solaris Loving City • Section VII (弘陽旭日愛上城七區)	12,999	73,628	49,350	954	—	—	—	—	—	—	March 2014	October 2015	May 2017	317.5	—	100.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		1,337	1,337	—	—	—	—	—	—									
Office		47,162	47,162	104	—	—	—	—	—									
Car parks		5,469	851	851	—	—	—	—	—									
Ancillary		19,660	—	—	—	—	—	—	—									
5. Solaris Loving City • Colorful Wings Garden (旭日愛上城彩翼園)	114,317	264,584	248,500	2,804	—	—	—	—	—	—	April 2010	April 2010	February 2013	1,202.1	—	100.0	N/A	N/A
Residential		236,320	236,320	—	—	—	—	—	—									
Commercial		8,425	8,425	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		2,596	951	—	—	—	—	—	—									
Ancillary		17,243	2,804	2,804	—	—	—	—	—									
6. Solaris Loving City • Star Island Garden (旭日愛上城星島園)	52,574	135,704	131,347	—	—	—	—	—	—	—	September 2009	October 2009	January 2012	656.7	—	100.0	N/A	N/A
Residential		125,299	125,299	—	—	—	—	—	—									
Commercial		5,050	5,050	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		4,256	997	—	—	—	—	—	—									
Ancillary		1,098	—	—	—	—	—	—	—									
7. Solaris Loving City • Creative Wings Garden (旭日愛上城創翼園)	82,693	196,275	172,866	6,109	—	—	—	—	—	—	August 2008	November 2008	June 2011	723.3	—	100.0	N/A	N/A
Residential		153,892	153,892	—	—	—	—	—	—									
Commercial		8,743	8,743	393	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		26,375	7,023	2,508	—	—	—	—	—									
Ancillary		7,265	3,208	3,208	—	—	—	—	—									
8. Solaris City • Section I (旭日上城一區)	198,497	436,741	378,001	4,834	—	—	—	—	—	—	June 2006	August 2007	November 2009	1,096.5	—	100.0	N/A	N/A
Residential		355,009	355,009	—	—	—	—	—	—									
Commercial		5,683	5,683	182	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		64,744	17,309	4,652	—	—	—	—	—									
Ancillary		11,305	—	—	—	—	—	—	—									
9. Solaris City • Section II (旭日上城二區)	163,341	697,747	569,094	5,158	—	—	—	—	—	—	July 2013	April 2014	May 2017	2,606.8	—	100.0	N/A	N/A
Residential		551,275	551,275	460	—	—	—	—	—									
Commercial		5,782	5,782	735	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		108,250	8,074	—	—	—	—	—	—									
Ancillary		32,440	3,963	3,963	—	—	—	—	—									

Project	Site area[1]	COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT	GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
		Completed GFA[2]	Saleable/ Rentable GFA[3]	Total Saleable GFA unsold[4]	Rentable GFA held for property investment[3]	GFA under development[2]	Saleable/ Rentable GFA[3]	Saleable GFA pre-sold[4]	Planned GFA[2]									
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
10. Solaris City • Section III (旭日上城三區)	189,012	591,677	487,338	2,153	—	—	—	—	—	—	December 2010	August 2011	May 2015	1,987.7	—	100.0	N/A	N/A
Residential		468,134	468,134	127	—	—	—	—	—									
Commercial		8,387	8,387	1,054	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		91,860	10,818	972	—	—	—	—	—									
Ancillary		23,296	—	—	—	—	—	—	—									
11. Solaris Institution (旭日學府)	38,976	94,960	74,691	2,591	—	—	—	—	—	—	December 2010	December 2011	November 2013	430.4	—	100.0	N/A	N/A
Residential		58,992	58,992	—	—	—	—	—	—									
Commercial		10,039	10,039	59	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		5,013	5,013	2,532	—	—	—	—	—									
Ancillary		20,917	648	—	—	—	—	—	—									
12. Sun View City (旭日景城)	128,033	223,418	165,449	5,023	—	—	—	—	—	—	September 2005	June 2006	June 2007	725.9	—	100.0	N/A	N/A
Residential		145,439	145,439	—	—	—	—	—	—									
Commercial		7,760	7,760	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		12,250	12,250	5,023	—	—	—	—	—									
Ancillary		57,969	—	—	—	—	—	—	—									
13. Solaris Elegant Architecture (旭日雅築)	15,524	27,364	21,603	92	—	—	—	—	—	—	June 2010	August 2010	February 2012	139.6	—	100.0	N/A	N/A
Residential		18,680	18,680	—	—	—	—	—	—									
Commercial		1,444	1,444	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		1,479	1,479	92	—	—	—	—	—									
Ancillary		5,762	—	—	—	—	—	—	—									
14. Loving Garden (愛上花園)	77,367	188,588	139,649	21,162	—	—	—	—	—	—	August 2015	November 2015	November 2017	1,187.1	—	100.0	219	6
Residential		121,477	118,729	259	—	—	—	—	—									
Commercial		14,824	9,999	9,982	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		47,888	10,922	10,922	—	—	—	—	—									
Ancillary		4,400	—	—	—	—	—	—	—									
15. Great Time at Joy Peak West District (悅峰時光裡西區)	73,065	219,542	211,109	8,433	—	—	—	—	—	—	August 2015	August 2015	August 2017	965.0	—	100.0	N/A	N/A
Residential		146,174	146,174	—	—	—	—	—	—									
Commercial		7,833	7,729	104	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		11,030	2,700	8,330	—	—	—	—	—									
Ancillary		54,506	54,506	—	—	—	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area(1)	Completed GFA(2)	Saleable/ Rentable GFA(3)	Total Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	Planned GFA(2)	GFA without land use rights certificates	Actual/ estimated commencement date for construction(5)	Actual/ estimated commencement date for pre-sale of properties(6)	Actual/ estimated completion date for construction(7)	Development costs incurred(8)	Future development costs to be incurred(9)	Group's interest(10)	Group's attributable market value(11)	Reference to property valuation report(12)
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
16. Hong Yang Upper Yard (弘陽上院)	66,805	158,499	116,767	2,806	—	—	—	—	—	—	April 2014	October 2014	June 2016	1.618.0	—	100.0	N/A	N/A
Residential		94,741	94,741	—	—	—	—	—	—									
Commercial		10,567	10,567	90	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		16,770	6,850	1,894	—	—	—	—	—									
Ancillary		36,421	4,609	822	—	—	—	—	—									
17. Solaris Home (旭日家園)	35,509	60,221	54,175	—	—	—	—	—	—	—	April 2005	July 2005	May 2006	87.9	—	100.0	N/A	N/A
Residential		51,150	51,150	—	—	—	—	—	—									
Commercial		3,026	3,026	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		2,867	—	—	—	—	—	—	—									
Ancillary		3,179	—	—	—	—	—	—	—									
18. East Hua Residence (華東茂)	68,549	37,160	24,365	—	—	—	—	—	—	—	October 2010	February 2012	July 2012	412.0	—	100.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		36,993	24,365	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		167	—	—	—	—	—	—	—									
19. Solaris Loving City • Section VIII (旭日愛上城八區)	40,552	—	—	—	—	237,024	161,759	69,169	—	—	September 2016	June 2017	March 2020	460.3	606.5	100.0	961.8	10
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	26,648	26,648	—	—									
Office		—	—	—	—	135,111	135,111	69,169	—									
Car parks		—	—	—	—	58,968	—	—	—									
Ancillary		—	—	—	—	16,297	—	—	—									
20. Hua Impression Golden Palm Garden (旭日華庭金棕櫚園區)	63,197	166,481	137,625	—	—	14,264	13,430	13,430	—	—	February 2008	February 2017	November 2018	360.7	87.0	100.0	209.0	12
Residential		115,601	115,601	—	—	12,239	12,239	12,239	—									
Commercial		3,636	3,636	—	—	1,191	1,191	1,191	—									
Office		16,360	16,360	—	—	—	—	—	—									
Car parks		2,813	550	—	—	—	—	—	—									
Ancillary		28,073	1,480	—	—	834	—	—	—									
21. Garden of Joy and Elegance (昕悅雅苑)	32,246	—	—	—	—	86,875	63,620	3,421	—	—	June 2017	October 2017	February 2019	1,042.5	321.0	19.0	N/A	N/A
Residential		—	—	—	—	61,880	61,880	3,151	—									
Commercial		—	—	—	—	1,739	1,739	271	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	18,320	—	—	—									
Ancillary		—	—	—	—	4,935	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area[1]	Completed GFA[2]	Saleable/ Rentable GFA[3]	Total Saleable GFA unsold[4]	Rentable GFA held for property investment[3]	GFA under development[2]	Saleable/ Rentable GFA[3]	Saleable GFA pre-sold[4]	Planned GFA[2]	GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
22. Spring on West River (春上西江)	27,962	—	—	—	—	75,969	61,437	57,002	—	—	November 2015	November 2017	October 2018	447.0	99.8	100.0	619.5	11
Residential		—	—	—	—	53,522	53,522	53,522	—									
Commercial		—	—	—	—	1,611	1,611	1,532	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	6,305	6,305	1,947	—									
Ancillary		—	—	—	—	14,532	—	—	—									
23. Golden Space and Watery Court (金域瀾庭)[13]	66,267	—	—	—	—	174,427	131,088	N/A	—	—	March 2017	October 2017	December 2018	1,763.5	1,478.0	8.5	N/A	N/A
Residential		—	—	—	—	127,111	127,111	N/A	—									
Commercial		—	—	—	—	3,977	3,977	N/A	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	30,855	—	N/A	—									
Ancillary		—	—	—	—	12,484	—	N/A	—									
24. Residence of Bamboo and Water (竹水居)	52,763	—	—	—	—	154,173	128,805	115,564	—	—	August 2016	April 2017	October 2018	639.0	296.0	51.0	N/A	N/A
Residential		—	—	—	—	112,546	112,546	112,546	—									
Commercial		—	—	—	—	3,017	3,017	3,017	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	13,242	13,242	—	—									
Ancillary		—	—	—	—	25,367	—	—	—									
25. Garden in the East (領東苑)	67,810	—	—	—	—	247,728	175,136	—	—	—	May 2017	June 2019	December 2019	4,386.8	745.0	33.0	N/A	N/A
Residential		—	—	—	—	173,529	173,529	—	—									
Commercial		—	—	—	—	1,607	1,607	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	52,626	—	—	—									
Ancillary		—	—	—	—	19,966	—	—	—									
26. Star Joy World Square (星悅天地廣場)	27,428	—	—	—	—	108,948	82,267	36,893	—	—	May 2017	August 2017	December 2019	42.0	340.0	30.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	82,267	82,267	36,893	—									
Car parks		—	—	—	—	26,665	—	—	—									
Ancillary		—	—	—	—	16	—	—	—									
27. .Sea Joy Garden (海悅花園)	57,503	—	—	—	—	164,828	118,560	6,998	—	—	February 2017	August 2017	November 2018	2,539.8	649.7	49.0	N/A	N/A
Residential		—	—	—	—	106,282	106,282	—	—									
Commercial		—	—	—	—	4,642	4,642	738	—									
Office		—	—	—	—	7,636	7,636	6,259	—									
Car parks		—	—	—	—	33,293	—	—	—									
Ancillary		—	—	—	—	12,974	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area[1]	Completed GFA[2]	Saleable/ Rentable GFA[3]	Total Saleable GFA unsold[4]	Rentable GFA held for property investment[3]	GFA under development[2]	Saleable/ Rentable GFA[3]	Saleable GFA pre-sold[4]	Planned GFA[2]	GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
28. New No.1 Commercial Plaza (新壹商業廣場)	23,810	—	—	—	—	97,545	71,902	48,224	—	—	June 2017	September 2017	October 2019	746.0	316.0	33.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	32,599	32,599	9,939	—									
Office		—	—	—	—	39,303	39,303	38,285	—									
Car parks		—	—	—	—	15,938	—	—	—									
Ancillary		—	—	—	—	9,705	—	—	—									
29. Wave of Jade Residence (玉瀾府)	44,784	—	—	—	—	128,277	88,831	18,193	—	—	September 2017	November 2017	December 2019	1,116.2	616.0	33.0	N/A	N/A
Residential		—	—	—	—	88,831	88,831	18,193	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	7,074	—	—	—									
Ancillary		—	—	—	—	32,373	—	—	—									
30. Wave of Swallow New Garden (燕瀾新苑)	61,145	—	—	—	—	179,977	136,292	135,187	—	—	March 2017	June 2017	December 2019	737.0	452.0	49.0	N/A	N/A
Residential		—	—	—	—	135,364	135,364	135,187	—									
Commercial		—	—	—	—	929	929	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	33,411	—	—	—									
Ancillary		—	—	—	—	10,273	—	—	—									
31. Times in the Garden (時光裡花園)	59,533	—	—	—	—	164,150	124,075	117,090	—	—	December 2015	May 2016	September 2018	953.9	207.5	100.0	1,372.1	13
Residential		—	—	—	—	97,024	97,024	97,024	—									
Commercial		—	—	—	—	8,726	8,726	5,614	—									
Office		—	—	—	—	13,042	13,042	9,588	—									
Car parks		—	—	—	—	5,283	5,283	4,863	—									
Ancillary		—	—	—	—	40,074	—	—	—									
32. Swallow River Residence (燕江府)	28,052	—	—	—	—	114,456	107,163	84,495	—	—	October 2015	May 2017	July 2018	1,120.5	279.5	51.0	N/A	N/A
Residential		—	—	—	—	78,904	78,904	78,904	—									
Commercial		—	—	—	—	3,731	3,731	2,578	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	24,528	24,528	3,013	—									
Ancillary		—	—	—	—	7,293	—	—	—									
33. Nanjing Land Lot No. 2017G27 (南京• 2017G27地塊)	68,644	—	—	—	—	217,544	136,902	—	—	—	March 2018	April 2018	December 2019	2,197.5	1,562.5	20.0	N/A	N/A
Residential		—	—	—	—	136,047	136,047	—	—									
Commercial		—	—	—	—	855	855	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	40,449	—	—	—									
Ancillary		—	—	—	—	40,193	—	—	—									

Project	Site area(1)	Completed GFA(2)	Saleable/ Rentable GFA(3)	Total Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	Planned GFA(2)	GFA without land use rights certificates	Actual/ estimated commencement date for construction(5)	Actual/ estimated commencement date for pre-sale of properties(6)	Actual/ estimated completion date for construction(7)	Development costs incurred(8)	Future development costs to be incurred(9)	Group's interest(10)	Group's attributable market value(11)	Reference to property valuation report(12)
		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
34. Nanjing Luhe Land Lot No. G49 (南京六合• G49地塊)	14,338	—	—	—	—	31,781	22,619	—	—	—	December 2017	May 2018	April 2019	117.4	102.6	25.0	N/A	N/A
Residential		—	—	—	—	20,375	20,375	—	—									
Commercial		—	—	—	—	2,244	2,244	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	6,352	—	—	—									
Ancillary		—	—	—	—	2,810	—	—	—									
35. Nanjing Land Lot No. 2017G36 (南京• 2017G36地塊)	54,173	—	—	—	—	—	—	—	178,564	—	May 2018	September 2018	May 2020	1,749.4	950.6	20.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
36. Nanjing Land Lot No. 2017G57 (2017G57 地塊)	58,024	—	—	—	—	—	—	—	69,629	—	May 2018	September 2018	March 2019	1,432.0	566.0	100.0	1,400.2	35
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
SUZHOU																		
37. Hong Yang Upper Garden (弘陽上園)	51,361	103,240	59,780	—	—	—	—	—	—	—	July 2014	November 2014	June 2016	937.7	—	100.0	N/A	N/A
Residential		59,780	59,780	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		43,460	—	—	—	—	—	—	—									
38. Hong Yang Glorious Residence (弘陽尊邸)	54,341	135,017	95,656	—	—	—	—	—	—	—	April 2011	August 2011	August 2013	796.7	—	100.0	N/A	N/A
Residential		97,423	95,656	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		37,594	—	—	—	—	—	—	—									
39. Upper Lake Garden (上湖雅苑)	69,923	267,025	207,927	59,228	—	—	—	—	—	—	February 2014	August 2014	November 2017	646.0	161.0	100.0	1,081.7	8
Residential		200,127	200,127	54,754	—	—	—	—	—									
Commercial		7,800	7,800	4,473	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		58,517	—	—	—	—	—	—	—									
Ancillary		581	—	—	—	—	—	—	—									

Project	Site area[1]	COMPLETED Completed GFA[2]	COMPLETED Saleable/ Rentable GFA[3]	COMPLETED Total Saleable GFA unsold[4]	COMPLETED Rentable GFA held for property investment[3]	UNDER DEVELOPMENT GFA under development[2]	UNDER DEVELOPMENT Saleable/ Rentable GFA[3]	UNDER DEVELOPMENT Saleable GFA pre-sold[4]	FUTURE DEVELOPMENT Planned GFA[2]	FUTURE DEVELOPMENT GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
40. Runyuan Masterpiece Garden (潤元名著花園)	80,669	—	—	—	—	194,215	145,253	10,625	—	—	September 2016	May 2017	December 2019	35,030.3	731.0	49.0	N/A	N/A
Residential		—	—	—	—	145,253	145,253	10,625	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	44,407	—	—	—									
Ancillary		—	—	—	—	4,555	—	—	—									
41. Suzhou Land Lot No. 2016-WG-64 (2016-WG-64地塊)	44,701	—	—	—	—	95,339	69,744	—	—	—	March 2017	August 2018	September 2018	1,503.9	245.0	100.0	1,244.9	22
Residential		—	—	—	—	69,744	69,744	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	22,011	—	—	—									
Ancillary		—	—	—	—	3,584	—	—	—									
42. Violet Cloud Residence (紫雲名邸)	62,783	—	—	—	—	152,329	114,453	114,453	—	—	February 2017	June 2017	October 2019	684.6	704.0	33.0	N/A	N/A
Residential		—	—	—	—	114,453	114,453	114,453	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	32,968	—	—	—									
Ancillary		—	—	—	—	4,908	—	—	—									
43. Luyuan Architecture (甪源名築)	60,961	—	—	—	—	149,634	107,474	2,807	—	—	November 2016	August 2017	June 2020	1,811.8	191.0	100.0	1,362.0	23
Residential		—	—	—	—	106,654	106,654	2,807	—									
Commercial		—	—	—	—	820	820	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	20,441	—	—	—									
Ancillary		—	—	—	—	21,719	—	—	—									
44. Upper Water Garden (上水雅苑)	69,325	—	—	—	—	197,867	189,093	133,930	—	—	April 2016	April 2017	November 2018	1,525.2	356.0	100.0	1,709.3	24
Residential		—	—	—	—	149,192	149,192	130,654	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	39,901	39,901	3,275	—									
Ancillary		—	—	—	—	8,774	—	—	—									
45. Superior Charm Garden (風華上品花園)	68,292	110,607	102,328	4,634	—	108,814	89,884	88,828	—	—	October 2016	December 2016	January 2019	972.9	22.1	50.0	N/A	N/A
Residential		82,648	81,956	691	—	86,806	86,806	86,526	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		24,314	20,372	3,943	—	3,078	3,078	2,302	—									
Ancillary		3,645	—	—	—	18,929	—	—	—									

Project	Site area(1)	COMPLETED Completed GFA(2)	COMPLETED Saleable/ Rentable GFA(3)	COMPLETED Total Saleable GFA unsold(4)	COMPLETED Rentable GFA held for property investment(3)	UNDER DEVELOPMENT GFA under development(2)	UNDER DEVELOPMENT Saleable/ Rentable GFA(3)	UNDER DEVELOPMENT Saleable GFA pre-sold(4)	FUTURE DEVELOPMENT Planned GFA(2)	FUTURE DEVELOPMENT GFA without land use rights certificates	Actual/ estimated commencement date for construction(5)	Actual/ estimated commencement date for pre-sale of properties(6)	Actual/ estimated completion date for construction(7)	Development costs incurred(8)	Future development costs to be incurred(9)	Group's interest(10)	Group's attributable market value(11)	Reference to property valuation report(12)
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
46. Suzhou Land Lot No. 2013-B11-D																		
(2013-B11-D地塊)	69,982	—	—	—	—	—	—	—	122,187	—	January 2018	August 2018	June 2020	859.0	562.6	13.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
47. Suzhou Land Lot 3205820010546GB00086																		
(3205820010546GB0086地塊)	36,829	—	—	—	—	—	—	—	92,069	—	March 2018	May 2018	September 2019	409.1	417.0	50.0	195.5	33
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
48. Suzhou Land Lot No. 2017B-019 (2017B-019 地塊)	59,235	—	—	—	—	—	—	—	118,470	—	October 2018	November 2018	October 2021	386.2	523.7	18.3	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
49. Sunrise Joy Masterpiece Residence (昕悅名邸)	47,706	—	—	—	—	—	—	—	101,083	—	March 2018	June 2018	October 2019	249.7	431.7	100.0	236.0	32
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
50. Suzhou Land Lot No. 2014-B26(B/C)																		
(2014-B26(B/C)地塊)	98,783	—	—	—	—	—	—	—	118,540	—	January 2018	April 2018	December 2019	473.4	396.5	16.4	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area[1]	Completed GFA[2]	Saleable/ Rentable GFA[3]	Total Saleable GFA unsold[4]	Rentable GFA held for property investment[3]	GFA under development[2]	Saleable/ Rentable GFA[3]	Saleable GFA pre-sold[4]	Planned GFA[2]	GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
WUXI																		
51. Wuxi Sanwan Qing (無錫三萬頃)	800,000	108,018	100,635	39,170	—	24,072	24,072	—	33,216	—	April 2005	August 2005	December 2019	1,363.6	135.4	100.0	1,150.0	7/25/27
Residential		90,230	82,847	21,382	—	20,170	20,170	—	—									
Commercial		17,788	17,788	17,788	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	3,903	3,903	—	—									
52. Wuxi Land Lot No. XDG-2012-54 (XDG-2012-54號地塊)	85,122	—	—	—	—	—	—	—	212,805	—	January 2018	May 2018	May 2021	519.2	885.8	100.0	1,036.0	31
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
53. Wuxi Land Lot No. 2017-C-20(A)&(B) (2017-C-20(A)、(B)地塊)	138,902	—	—	—	—	—	—	—	291,694	—	March 2018	May 2018	January 2022	431.4	1,226.8	100.0	417.0	29
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
54. Jing Garden of Superior Class (上品璟苑)	203,609	—	—	—	—	—	—	—	325,774	—	February 2018	May 2018	July 2021	519.2	1,432.0	20.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
NANTONG																		
55. Hong Yang Upper City (弘陽上城)	88,233	261,338	258,579	—	—	—	—	—	—	—	January 2011	August 2011	December 2015	1,721.0	—	100.0	N/A	N/A
Residential		218,729	218,455	—	—	—	—	—	—									
Commercial		2,267	2,267	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		38,276	37,856	—	—	—	—	—	—									
Ancillary		2,066	—	—	—	—	—	—	—									

Project	Site area(1)	COMPLETED Completed GFA(2)	COMPLETED Saleable/ Rentable GFA(3)	COMPLETED Total Saleable GFA unsold(4)	COMPLETED Rentable GFA held for property investment(3)	UNDER DEVELOPMENT GFA under development(2)	UNDER DEVELOPMENT Saleable/ Rentable GFA(3)	UNDER DEVELOPMENT Saleable GFA pre-sold(4)	FUTURE DEVELOPMENT Planned GFA(2)	GFA without land use rights certificates	Actual/ estimated commencement date for construction(5)	Actual/ estimated commencement date for pre-sale of properties(6)	Actual/ estimated completion date for construction(7)	Development costs incurred(8)	Future development costs to be incurred(9)	Group's interest(10)	Group's attributable market value(11)	Reference to property valuation report(12)
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
56. Best Time Garden (佳期花苑)	134,061	—	—	—	—	298,247	220,802	162,262	—	—	May 2017	June 2017	April 2019	1,432.0	946.0	33.4	N/A	N/A
Residential		—	—	—	—	220,802	220,802	162,262	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	51,738	—	—	—									
Ancillary		—	—	—	—	25,707	—	—	—									
57. Garden with Virtue (德慶苑)	31,333	—	—	—	—	51,908	44,303	5,241	—	—	September 2017	November 2017	February 2019	316.9	182.0	33.4	N/A	N/A
Residential		—	—	—	—	32,372	32,372	4,475	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	7,604	—	—	—									
Ancillary		—	—	—	—	11,932	11,932	766	—									
58. Esteeming Virtues Garden (尚德苑)	37,348	—	—	—	—	61,479	37,847	—	—	—	December 2017	March 2018	February 2019	316.9	184.3	33.0	97.7	21
Residential		—	—	—	—	37,847	37,847	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	10,610	—	—	—									
Ancillary		—	—	—	—	13,022	—	—	—									
59. Oriental Cloud Garden (東方雲苑)	86,652	—	—	—	—	253,498	167,604	58,766	—	—	December 2017	December 2017	May 2020	1,055.6	865.7	17.0	N/A	N/A
Residential		—	—	—	—	167,604	167,604	58,766	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	63,133	—	—	—									
Ancillary		—	—	—	—	22,761	—	—	—									
60. Upper Joy Garden (上悅花園)	82,741	—	—	—	—	100,317	75,850	—	222,167	—	December 2017	February 2018	May 2020	510.5	861.0	25.0	N/A	N/A
Residential		—	—	—	—	68,373	68,373	—	—									
Commercial		—	—	—	—	7,477	7,478	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	18,822	—	—	—									
Ancillary		—	—	—	—	5,645	—	—	—									
61. Nantong Land Lot No. R2017-025 (R2017-025地塊)	109,890	—	—	—	—	—	—	—	197,802	—	August 2018	October 2018	December 2020	319.8	1,206.7	12.5	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area[1]	Completed GFA[2]	Saleable/ Rentable GFA[3]	Total Saleable GFA unsold[4]	Rentable GFA held for property investment[3]	GFA under development[2]	Saleable/ Rentable GFA[3]	Saleable GFA pre-sold[4]	Planned GFA[2]	GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
62. Nantong Land Lot No. R17013 (R17013地塊)	47,963	—	—	—	—	—	—	—	95,000	—	April 2018	June 2018	December 2020	344.1	683.4	23.5	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
CHANGZHOU																		
63. Hong Yang Upper City • Phase I – Phase III (弘陽上城一期 – 三期)	111,710	300,271	273,461	23,430	—	165,973	151,895	129,277	—	—	December 2015	October 2016	June 2018	1,820.4	55.4	100.0	939.6	14
Residential		289,279	210,466	—	—	118,977	118,977	118,977	—									
Commercial		—	8,199	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	54,796	23,430	—	32,918	32,918	10,301	—									
Ancillary		10,992	—	—	—	14,078	—	—	—									
64. Hong Yang Upper City • Phase IV (弘陽上城四期)	43,590	—	—	—	—	88,773	69,625	66,085	—	—	December 2016	May 2017	August 2018	159.2	107.1	100.0	491.8	15
Residential		—	—	—	—	67,011	67,011	66,085	—									
Commercial		—	—	—	—	2,614	2,614	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	12,976	—	—	—									
Ancillary		—	—	—	—	6,172	—	—	—									
65. Golden Seal and Heaven Shire (金璽天郡)	88,719	—	—	—	—	326,455	222,136	45,382	—	—	July 2017	November 2017	December 2019	1,279.0	884.0	50.0	624.8	20
Residential		—	—	—	—	220,196	220,196	45,382	—									
Commercial		—	—	—	—	1,940	1,940	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	71,890	—	—	—									
Ancillary		—	—	—	—	32,429	—	—	—									
66. Phoenix Terrace (鳳熹台)	88,498	—	—	—	—	—	—	—	221,245	—	March 2018	March 2018	June 2020	569.0	1,010.0	20.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
67. Changzhou Land Lot GX010110-05 (GX010110-05地塊)	67,225	—	—	—	—	—	—	—	147,895	—	October 2018	November 2018	November 2021	715.0	590.0	40.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area[1]	Completed GFA[2]	Saleable/ Rentable GFA[3]	Total Saleable GFA unsold[4]	Rentable GFA held for property investment[3]	GFA under development[2]	Saleable/ Rentable GFA[3]	Saleable GFA pre-sold[4]	Planned GFA[2]	GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
68. Changzhou Sangma Land Lot A (常州桑麻A地块)	44,535	—	—	—	—	—	—	—	14,765	—	June 2018		December 2019	44.3	69.7	70.0	34.0	36
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
YANGZHOU																		
69. Begonia Garden (棠苑)	72,660	—	—	—	—	—	—	—	273,886	118,869	December 2017	March 2018	September 2019	239.3	405.6	50.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
TAIZHOU																		
70. Taixing Land Lot No. TX2017-20 (泰興TX2017-20地塊)	56,230	—	—	—	—	—	—	—	123,706	—	March 2019	June 2018	September 2021	499.9	425.5	40.0	502.0	30
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
ZHENJIANG																		
71. Mountain View Garden (山嚮苑)	70,028	—	—	—	—	82,105	35,631	10,658	—	—	September 2017	November 2017	June 2019	78.3	499.1	100.0	332.0	26
Residential		—	—	—	—	35,631	35,631	10,658	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	46,474	—	—	—									
HEFEI																		
72. In Times (時光裡)	42,621	—	—	—	—	130,449	96,138	14,104	—	—	May 2017	June 2017	January 2019	783.9	297.0	100.0	720.5	18
Residential		—	—	—	—	96,138	96,138	14,104	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	20,971	—	—	—									
Ancillary		—	—	—	—	13,340	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area(1)	Completed GFA(2)	Saleable/ Rentable GFA(3)	Total Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	Planned GFA(2)	GFA without land use rights certificates	Actual/ estimated commencement date for construction(5)	Actual/ estimated commencement date for pre-sale of properties(6)	Actual/ estimated completion date for construction(7)	Development costs incurred(8)	Future development costs to be incurred(9)	Group's interest(10)	Group's attributable market value(11)	Reference to property valuation report(12)
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
73. Sunrise Joy Garden (昕悦花園)	37,254	—	—	—	—	104,118	75,147	20,205	—	—	June 2017	July 2017	April 2019	661.6	338.4	80.0	440.5	19
Residential		—	—	—	—	75,147	75,147	20,205	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	13,838	—	—	—									
Ancillary		—	—	—	—	15,133	—	—	—									
74. Mountain View Yard (望麓別院)	139,536	—	—	—	—	415,064	309,851	120,441	—	—	August 2017	September 2017	May 2020	2,040.5	1,127.0	25.0	N/A	N/A
Residential		—	—	—	—	309,560	309,560	120,441	—									
Commercial		—	—	—	—	291	291	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	54,303	—	—	—									
Ancillary		—	—	—	—	50,910	—	—	—									
CHUZHOU																		
75. Garden with Art Atmosphere (藝境花園)	60,189	—	—	—	—	170,501	138,567	11,838	—	—	August 2017	November 2017	June 2019	789.9	502.0	33.0	249.5	17
Residential		—	—	—	—	136,769	136,769	11,838	—									
Commercial		—	—	—	—	1,798	1,798	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	29,427	—	—	—									
Ancillary		—	—	—	—	2,507	—	—	—									
76. New City Hong Yang Garden at Mingfa North Station (明發北站新城弘陽苑)	8,782	—	—	—	—	18,309	14,497	—	—	—	July 2017	December 2017	June 2019	50.6	55.0	100.0	51.3	16
Residential		—	—	—	—	14,497	14,497	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	3,812	—	—	—									
77. Glory Residence (正榮府)	80,867	—	—	—	—	179,772	129,387	—	—	—	October 2017	December 2017	October 2020	413.0	640.0	30.0	N/A	N/A
Residential		—	—	—	—	122,782	122,782	—	—									
Commercial		—	—	—	—	6,605	6,605	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	33,665	—	—	—									
Ancillary		—	—	—	—	16,720	—	—	—									
78. Garden in Times (時光裡花園)	89,886	—	—	—	—	—	—	—	252,346	—	January 2018	March 2018	November 2019	514.5	112.7	100.0	498.1	34
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									

		COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
Project	Site area[1]	Completed GFA[2]	Saleable/ Rentable GFA[3]	Total Saleable GFA unsold[4]	Rentable GFA held for property investment[3]	GFA under development[2]	Saleable/ Rentable GFA[3]	Saleable GFA pre-sold[4]	Planned GFA[2]	GFA without land use rights certificates	Actual/ estimated commencement date for construction[5]	Actual/ estimated commencement date for pre-sale of properties[6]	Actual/ estimated completion date for construction[7]	Development costs incurred[8]	Future development costs to be incurred[9]	Group's interest[10]	Group's attributable market value[11]	Reference to property valuation report[12]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
MAANSHAN																		
79. Sunny Side of the Yangtze River Peacock City (長江熙岸孔雀城)	97,340	—	—	—	—	256,608	191,480	89,123	—	—	June 2017	October 2017	July 2020	328.1	757.0	20.0	N/A	N/A
Residential		—	—	—	—	190,349	190,349	89,123	—									
Commercial		—	—	—	—	1,130	1,130	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	61,510	—	—	—									
Ancillary		—	—	—	—	3,618	—	—	—									
BOZHOU																		
80. Bozhou Land Lot No. 2017-217 (亳州2017-217號地塊)	201,216	—	—	—	—	—	—	—	402,432	—	May 2018	May 2018	September 2020	1,290.0	1,710.0	40.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
HUZHOU																		
81. Huzhou Land Lot No. 2017-43 (2017-43地塊)	46,488	—	—	—	—	—	—	—	80,578	—	July 2018	August 2018	July 2021	140.0	462.6	33.0	N/A	N/A
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
II. Commercial projects																		
82. Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	435,165	435,165	—	435,165	—	—	—	—	—	May 2006	—	May 2011	1,608.0	482.1	100.0	N/A[14]	38
Residential		—	—	—	—	—	—	—	—									
Commercial		405,370	405,370	—	405,370	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		29,794	29,794	—	29,794	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
83. Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	—	—	—	—	128,126	101,817	—	—	—	November 2016	—	October 2018	315.0	163.0	100.0	653.8	5/37
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	107,153	80,844	—	—									
Office		—	—	—	—	20,973	20,973	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									

Project	Site area[(1)]	COMPLETED				UNDER DEVELOPMENT			FUTURE DEVELOPMENT									
		Completed GFA[(2)]	Saleable/ Rentable GFA[(3)]	Total Saleable GFA unsold[(4)]	Rentable GFA held for property investment[(3)]	GFA under development[(2)]	Saleable/ Rentable GFA[(3)]	Saleable GFA pre-sold[(4)]	Planned GFA[(2)]	GFA without land use rights certificates	Actual/ estimated commencement date for construction[(5)]	Actual/ estimated commencement date for pre-sale of properties[(6)]	Actual/ estimated completion date for construction[(7)]	Development costs incurred[(8)]	Future development costs to be incurred[(9)]	Group's interest[(10)]	Group's attributable market value[(11)]	Reference to property valuation report[(12)]
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(%)	(RMB million)	
84. Changzhou Sangma Land Lot C and D1[(15)]																		
(常州桑麻**CD1**地块)	156,115	—	—	—	—	—	—	—	246,597	—	January 2019		December 2021	1,154.5	1,504.5	70.0	808.2	28
Residential		—	—	—	—	—	—	—	—									
Commercial		—	—	—	—	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
85. Solaris Jingcheng Store (旭日景城商舖**)**	1,371	4,450	4,450	—	4,450	—	—	—	—	—	June 2010	—	February 2012	16.3	—	100.0	71.0	4
Residential		—	—	—	—	—	—	—	—									
Commercial		4,450	4,450	—	4,450	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									
86. Hong Yang Solaris Loving City • Section VI Store (弘陽旭日愛上城六區商舖)	689	7,301	7,301	—	7,301	—	—	—	—	—	February 2013	—	December 2015	44.7	—	100.0	83.2	3
Residential		—	—	—	—	—	—	—	—									
Commercial		7,301	7,301	—	7,301	—	—	—	—									
Office		—	—	—	—	—	—	—	—									
Car parks		—	—	—	—	—	—	—	—									
Ancillary		—	—	—	—	—	—	—	—									

Notes:

(1) Land area data should be derived from information contained in the relevant land use rights certificates and real estate title certificates, or the site area data in the land grant agreements if there is no relevant land use rights certificates.

(2) Data with respect to the GFA of completed projects should be derived from the information contained in the relevant inspection certificates; data with respect to the projects under development and to be constructed should be derived from the information contained in the relevant construction planning permits, or the capacity building area data in the land grant agreements if there is no construction planning permits.

(3) Rentable GFA refers to space available to generate rental income.

(4) In this "Business" section, saleable GFA unsold includes properties which have been pre-sold. A property is considered "sold" after the Group has executed relevant sale and purchase agreement and the property has been delivered to the customer. A property is considered delivered to a customer after the property has been completed, inspected and accepted as qualified. A property is considered pre-sold when the Group has executed the relevant sale and purchase agreement but the property has not yet been delivered to the customer.

(5) Refers to the date on the Construction Works Commencement Permit or is estimated by the Group.

(6) Refers to the date our Group obtained or is estimated to obtain a pre-sale permit for the project based on the Group's internal records.

(7) Refers to the date of the Records of Application for Examination of Completion of Works for each project when the projects are completed; projects under development or to be constructed is based on our current estimation with reference to construction working plans.

(8) (Actual/estimated) costs refer to direct (unaudited) costs incurred for the relevant projects, including paid/to be paid land premium of relevant land use permits, construction costs and capitalized interest.

(9) Estimated costs refer to the budgeted costs estimated to be incurred based on the development costs incurred as at December 31, 2017.

(10) Calculation based on effective equity interest in the respective project companies contained in the property valuation report as of the Valuation Date (scheduled at December 31, 2017).

(11) Refers to the value of the project in proportion to the Group's interest in the project as of the Valuation Date (scheduled at December 31, 2017).

(12) Projects that are not included in the Property Valuation Report are marked as "N/A" in this item.

(13) The data of this project regarding pre-sales is not available since our interest in this project is only amounted to 8.5%.

(14) This is the Group's attributable investment value of the project.

(15) This land lot is located in Tianning District, Changzhou and is occupied by some Republic-of-China-style architecture. We plan to hold this land lot for future lease.

Property Development and Sales

Nanjing

Completed Projects

I. Solaris Loving City (旭日愛上城)

Solaris Loving City (旭日愛上城) is a residential and commercial project located in Pukou District, Nanjing. The project has eight sections, and as of December 31, 2017, seven sections are completed and one section is under development. We entered into the relevant land grant contract on March 2007 and had paid the total land premium of RMB950.0 million in full for the entire project.

1. Solaris Loving City • Section IV (旭日愛上城第四區)

Solaris Loving City • Section IV (旭日愛上城第四區) is a residential project located in Pukou District, Nanjing. The project is close to Metro Line No. S8, the Hong Yang business district, four schools and two hospitals. Occupying a total site area of approximately 8,836 sq.m., it consists of three high-rise residential buildings. The project has an aggregate GFA of approximately 33,119 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project on September 2013. As of December 31, 2017, there was no saleable GFA unsold.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	December 2010
Actual completion date	September 2013
Development costs incurred	RMB171.3 million
Total saleable/rentable GFA completed	15,842 sq.m.
Total saleable/rentable GFA completed and sold	15,842 sq.m.
Percentage of total saleable/rentable GFA sold	100.0%

2. *Solaris Loving City • Section V (旭日愛上城第五區)*

Solaris Loving City • Section V (旭日愛上城第五區) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 30,528 sq.m., it consists of seven high-rise apartment buildings. The project has an aggregate GFA of approximately 112,886 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project in June 2015. As of December 31, 2017, there was no saleable GFA unsold.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	November 2012
Actual completion date	June 2015
Development costs incurred	RMB497.0 million
Total saleable/rentable GFA completed	88,862 sq.m.
Total saleable/rentable GFA completed and sold	88,862 sq.m.
Percentage of total saleable/rentable GFA sold	100.0%

3. Solaris Loving City • Section VI (弘陽旭日愛上城六區)

Solaris Loving City • Section VI (弘陽旭日愛上城六區) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 75,237 sq.m., it consists of 15 high-rise buildings. The project has an aggregate GFA of approximately 245,630 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project in December 2015. As of December 31, 2017, the total saleable GFA unsold was 3,081 sq.m.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	February 2013
Actual completion date	December 2015
Development costs incurred	RMB1,019.8 million
Total saleable/rentable GFA completed	181,429 sq.m.
Total saleable/rentable GFA completed and sold	178,348 sq.m.
Percentage of total saleable/rentable GFA sold	98.3%

4. Solaris Loving City • Section VII (弘陽旭日愛上城七區)

Solaris Loving City • Section VII (弘陽旭日愛上城七區) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 12,999 sq.m., it consists of 4 apartment buildings. The project has an aggregate GFA of approximately 73,628 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project in May 2017. As of December 31, 2017, the total saleable GFA unsold was 954 sq.m.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	March 2014
Actual completion date	May 2017
Development costs incurred	RMB317.5 million
Total saleable/rentable GFA completed	49,350 sq.m.
Total saleable/rentable GFA completed and sold	48,396 sq.m.
Percentage of total saleable/rentable GFA sold	98.1%

5. Solaris Loving City • Colorful Wings Garden (旭日愛上城彩翼園)

Solaris Loving City • Colorful Wings Garden (旭日愛上城彩翼園) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 114,317 sq.m., it consists of 27 high-rise residential buildings and one kindergarten. The project has an aggregate GFA of approximately 264,584 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project in February 2013. As of December 31, 2017, the saleable GFA unsold was 2,804 sq.m.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	April 2010
Actual completion date	February 2013
Development costs incurred	RMB1,202.1 million
Total saleable/rentable GFA completed	248,500 sq.m.
Total saleable/rentable GFA completed and sold	245,696 sq.m.
Percentage of total saleable/rentable GFA sold	98.9%

6. Solaris Loving City • Star Island Garden (旭日愛上城星島園)

Solaris Loving City • Star Island Garden (旭日愛上城星島園) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 52,574 sq.m., it consists of 12 high-rise residential apartment buildings. The project has an aggregate GFA of approximately 135,704 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project in January 2012. As of December 31, 2017, all of the saleable GFA unsold was had been sold out.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	September 2009
Actual completion date	January 2012
Development costs incurred	RMB 656.7 million
Total saleable/rentable GFA completed	131,347 sq.m.
Total saleable/rentable GFA completed and sold	131,347 sq.m.
Percentage of total saleable/rentable GFA sold	100.0%

7. *Solaris Loving City • Creative Wings Garden (旭日愛上城創翼園)*

Solaris Loving City • *Creative Wings Garden (*旭日愛上城創翼園*)* is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 82,693 sq.m., it consists of 13 high-rise apartment buildings. The project has an aggregate GFA of approximately 196,275 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project in June 2011. As of December 31, 2017, the total saleable GFA unsold was 6,109 sq.m.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	August 2008
Actual completion date	June 2011
Development costs incurred	RMB723.3 million
Total saleable/rentable GFA completed	172,866 sq.m.
Total saleable/rentable GFA completed and sold	166,757 sq.m.
Percentage of total saleable/rentable GFA sold	96.5%

II. Solaris Upper City (旭日上城)

8. Solaris City • Section I (旭日上城一區)

Solaris City • Section I (旭日上城一區) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 198,497 sq.m., it consists of 38 high-rise apartment buildings. The project has an aggregate GFA of approximately 436,741 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project on November 2009. As of December 31, 2017, the total saleable GFA unsold was 4,834 sq.m.

We entered into the relevant land grant contract in July 2003 and had paid the total land premium of RMB250.3 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	June 2006
Actual completion date	November 2009
Development costs incurred	RMB1,096.5 million
Total saleable/rentable GFA completed	378,001 sq.m.
Total saleable/rentable GFA completed and sold	373,167 sq.m.
Percentage of total saleable/rentable GFA sold	98.7%

9. *Solaris City • Section II (旭日上城二區)*

Solaris City • Section II (旭日上城二區) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 163,341 sq.m., it consists of seven high-rise apartment buildings. The project has an aggregate GFA of approximately 697,747 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project in May 2017. As of December 31, 2017, the total saleable GFA unsold was 5,158 sq.m.

We entered into the relevant land grant contract in July 2003 and had paid the total land premium of RMB250.3 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	July 2013
Actual completion date	May 2017
Development costs incurred	RMB2,606.8 million
Total saleable/rentable GFA completed	569,094 sq.m.
Total saleable/rentable GFA completed and sold	563,936 sq.m.
Percentage of total saleable/rentable GFA sold	99.1%

10. Loving City Section III (旭日上城三區)

Loving City Section III (旭日上城三區) is a residential and commercial project located in Pukou District, Nanjing. Occupying a total site area of approximately 189,012 sq.m., it consists of 24 high-rise apartment buildings. The project has an aggregate GFA of approximately 591,677 sq.m., all of which. is attributable to us.

We obtained the certificate of completion of this project in May 2015. As of December 31, 2017, the total saleable GFA unsold was 2,153 sq.m.

We entered into the relevant land grant contract on December 2003 and had paid the total land premium of RMB250.3 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	December 2010
Actual completion date	May 2015
Development costs incurred	RMB1,987.7 million
Total saleable/rentable GFA completed	487,338 sq.m.
Total saleable/rentable GFA completed and sold	485,185 sq.m.
Percentage of total saleable/rentable GFA sold	99.6%

11. Solaris Institution (旭日學府)

Solaris Institution (旭日學府) is a residential and commercial project conveniently located in Pukou District, Nanjing, which is close to Metro Line No.3. Occupying a total site area of approximately 38,976 sq.m., it consists of ten mid-rise apartment buildings. The project has an aggregate GFA of approximately 94,960 sq.m., all of which is attributable to us.

We obtained the certificate of completion for this project on November 2013. As of December 31, 2017, the total saleable GFA unsold was 2,591 sq.m.

We entered into the relevant land grant contract in May 2008 and had paid the total land premium of RMB90.0 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	December 2010
Actual completion date	November 2013
Development costs incurred	RMB430.4 million
Total saleable/rentable GFA completed	74,691 sq.m.
Total saleable/rentable GFA completed and sold	72,100 sq.m.
Percentage of total saleable/rentable GFA sold	96.5%

12. Sun View City (旭日景城)

Sun View City (旭日景城) is a residential project located in Gulou District, Nanjing. Occupying a total site area of approximately 128,033 sq.m., it consists of 44 multi-storey apartment buildings. The project has an aggregate GFA of approximately 223,418 sq.m., all of which is attributable to us.

Sun View City was awarded "Glamor North of the City – New Real Estate Landmark of Nanjing in 2006" (魅力城北— —2006南京地產新座標) by Wangshang Real Estate Research Center (網尚房地產研究機構). East Beijing Road Primary School opened up its Sun View City Branch in the community, and there is a bilingual kindergarten and a convenience store for the residents. It is also close to Metro Line No.3, two hospitals and the Green Land Commercial Plaza (綠地商業廣場).

We obtained the certificate of completion for this project in June 2007. As of December 31, 2017, the total saleable GFA unsold was 5,023 sq.m.

We entered into the relevant land grant contract in December 2003 and a supplement agreement in February 2006 and had paid the total land premium of RMB283.5 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	September 2005
Actual completion date	June 2007
Development costs incurred	RMB725.9 million
Total saleable/rentable GFA completed	165,449 sq.m.
Total saleable/rentable GFA completed and sold	160,426 sq.m.
Percentage of total saleable/rentable GFA sold	97.0%

13. Solaris Elegant Architecture (旭日雅築)

Solaris Elegant Architecture (旭日雅築) is a residential and project located in Qixia District, Nanjing. Occupying a total site area of approximately 15,524 sq.m., it consists of eight multi-storey apartment buildings, two commercial buildings and an underground parking lot. The project has an aggregate GFA of approximately 27,364 sq.m., all of which is attributable to us.

Solaris Elegant Architecture is close to Five Star Appliance Shopping Mall (五星電器大賣場) and Avalokiteshvara Gate (觀音門). Four schools and four hospitals are also close to the project.

We obtained the certificate of completion for this project in February 2012. As of December 31, 2017, the total saleable GFA unsold was 92 sq.m.

We entered into the relevant land grant contract on May 2008 and had paid the total land premium of RMB55.0 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	June 2010
Actual completion date	February 2012
Development costs incurred	RMB139.6 million
Total saleable/rentable GFA completed	21,603 sq.m.
Total saleable/rentable GFA completed and sold	21,511 sq.m.
Percentage of total saleable/rentable GFA sold	99.6%

14. Loving Garden (愛上花園)

Loving Garden (愛上花園) is a residential and commercial project located in Pukou District, Nanjing. Occupying a total site area of 77,367 sq.m., it consists of 17 apartment buildings. The project has an aggregate GFA of 188,588 sq.m., all of which is attributable to us.

We obtained the certificate of completion for this project on November 2017. As of December 31, 2017, the total saleable GFA unsold was 21,162 sq.m.

We entered into the relevant land grant contract on April 2015 and had paid the total land premium of RMB630.0 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	August 2015
Actual completion date	November 2017
Development costs incurred	RMB1,187.1 million
Total saleable/rentable GFA completed	139,649 sq.m.
Total saleable/rentable GFA completed and sold	118,487 sq.m.
Percentage of total saleable/rentable GFA sold	84.8%

15. Great Time at Joy Peak West District (悅峰時光裡西區)

Great Time at Joy Peak West District (悅峰時光裡西區) is a residential project conveniently located in Pukou District, Nanjing. Occupying a total site area of approximately 73,065 sq.m., it consists of 17 high-rise apartment buildings. The project has an aggregate GFA of approximately 219,542 sq.m., all of which is attributable to us.

Great Time at Joy Peak is east to Jingling Institution, Nanjing University, and is themed as green technology, creating a humanized and intelligent residential area. The project is also close to Metro Line No.3 and No. S8.

We obtained the certificate of completion for this project in August 2017. As of December 31, 2017, the total saleable GFA unsold was 8,433 sq.m.

We entered into the relevant land grant contract in December 2014 and had paid the total land premium of RMB854 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	August 2015
Actual completion date	August 2017
Development costs incurred	RMB965.0 million
Total saleable/rentable GFA completed	211,109 sq.m.
Total saleable/rentable GFA completed and sold	202,676 sq.m.
Percentage of total saleable/rentable GFA sold	96.0%

16. Hong Yang Upper Yard (弘陽上院)

Hong Yang Upper Yard (弘陽上院) is a residential and commercial project located in Jiangning District, Nanjing. Occupying a total site area of approximately 66,805 sq.m., it consists of 20 buildings. The project has an aggregate GFA of approximately 158,499 sq.m., all of which is attributable to us.

Hong Yang Upper Yard features multiple groups of man-made landscapes. There are high-quality kindergartens, schools, and a supermarket close to the project, providing convenience to residents there.

We obtained the certificate of completion for this project in June 2016. As of December 31, 2017, the total saleable GFA unsold was 2,806 sq.m.

We entered into the relevant land grant contract in November 2013 and had paid the total land premium of RMB917 million in full. Below are details of this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	April 2014
Actual completion date	June 2016
Development costs incurred	RMB1,618.0 million
Total saleable/rentable GFA completed	116,767 sq.m.
Total saleable/rentable GFA completed and sold	113,961 sq.m.
Percentage of total saleable/rentable GFA sold	97.6%

17. Solaris Home (旭日家園)

Solaris Home (旭日家園) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 35,509 sq.m., it consists of 13 buildings. The project has an aggregate GFA of approximately 60,221 sq.m, all of which is attributable to us.

We obtained the certificate of completion for this project in May 2006. As of December 31, 2017, the total saleable GFA unsold was nil.

We entered into the relevant land grant contract in July 2003. We had paid part of the land premium of RMB250.3 million for this project and Solaris City in total. Below are details of this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	April 2005
Actual completion date	May 2006
Development costs incurred	RMB87.9 million
Total saleable/rentable GFA completed	54,175 sq.m.
Total saleable/rentable GFA completed and sold	54,175 sq.m.
Percentage of total saleable/rentable GFA sold	100.0%

18. East Hua Residence (華東茂)

East Hua Residence (華東茂) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 68,549 sq.m., it consists of three high-rise residential apartments. The project has an aggregate GFA of approximately 37,160 sq.m, all of which is attributable to us.

We obtained the certificate of completion for this project in July 2012. As of December 2017, there was no saleable GFA unsold.

We entered into the relevant land grant contract in December 2003 and had paid the total land premium of RMB10.5 million in full. Below are details this project as at December 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	October 2010
Actual completion date	July 2012
Development costs incurred	RMB412.0 million
Total saleable/rentable GFA completed	24,365 sq.m.
Total saleable/rentable GFA completed and sold	24,365 sq.m.
Percentage of total saleable/rentable GFA sold	100.0%

Projects Under Development

19. Solaris Loving City • Section VIII (旭日愛上城八區)

Solaris Loving City • Section VIII (旭日愛上城八區) is a residential project located in Pukou District, Nanjing. Occupying a total site area of approximately 40,552 sq.m., the project has an aggregate GFA of approximately 237,024 sq.m., all of which is attributable to us.

Construction for this project commenced on September 2016 and is expected to be completed in March 2020. We commenced the pre-sales in this project in June 2017.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	September 2016
Actual completion date	March 2020
Development costs incurred	RMB460.3 million
Total saleable/rentable GFA to be completed	161,759 sq.m.
Total saleable/rentable GFA pre-sold	69,169 sq.m.
Percentage of total saleable/rentable GFA pre-sold	42.8%

20. Hua Impression Golden Palm Garden (旭日華庭金棕櫚園區)

Hua Impression Golden Palm Garden (旭日華庭金棕櫚園區) is a residential and commercial project located in Pukou District, Nanjing. Occupying a total site area of approximately 63,197 sq.m., the project has an aggregate GFA of approximately 166,481 sq.m., all of which is attributable to us.

Hua Impression Golden Palm Garden is adjacent to Metro Line No. 3, and is surrounded by cultural, sports, recreational and medical resources.

Construction for the last part of this project commenced in March 2016 and is expected to be completed in November 2018. As of December 31, 2017, we have pre-sold all the saleable GFA. We commenced pre-sales in this project in February 2017.

We entered into the relevant land grant contract in July 2003 and had paid part of the total land premium of RMB73.2 million. As of December 31, 2017, development costs of RMB360.7 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB87.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	February 2008
Actual completion date	November 2018
Development costs incurred	RMB360.7 million
Total saleable/rentable GFA completed or to be completed	151,055 sq.m.
Total saleable/rentable GFA completed and sold or pre-sold	151,055 sq.m.
Percentage of total saleable/rentable GFA sold or pre-sold	100.0%

21. Garden of Joy and Elegance (昕悦雅苑)

Garden of Joy and Elegance (昕悦雅苑) is a residential and commercial project located in Jiangning District, Nanjing. It is planned to include 11 apartment buildings. The project occupies a site area of 32,246 sq.m. and has a planned GFA of 86,875 sq.m., of which an estimate of 16,506 sq.m. is attributable to us.

Garden of Joy and Elegance has a greening rate up to 30%, and a maximum distance between two buildings of 100 meters to ensure lighting and ventilation. The project has function sectors including sports field and gym, kid's place and elderly's club, community center and meeting room. Moreover, it is close to the Meilong Lake Recreational Plaza (梅龍湖休閒廣場), Jiangning Sports Center (江寧體育中心), schools, supermarkets, banks and hospitals.

Construction for this project commenced in June 2017 and is expected to be completed in February 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 3,421 sq.m. and the total saleable GFA unsold was 60,199 sq.m. We commenced pre-sales in this project in October 2017.

We entered into the relevant land grant contract in December 2016 and had paid the total land premium of RMB880.0 million in full. As of December 31, 2017, development costs of RMB1,042.5 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB321.0 million (including capitalized finance costs) for the completion of the project.

Below are details of this project as at December 31, 2017:

Interest attributable to our Group	19.0%
Construction period	
Actual commencement date	June 2017
Estimated completion date	February 2019
Development costs incurred	RMB1,042.5 million
Estimated development costs to be incurred	RMB321.0 million
Total saleable/rentable GFA to be completed	63,620 sq.m.
Total saleable/rentable GFA pre-sold	3,421 sq.m.
Total planned GFA	86,875 sq.m.
Percentage of total saleable/rentable GFA pre-sold	5.4%

22. Spring on West River (春上西江)

Spring on West River (春上西江) is a residential and commercial project located in Yuhuatai District, Nanjing. It is planned to include eight neoclassical-style buildings, among which six are 21-floor residential buildings and two are commercial buildings. The project occupies a site area of 27,962 sq.m. and has a planned GFA of 75,969 sq.m., all of which is attributable to us.

Construction for this project commenced in November 2015 and is expected to be completed in October 2018. As of December 2017, the total GFA of properties pre-sold amounted to 57,002 sq.m. and the total saleable GFA unsold was 4,436 sq.m. We commenced pre-sales in this project in November 2017.

We entered into the relevant land grant contract in September 2015 and had paid the total land premium of RMB270.0 million in full. As of December 31, 2017, development costs of RMB447.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB99.8 million (including capitalized finance costs) for the completion of the project.

Below are details of this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	November 2015
Estimated completion date	October 2018
Development costs incurred	RMB447.0 million
Estimated development costs to be incurred	RMB99.8 million
Total saleable/rentable GFA to be completed	61,437 sq.m.
Total saleable/rentable GFA pre-sold	57,002 sq.m.
Total planned GFA	75,969 sq.m.
Percentage of total saleable/rentable GFA pre-sold	92.8%

23. Golden Space and Watery Court (金域瀾庭)

Golden Space and Watery Court (金域瀾庭) is residential project located in Jiangning District, Nanjing. It is planned to include 15 apartment buildings with low density. The project occupies a site area of 66,267 sq.m. and has a planned GFA of 174,427 sq.m., of which an estimate of 14,826 sq.m. is attributable to us.

Construction for this project commenced in March 2017 and is expected to be completed in December 2018. As of December 31, 2017, the total saleable GFA unsold was 131,088 sq.m.

We entered into the relevant land grant contract in December 2016 and had paid the total land premium of RMB1,071.0 million. As of December 31, 2017, development costs of RMB1,763.5 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB478.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	8.5%
Construction period	
Actual commencement date	March 2017
Estimated completion date	December 2018
Development costs incurred	RMB1,763.5 million
Estimated development costs to be incurred	RMB478.0 million
Total saleable/rentable GFA to be completed	131,088 sq.m.
Total planned GFA	174,427 sq.m

24. Residence of Bamboo and Water (竹水居)

Residence of Bamboo and Water (竹水居) is residential project located in Jiangning District, Nanjing. It is planned to include 11 high-rise apartment buildings. The buildings are planned to be mainly 18-26 floors, and with a low building density of no more than 20%, targeting urban elites. The project occupies a site area of approximately 52,763 sq.m. and has a planned GFA of 154,173 sq.m., of which an estimate of 78,628 sq.m. is attributable to us.

Construction for this project commenced in August 2016 and is expected to be completed in October 2018. As of December 31, 2017, the total GFA of properties pre-sold amounted to 115,564 sq.m. and the total saleable GFA unsold was 13,241 sq.m.. We commenced pre-sales in this project in April 2017.

We entered into the relevant land grant contract in December 2015 and had paid the total land premium of RMB425.0 million in full. As of December 31, 2017, development costs of RMB639.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB296.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	51.0%
Construction period	
Actual commencement date	August 2016
Estimated completion date	October 2018
Development costs incurred	RMB639.0 million
Estimated development costs to be incurred	RMB296.0 million
Total saleable/rentable GFA to be completed	128,805 sq.m.
Total saleable/rentable GFA pre-sold	115,564 sq.m.
Total planned GFA	154,173 sq.m
Percentage of total saleable/rentable GFA pre-sold	89.7%

25. Garden in the East (領東苑)

Garden in the East (領東苑) is a residential project located in Jiangning District, Nanjing. It is planned to include 15 high-rise apartment buildings. The project occupies a site area of 67,810 sq.m. and has a planned GFA of 247,728 sq.m., of which an estimate of 81,750 sq.m. is attributable to us.

Construction for this project commenced in May 2017 and is expected to be completed in December 2019. As of December 31, 2017, there was no pre-sold GFA and the total saleable GFA unsold was 175,136 sq.m. We have not commenced pre-sales in this project as of the Latest Practicable Date.

We entered into the relevant land grant contract in October 12, 2016 and had paid the total land premium of RMB4,000.0 million in full. As of December 31, 2017, development costs of RMB4,386.8 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB745.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	33.0%
Construction period	
Actual commencement date	May 2017
Estimated completion date	December 2019
Development costs incurred	RMB4,386.8 million
Estimated development costs to be incurred	RMB745.0 million
Total saleable/rentable GFA to be completed	175,136 sq.m.
Total saleable/rentable GFA pre-sold	nil
Total planned GFA	247,728 sq.m
Percentage of total saleable/rentable GFA pre-sold	nil

26. Star Joy World Square (星悦天地廣場)

Star Joy World Square (星悦天地廣場) is a residential and commercial project conveniently located in the central business district of Pukou District, Nanjing. It consists of eight buildings.

The project is 100 meters to Metro No.3, and adjacent to the new Nanjing North Station in plan. It occupies a site area of approximately 27,428 sq.m, and has a total GFA of 108,948 sq.m., of which an estimate of 32,684 sq.m. is attributable to us.

Construction for this project commenced in May 2017 and is expected to be completed in December 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 36,893 sq.m. and the total saleable GFA unsold was 45,374 sq.m. We commenced pre-sales in this project in August 2017.

We entered into the relevant land grant contract in October 2016 and had paid the total land premium of RMB550.0 million. As of December 31, 2017, development costs of RMB592.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB340.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	30%
Construction period	
Actual commencement date	May 2017
Estimated completion date	December 2019
Development costs incurred	RMB592.0 million
Estimated development costs to be incurred	RMB340.0 million
Total saleable/rentable GFA to be completed	82,267 sq.m.
Total saleable/rentable GFA pre-sold	36,893 sq.m.
Percentage of total saleable/rentable GFA pre-sold	44.8%

27. Sea Joy Garden (海悦花園)

Sea Joy Garden (海悦花園) is a residential and commercial project conveniently located in the Hong Yang business district of Pukou District, Nanjing. It is planned to include six high-rise and seven mid-rise apartment buildings. It occupies a site area of 57,503 sq.m. and has a planned GFA of 164,828 sq.m., of which an estimate of 80,766 sq.m. is attributable to us.

The project is 30 minutes from the city center by car, and is adjacent to the Metro lines No.3 and S8. It is also close to Lipeng Plaza (力朋廣場), Nanjing University (南京大學), and Chengxiang College of Southeastern University (東南大學成賢學院).

Construction for this project commenced in February 2017 and is expected to be completed in November 2018. As of December 31, 2017, the total GFA of properties pre-sold amounted to 6,998 sq.m. and the total saleable GFA unsold was 111,562 sq.m. We commenced pre-sales in this project in August 2017.

We entered into the relevant land grant contract on October 2016 and had paid the total land premium of RMB1,940.0 million. As of December 31, 2017, development costs of RMB2,539.8 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB649.7 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	49.0%
Construction period	
Actual commencement date	February 2017
Estimated completion date	November 2018
Development costs incurred	RMB2,539.8 million
Estimated development costs to be incurred	RMB649.7 million
Total saleable/rentable GFA to be completed	118,560 sq.m.
Total saleable/rentable GFA pre-sold	6,998 sq.m.
Total planned GFA	164,828 sq.m
Percentage of total saleable/rentable GFA pre-sold	5.9%

28. New No.1 Commercial Plaza (新壹商業廣場)

New No.1 Commercial Plaza (新壹商業廣場) is a commercial and residential project located in Jiangning District, Nanjing. It is planned to include three 21-floor high-rise buildings. The project is also planned to include a two-floor commercial building. The project occupies a site area of 23,810 sq.m. and has a planned GFA of 97,545 sq.m., of which an estimate of 32,190 sq.m. is attributable to us.

The project has great potential for development. It is adjacent to Metro Line No.1, and is surrounded by rich commercial, medical, educational, and natural resources such as Wending Plaza (文鼎廣場) and Xiezhong Plaza (協眾廣場).

Construction for this project commenced in June 2017 and is expected to be completed in October 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 48,224 sq.m. and the total saleable GFA unsold was 23,678 sq.m. We commenced pre-sales in this project in September 2017.

We entered into the relevant land grant contract in October 2016 and had paid the total land premium of RMB648.0 million in full. As of December 31, 2017, development costs of RMB746.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB316.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	33.0%
Construction period	
Actual commencement date	June 2017
Estimated completion date	October 2019
Development costs incurred	RMB746.0 million
Estimated development costs to be incurred	RMB316.0 million
Total saleable/rentable GFA to be completed	71,902 sq.m.
Total saleable/rentable GFA pre-sold	48,224 sq.m.
Total planned GFA	97,545 sq.m
Percentage of total saleable/rentable GFA pre-sold	67.1%

29. Wave of Jade Residence (玉瀾府)

Wave of Jade Residence (玉瀾府) is a residential project located in Pukou District, Nanjing. It is planned to include 16 high-rise buildings. The project occupies a site area of 44,784 sq.m. and has a planned GFA of 128,277 sq.m., of which an estimate of 42,331 sq.m. is attributable to us.

The project is adjacent to Metro Line No.3, five schools, two hospitals, Hong Yang Plaza (弘陽廣場) and Grand Ocean Department Store (大洋百貨).

Construction for this project commenced in September 2017 and is expected to be completed in December 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 18,193 sq.m. and the total saleable GFA unsold was 70,638 sq.m. We commenced pre-sales in this project in November 2017.

We entered into the relevant land grant contract in January 2017 and had paid the total land premium of RMB1,020.0 million. As of December 31, 2017, development costs of RMB1,116.2 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB616.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	33.0%
Construction period	
Actual commencement date	September 2017
Estimated completion date	December 2019
Development costs incurred	RMB1,116.2 million
Estimated development costs to be incurred	RMB616.0 million
Total saleable/rentable GFA to be completed	88,831 sq.m.
Total saleable/rentable GFA pre-sold	18,193 sq.m.
Percentage of total saleable/rentable GFA pre-sold	20.5%

30. Wave of Swallow New Garden (燕瀾新苑)

Wave of Swallow New Garden (燕瀾新苑) is residential project located in Jiangning District, Nanjing. It is planned to include nine high-rise, three mid-rise, and six multi-storey apartment buildings. The project occupies a site area of approximately 61,145 sq.m. and has a planned GFA of 179,977 sq.m., of which an estimate 88,189 is attributable to us.

Wave of Swallow New Garden is 10 minutes' drive from the New Jizhou National Wetland Park (新濟州國家濕地公園), and is surrounded by national-level eco-tourist attractions suah as Nanshan Scenic Zone (南山風景區), Shitang Sea of Bamboos (石塘竹海), and Guli Lavender Garden (古裡薰衣草園). With kindergartens to high schools and other facilities within the area, the community will be a perfect place to live in.

Construction for this project commenced in March 2017 and is expected to be complete in December 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 135,187 sq.m. and the total saleable GFA unsold was 1,105 sq.m. We commenced pre-sales in this project in June 2017.

We entered into the relevant land grant contract in December 2015 and had paid the total land premium of RMB500.0 million in full. As of December 31, 2017, development costs of RMB737.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB452.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	49.0%
Construction period	
Actual commencement date	March 2017
Estimated completion date	December 2019
Development costs incurred	RMB737.0 million
Estimated development costs to be incurred	RMB452.0 million
Total saleable/rentable GFA to be completed	136,293 sq.m.
Total saleable/rentable GFA pre-sold	135,187 sq.m.
Percentage of total saleable/rentable GFA pre-sold	99.2%

31. Times in the Garden (時光裡花園)

Times in the Garden (時光裡花園) is residential and commercial project located in Pukou District, Nanjing. It is close to Hong Yang Plaza, three schools and one kindergarten, hospital and supermarkets. The project is planned to include 11 high-rise apartment buildings, one mid-rise and one low-rise commercial buildings. The project occupies a site area of approximately 59,533 sq.m. and has a planned GFA of 164,150 sq.m., all of which is attributable to us.

Construction for this project commenced in December 2015 and is expected to be completed in September 2018. As of December 31, 2017, the total GFA of properties pre-sold amounted to 117,090 sq.m. and the total saleable GFA unsold was 6,985 sq.m. We commenced pre-sales in this project in May 2016.

We entered into the relevant land grant contract in December 2014 and had paid the total land premium of RMB490.0 million in full. As of December 31, 2017, development costs of RMB953.9 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB207.5 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	December 2015
Estimated completion date	September 2018
Development costs incurred	RMB953.9 million
Estimated development costs to be incurred	RMB207.5 million
Total saleable/rentable GFA to be completed	124,075 sq.m.
Total saleable/rentable GFA pre-sold	117,090 sq.m.
Percentage of total saleable/rentable GFA pre-sold	94.4%

32. Swallow River Residence (燕江府)

Swallow River Residence (燕江府) is residential and commercial project located in Qixia District, Nanjing. It is planned to include six high-rise apartment buildings and one commercial buildings. The project occupies a site area of approximately 28,052 sq.m. and has a planned GFA of approximately 114,456 sq.m., of which an estimate of 58,373 sq.m. is attributable to us.

Swallow River Residence is close to Yanziji Park (燕子磯公園), Mufu Mountain Scenic Belt (幕府山風光帶), Binjiang Park (濱江公園), and Avalokiteshvara Gate (觀音門). An approximately 58,000 sq. m. commercial complex, a community hospital and a middle school are also within the area.

Construction for this project commenced in October 2015 and is expected to be completed in July 2018. As of December 31, 2017, the total GFA of properties pre-sold amounted to 84,495 sq.m. and the total saleable GFA unsold was 22,668 sq.m. We commenced pre-sales in this project in May 2017.

We entered into the relevant land grant contract on July 2015 and had paid the total land premium of RMB780.6 million in full. As of December 31, 2017, development costs of RMB1,120.5 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB279.5 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	51.0%
Construction period	
Actual commencement date	October 2015
Estimated completion date	July 2018
Development costs incurred	RMB1,120.5 million
Estimated development costs to be incurred	RMB279.5 million
Total saleable/rentable GFA to be completed	107,163 sq.m.
Total saleable/rentable GFA pre-sold	84,495 sq.m.
Percentage of total saleable/rentable GFA pre-sold	78.8%

33. Nanjing Land Lot No. 2017G27 (南京 • 2017G27地塊)

Nanjing Land Lot No. 2017G27 (南京 • 2017G27地塊) is a vacant land located in Pukou District, Nanjing and is planned to be developed into a residential project comprising of six high-rise and 12 multi-storey apartment buildings. The project occupies a total site area of 68,644 sq.m, and has a planned GFA of 217,544 sq.m., of which an estimate of 43,509 sq.m. is attributable to us.

Construction for this project commenced in March 2018 and is expected to be completed in December 2019. As of December 2017, there was no GFA of properties pre-sold and total saleable GFA unsold was 136,902 sq.m. We plan to commence pre-sales in this project in April 2018.

We entered into the relevant land grant contract in July 2017 and had paid the total land premium of RMB2,310.0 million. As of December 31, 2017, development costs of RMB2,197.5 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB1,562.5 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	20.0%
Construction period	
Actual commencement date	March 2018
Estimated completion date	December 2019
Development costs incurred	RMB2,197.5 million
Estimated development costs to be incurred	RMB1,562.5 million
Total saleable/rentable GFA to be completed	136,902 sq.m.
Total saleable/rentable GFA pre-sold	nil
Percentage of total saleable/rentable GFA pre-sold	nil

34. Nanjing Luhe Land Lot No. G49 (南京六合•G49地塊)

Nanjing Luhe Land Lot No. G49 (南京六合•G49地塊) is a residential project located in Luhe District, Nanjing and is planned to be developed into five high-rise residential buildings. The project occupies a site area of approximately 14,338 sq.m. and has a planned GFA of approximately 31,781 sq.m., of which an estimate of 7,945 is attributable to us.

Construction of this project commenced in December 2017 and is expected to complete on April 2019. As of December 31, 2017, there was no GFA of properties pre-sold and the total saleable GFA unsold was 22,619 sq.m. We plan to commence pre-sales in this project in May 2018.

We entered into the relevant land grant contract in October 2017 and had paid the total land premium of RMB108.0 million in full. As of December 31, 2017, development costs of RMB117.4 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB102.6 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	25.0%
Construction period	
Actual commencement date	December 2017
Estimated completion date	April 2019
Development costs incurred	RMB117.4 million
Estimated development costs to be incurred	RMB102.6 million
Total saleable/rentable GFA to be completed	22,619 sq.m.
Total saleable/rentable GFA pre-sold	nil
Total planned GFA	31,781 sq.m
Percentage of total saleable/rentable GFA pre-sold	nil

Projects Held for Future Development

35. Nanjing Land Lot No. 2017G36 (南京•2017G36地塊)

Nanjing Land Lot No. 2017G36 (南京•2017G36地塊) is a vacant land located in Jiangning District, Nanjing and is planned to be developed into a residential project.

The land lot No. 2017G36 occupies a total site area of 54,173 sq.m, and has a planned GFA of 178,564 sq.m., all of which is attributable to us. Construction for this project is expected to commence in May 2018 and is expected to be completed in May 2020. We have no plan to commence pre-sales in this project as of the Latest Practicable Date.

We entered into the relevant land grant contract in July 2017 and had paid the total land premium of RMB1,700.0 million in full. A development cost of RMB1,749.4 million has been incurred and an additional development cost of RMB950.6 million (including capitalized finance costs) is expected to be incurred for the project.

36. Nanjing Land Lot No. 2017G57 (2017G57地塊)

Nanjing Land Lot No. 2017G57 (2017G57地塊) is a vacant land located in Jiangning District, Nanjing and is planned to be developed into a residential and commercial project.

The land lot of No. G57 occupies a total site area of 58,024 sq.m, and has not obtained the relevant construction planning permit as of the Latest Practicable Date. Construction for this project is expected to commence in May 2018 and is expected to be completed in March 2019. We plan to commence pre-sales in this project in September 2018.

We entered into the relevant land grant contract in November 2017 and had paid the total land premium of RMB1,390.0 million in full. A development cost of RMB1,432.0 million has been incurred, and a development cost of RMB566.0 million (including capitalized finance costs) is expected to be incurred for the project.

Suzhou

Completed Projects

37. Hong Yang Upper Garden (弘陽上園)

Hong Yang Upper Garden (弘陽上園) is a residential project located in Yuanhepian District, Changshu, Suzhou. Occupying a total site area of approximately 51,361 sq.m., it consists of 14 multi-storey apartment buildings. The project has an aggregate GFA of 103,240 sq.m., all of which is attributable to us.

Hong Yang Upper Garden is adjacent to educational institutions, No.1 Changshu Renmin Hospital, the Rongan Shanghu Central Garden (榮安尚湖中央花園), and the Shanghu Scenic Zone (尚湖風景區).

We obtained the certificate of completion for this project in June 2016. As of December 31, 2017, the total saleable GFA unsold was nil.

We entered into the relevant land grant contract in November 2013 and had paid the total land premium of RMB503.0 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	July 2014
Actual completion date	June 2016
Development costs incurred	RMB937.7 million
Total saleable/rentable GFA completed	59,780 sq.m.
Total saleable/rentable GFA completed and sold	59,780 sq.m.
Percentage of total saleable/rentable GFA sold	100.0%

38. Hong Yang Glorious Residence (弘陽尊邸)

Hong Yang Glorious Residence (弘陽尊邸) is a residential project located in Jinshan Road (金山路), Changshu, Suzhou. Occupying a total site area of approximately 54,341 sq.m., the project has an aggregate GFA of 135,017 sq.m., all of which is attributable to us.

We obtained the certificate of completion for this project in August 2013. As of December 31, 2017, the total saleable GFA unsold was nil.

We entered into the relevant land grant contract in July 2010 and had paid the total land premium of RMB339.0 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	April 2011
Actual completion date	August 2013
Development costs incurred	RMB796.7 million
Total saleable/rentable GFA completed	95,656 sq.m.
Total saleable/rentable GFA completed and sold	95,656 sq.m.
Percentage of total saleable/rentable GFA sold	100.0%

39. Upper Lake Garden (上湖雅苑)

Upper Lake Garden (上湖雅苑) is a residential project located in Wuzhong District, Suzhou. It includes 9 high-rise and 4 multi-storey apartment buildings, and a three-floor office building used by ourselves. The project occupies a site area of approximately 69,923 sq.m. and has a GFA of 267,025 sq.m., all of which is attributable to us.

Upper Lake Garden is adjacent to Yinshan Lake (尹山湖) and Dushu Lake (獨墅湖). Being close to the central business area of Yinshan Lake and Commercial Watery Street (商業水街), the project gets to enjoy the ancillaries of two commercial areas, including schools and the Dushu Lake Ecological Park.

We obtained the certificate of completion for this project on November 2017. As of December 31, 2017, the total saleable GFA unsold was 59,228 sq.m.. We entered into the relevant land grant contract in July 2013 and had paid the total land premium of RMB345.7 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	February 2014
Actual completion date	November 2017
Development costs incurred	RMB646.0 million
Estimated development costs to be incurred	RMB161.0 million
Total saleable/rentable GFA completed	207,927 sq.m.
Total saleable/rentable GFA completed and sold	148,699 sq.m.
Percentage of total saleable/rentable GFA sold	71.5%

Projects Under Development

40. Runyuan Masterpiece Garden (潤元名著花園)

Runyuan Masterpiece Garden (潤元名著花園) is a residential project located in Xiangcheng District, Suzhou. It is planned to include 29 mid-rise and four multi-storey apartment buildings. The project occupies a site area of approximately 80,669 sq.m. and has a planned GFA of approximately 194,215 sq.m., of which an estimate of 95,165 sq.m. is attributable to us.

Runyuan Masterpiece Garden is located in the central area of Xiangcheng District, and is surrounded by water on three sides and a land of greening of approximately 60,000 sq.m. Adjacent to the project are Metro Line No.2, several bus lines, and three commercial plazas of Oushang (歐尚), Fanhua (繁花), and Wanda (萬達).

Construction for this project commenced in September 2016 and is expected to be completed in December 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 10,625 sq.m. and the total saleable GFA unsold was 134,627 sq.m. We commenced pre-sales in this project in May 2017.

We entered into the relevant land grant contract in May 2016 and had paid the total land premium of RMB2,874.7 million in full. As of December 31, 2017, development costs of RMB35,030.3 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB731.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	49.0%
Construction period	
Actual commencement date	September 2016
Estimated completion date	December 2019
Development costs incurred	RMB35,030.3 million
Estimated development costs to be incurred	RMB731.0 million
Total saleable/rentable GFA to be completed	145,253 sq.m.
Total saleable/rentable GFA pre-sold	10,625 sq.m.
Total planned GFA	194,215 sq.m
Percentage of total saleable/rentable GFA pre-sold	7.3%

41. Suzhou Landlot No. 2016-WG-64(2016-WG-64地塊)

Suzhou Landlot No. 2016-WG-64 (2016-WG-64地塊) is a residential project located in Gaoxin District, Suzhou. It is 250 meters from the metro station and 1,500 meters from the high-speed train line. It is planned to include six high-rsie and ten mid-rise apartment buildings. The project occupies a site area of approximately 44,701 sq.m. and has a planned GFA of approximately 95,339 sq.m., all of which is attributable to us.

Construction for this project commenced in March 2017 and is expected to be completed in September 2018. As of December 31, 2017, there was no GFA of properties pre-sold and the total saleable GFA unsold was 69,744 sq.m. We plan to commence pre-sales in this project in August 2018.

We entered into the relevant land grant contract in October 2016 and had paid the total land premium of RMB1,328.6 million in full. As of December 31, 2017, development costs of RMB1,503.9 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB245.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	March 2017
Estimated completion date	September 2018
Development costs incurred	RMB1,503.9 million
Estimated development costs to be incurred	RMB245.0 million
Total saleable/rentable GFA to be completed	69,744 sq.m.
Total saleable/rentable GFA pre-sold	nil
Total planned GFA	95,339 sq.m
Percentage of total saleable/rentable GFA pre-sold	nil

42. Violet Cloud Residence (紫雲名邸)

Violet Cloud Residence (紫雲名邸) is a residential project conveniently located in Changshu, Suzhou. It is planned to include 12 high-rise apartment buildings. The project occupies a site area of approximately 62,783 sq.m. and has a planned GFA of approximately 152,329 sq.m., of which an estimate of 50,268 sq.m. is attributable to us.

Violet Cloud Residence is adjacent to middle schools, a youth center, the Starlight World Complex (星光天地綜合體), and the Jiangnan Culture and Art Center (江南文化藝術中心), making the place a multifunctional culture area.

Construction for this project commenced in February 2017 and is expected to be completed in October 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 114,453 sq.m. and the total saleable GFA unsold was nil. We commenced pre-sales in this project in June 2017.

We entered into the relevant land grant contract in October 2016 and had paid the total land premium of RMB560.0 million in full. As of December 31, 2017, development costs of RMB684.6 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB704.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	33.0%
Construction period	
Actual commencement date	February 2017
Estimated completion date	October 2019
Development costs incurred	RMB684.6 million
Estimated development costs to be incurred	RMB704.0 million
Total saleable/rentable GFA to be completed	114,453 sq.m.
Total saleable/rentable GFA pre-sold	114,453 sq.m.
Total planned GFA	152,329 sq.m
Percentage of total saleable/rentable GFA pre-sold	100.0%

43. Luyuan Architecture (甪源名築)

Luyuan Architecture (甪源名築) is a residential project located in Wuzhong District, Suzhou. It is planned to include five high-rise, one mid-rise, and 13 multi-storey apartment buildings. The project occupies a site area of approximately 60,961 sq.m. and has a planned GFA of approximately 149,634 sq.m., all of which is attributable to us.

Construction of this project commenced in November 2016 and is expected to be completed in June 2020. As of December 31, 2017, the total GFA of properties pre-sold amounted to 2,807 sq.m. and the total saleable GFA unsold was 104,667 sq.m. We commenced pre-sales in this project in August 2017.

We entered into the relevant land grant contract on May 18, 2016 and had paid the total land premium of RMB1,538.2 million in full. As of December 31, 2017, development costs of RMB1,811.8 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB191.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	November 2016
Estimated completion date	June 2020
Development costs incurred	RMB1,811.8 million
Estimated development costs to be incurred	RMB191.0 million
Total saleable/rentable GFA to be completed	107,474 sq.m.
Total saleable/rentable GFA pre-sold	2,807 sq.m.
Total planned GFA	149,634 sq.m
Percentage of total saleable/rentable GFA pre-sold	2.6%

44. Upper Water Garden (上水雅苑)

Upper Water Garden (上水雅苑) is a residential project conveniently located in Gaoxin District, Suzhou. It is planned to include 18 high-rise apartment buildings. The project occupies a site area of approximately 69,325 sq.m. and has a planned GFA of approximately 197,867 sq.m., all of which is attributable to us.

Upper Water Garden is located at the central area of Xuguan District, and is surrounded by high-quality educational facilities, supermarkets, and the Ikea. Beijing – Hangzhou Canal (京杭運河), and the Wenchang Tower (文昌閣) adjacent to the project add a cultural atmosphere to the area.

Construction of this project commenced in April 2016 and is expected to be completed in November 2018. As of December 31, 2017, the total GFA of properties pre-sold amounted to 133,930 sq.m. and the total saleable GFA unsold was 55,164 sq.m. We currently do not have pre-sales plans for Phase III in this project.

We entered into the relevant land grant contract on January 2016 and had paid the total land premium of RMB1,053.5 million in full. As of December 31, 2017, development costs of RMB1,525.2 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB356.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	April 2016
Estimated completion date	November 2018
Development costs incurred	RMB1,525.2 million
Estimated development costs to be incurred	RMB356.0 million
Total saleable/rentable GFA to be completed	189,093 sq.m.
Total saleable/rentable GFA pre-sold	133,929 sq.m.
Total planned GFA	197,867 sq.m
Percentage of total saleable/rentable GFA pre-sold	70.8%

45. Superior Charm Garden (風華上品花園)

Superior Charm Garden (風華上品花園) is a residential project located in Wujiang District, Suzhou. It is planned to include 12 high-rise and 6 mid-rise apartment. The project occupies a site area of approximately 68,292 sq.m. and has an aggregate planned GFA of approximately 219,421 sq.m., of which an estimate of 109,711 sq.m. is attributable to us.

Superior Charm Garden is 30 minutes from the city center by car, and near the Metro Line No.4. The project is surrounded by well-equipped support facilities, including supermarkets, banks, restaurants, schools and Wuyue Square Complex (吾悅廣場綜合體).

Construction of this project commenced in October 2016. Phase I of the project is completed and delivered in December 2017, and Phase II is expected to be completed in January 2019. As of December 31, 2017, the total GFA of properties sold and pre-sold amounted to 186,522 sq.m. and the total saleable GFA unsold was 5,690 sq.m. We commenced pre-sales in this project in December 2016.

We entered into the relevant land grant contract in November 2015 and had paid the total land premium of RMB555.2 million in full. As of December 31, 2017, development costs of RMB972.9 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB22.1 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	50.0%
Construction period	
Actual commencement date	October 2016
Estimated completion date	January 2019
Development costs incurred	RMB972.9 million
Estimated development costs to be incurred	RMB22.1 million
Total saleable/rentable GFA to be completed	89,884 sq.m.
Total saleable/rentable GFA pre-sold or sold	186,522 sq.m.
Total planned GFA	219,421 sq.m
Percentage of total saleable/rentable GFA pre-sold or sold	97.0%

Projects Held for Future Development

46. Suzhou Land Lot No. 2013-B11-D (2013-B11-D地塊)

Suzhou Land Lot No. 2013-B11-D (2013-B11-D地塊) is located at Jingang Town, Zhangjiagang, Suzhou, and is planned to include ten high-rise apartment buildings and 27 townhouses.

The land lot of No. 2013-B11-D occupies a total site area of 69,982 sq.m, and has a planned GFA of 122,187 sq.m., of which an estimate of 15,884 sq.m. is attributable to us. Construction for this project commenced in January 2018 and is expected to be completed in June 2020. We plan to commence pre-sales in this project in August 2018.

The project is adjacent to schools, hospitals, supermarkets and commercial complexes, and there is a Xiangshan Scenic Zone (香山風景區) within the area.

We entered into the relevant land grant contract in July 2017 and had paid the total land premium of RMB399.4 million in full. We have incurred a development cost of RMB859.0 million (including the capitalized finance costs) and expect to incur an additional development costs of approximately RMB562.6 million (including capitalized finance costs) for the project.

47. Suzhou Land Lot 3205820010546GB00086 (3205820010546GB00086地塊)

Suzhou Land Lot 3205820010546GB00086 (3205820010546GB00086地塊) is located at Tangqiao Town, Zhangjiagang, Suzhou, and is planned to include four high-rise and five mid-rise apartment buildings, six townhouses, and one three-floor residential building. The project is adjacent to schools and hospitals, and two sides of it are along the river.

The land lot of 3205820010546GB00086 occupies a total site area of 36,829 sq.m, and has a planned GFA of 92,069 sq.m., of which an estimate of 46,035 sq.m. is attributable to us. Construction for this project is expected to commence in March 2018 and is expected to be completed in September 2019. We plan to commence pre-sales in this project in May 2018.

We entered into the relevant land grant contract in September 2017 and had paid the total land premium of RMB390.7 million in full. As of December 31, 2017, development costs of RMB409.1 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB417.0 million (including capitalized finance costs) for the completion of the project.

48. Suzhou Land Lot No. 2017B-019 (2017B-019地塊)

Suzhou Land Lot No. 2017B-019 (2017B-019地塊) is located in Changshu, Suzhou, and is planned to include 11 residential buildings. The project is adjacent to schools, hospitals, supermarkets and hotels, and there is a Shang Lake Scenic Zone (尚湖風景區).

The land lot of No. 2017B-019 occupies a total site area of 59,235 sq.m, and has a planned GFA of 118,470 sq.m., of which an estimate of 21,680 sq.m. is attributable to us. Construction for this project is expected to commence in October 2018 and is expected to be completed in October 2021. We plan to commence pre-sales in this project in November 2018.

We entered into the relevant land grant contract in September 2017 and had paid the total land premium of RMB366.2 million in full. As of December 31, 2017, development costs of RMB386.2 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB523.7 million (including capitalized finance costs) for the completion of the project.

49. Sunrise Joy Masterpiece Residence (昕悦名邸)

Sunrise Joy Masterpiece Residence (昕悦名邸) is located in Daxin (大新) Town, Zhangjiagang. Occupying a total site area of 47,706 sq.m, the land lot has a planned GFA of 101,083 sq.m., all of which is attributable to us.

Construction for this project commenced in March 2018 and is expected to be completed in October 2019. We plan to commence pre-sales in this project in June 2018.

We entered into the relevant land grant contract in October 2017 and had paid the total land premium of RMB235.0 million in full. As of December 31, 2017, development costs of RMB249.7 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB431.7 million (including capitalized finance costs) for the completion of the project.

50. Suzhou Land Lot No. 2014-B26(B/C) (2014-B26(B/C)地塊)

Suzhou Land Lot No. 2014-B26(B/C) (2014-B26(B/C)地塊, is located at Jinfeng Town, Zhangjiagang, Suzhou. The project consists of two land lots. In total, the land lot occupies a site area of approximately 98,783 sq.m, and have a planned GFA of approximately 118,540 sq.m., of which an estimate of 19,440.6 sq.m. is attributable to us.

Close to the land lots, a supermarket and a foreign language middle school are under construction. A rural scenery resort and a botanical garden are to the south of the project, and it is convenient to drive from the project to the city center of Zhangjiagang.

Construction of this project is expected to commence in January 2018 and is expected to be completed in December 2019. We plan to commence pre-sales in this project in April 2018.

We entered into the relevant land grant contract in June 2017 and had paid the total land premium of RMB459.5 million in full. As of December 31, 2017, development costs of RMB473.4 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB396.5 million (including capitalized finance costs) for the completion of the project.

Wuxi

Projects Under Development

51. Wuxi Sanwan Qing (無錫三萬頃)

Wuxi Sanwan Qing (無錫三萬頃) is a residential project located at Mashan International Tourism Island (馬山國際旅遊島), a 5-A Class National Tourist Attraction, Wuxi. Occupying a total site area of 800,000 sq.m., it consists of 669 townhouses. The project has an aggregate GFA of 132,091 sq.m., all of which is attributable to us.

We obtained the certificate of completion phase I of the project in November 2008. The estimated completion time of phase II is December 2019. As of December 31, 2017, the total saleable GFA unsold for the project was 63,243 sq.m.

We entered into the relevant land grant contract in January 2003 and had paid the total land premium of RMB255.0 million in full for Phase I and II. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	April 2005
Estimated completion date	December 2019
Development costs incurred	RMB1,363.6 million
Development costs to be incurred	RMB135.4 million
Total saleable/rentable GFA completed or to be completed	124,708 sq.m.
Total saleable/rentable GFA pre-sold or sold	61,465 sq.m.
Percentage of total saleable/rentable GFA pre-sold or sold	49.3%

52. Wuxi Land Lot No. XDG-2012-54 (XDG-2012-54號地塊)

Wuxi Land Lot No. XDG-2012-54 (XDG-2012-54號地塊) is located in Huishan, Wuxi, and is planned to include 26 residential buildings. Occupying a total site area of 85,122 sq.m, the land lot has a planned GFA of 212,805 sq.m., all of which is attributable to us.

Construction for this project commenced in January 2018 and is expected to be completed in May 2021. We plan to commence pre-sales in this project in May 2018.

We entered into the relevant land grant contract in November 2017 and had paid part of the land premium of RMB1,035.0 million. As of December 31, 2017, a development cost of RMB519.2 million had been incurred for the project and a development cost of RMB885.8 million (including the capitalized interest) is expected to be incurred. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	January 2018
Estimated completion date	May 2021
Development costs incurred	RMB519.2 million
Development costs to be incurred	RMB885.8 million
Total saleable/rentable GFA to be completed	nil
Total saleable/rentable GFA sold	nil
Percentage of total saleable/rentable GFA sold	nil

Project Held for Future Development

53. *Wuxi Land Lot No. 2017-C-20(A)&(B)* (2017-C-20(A)、 *(B)地塊*)

Wuxi Land Lot No. 2017-C-20(A)&(B) (2017-C-20(A) (B)地塊) is located in Yunting (雲亭) Road, Jiangxin, and is planned to include 44 residential buildings. Occupying a total site area of 138,902 sq.m, the land lot has a planned GFA of 291,694 sq.m., all of which is attributable to us.

Construction for this project is expected to commence in March 2018 and is expected to be completed in January 2022. We plan to commence pre-sales in this project in May 2018.

We entered into the relevant land grant contract in November 2017 and had paid the total land premium of RMB416.7 million in full. As of December 31, 2017, development costs of RMB431.4 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB1,226.8 million (including capitalized finance costs) for the completion of the project.

54. Jing Garden of Superior Class (上品璟苑)

Jing Garden of Superior Class (上品璟苑) is located in Jiangyin, Wuxi. The project is planned to include 12 high-rise apartment buildings and 153 townhouses.

The project occupies a total site area of 203,609 sq.m, and has a planned GFA of 325,774 sq.m., of which an estimate of 65,155 sq.m. is attributable to us.

Construction for this project commenced in February 2018 and is expected to be completed in July 2021. We plan to commence pre-sales in this project in May 2018.

We entered into the relevant land grant contract in June 2017 and had paid the total land premium of RMB467.4 million in full. A development cost of RMB519.2 million (including capitalized finance costs) has been incurred and an additional cost of RMB1,432.0 million (including capitalized finance costs) is expected to be incurred for the project.

Nantong

Completed Project

55. Hong Yang Upper City (弘陽上城)

Hong Yang Upper City (弘陽上城) is a residential project located in Chongchuan District, Nantong. Occupying a total site area of approximately 88,233 sq.m., the project has a planned GFA of approximately 261,338 sq.m., all of which is attributable to us.

We obtained the certificate of completion of this project in December 2015. As of December 31, 2017, the total saleable GFA unsold was nil.

We entered into the relevant land grant contract in July 2010 and had paid the total land premium of RMB787.9 million in full. Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	January 2011
Actual completion date	December 2015
Development costs incurred	RMB1,721.0 million
Total saleable/rentable GFA completed	258,579 sq.m.
Total saleable/rentable GFA completed and sold	258,579 sq.m.
Percentage of total saleable/rentable GFA sold	100.0%

Projects Under Development

56. Best Time Garden (佳期花苑)

Best Time Garden (佳期花苑) is a residential project conveniently located in Chongshan District, Nantong. It is planned to include seven high-rise, nine mid-rise, and 15 multi-storey apartment buildings, and 15 townhouses. The project occupies a site area of approximately 134,061 sq.m. and has a planned GFA of approximately 298,247 sq.m., of which an estimate of 99,614 sq.m. is attributable to us.

Construction of this project commenced in May 2017 and is expected to complete on April 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 162,262 sq.m. and the total saleable GFA unsold was 58,540 sq.m. We commenced last series of pre-sales in this project in June 2017.

We entered into the relevant land grant contract on November 2016 and had paid the total land premium of RMB1,244.1 million in full. As of December 31, 2017, development costs of RMB1,432.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB946.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	33.4%
Construction period	
Actual commencement date	May 2017
Estimated completion date	April 2019
Development costs incurred	RMB1,432.0 million
Estimated development costs to be incurred	RMB946.0 million
Total saleable/rentable GFA to be completed	220,802 sq.m.
Total saleable/rentable GFA pre-sold	162,262 sq.m.
Total planned GFA	298,247 sq.m
Percentage of total saleable/rentable GFA pre-sold	73.5%

57. Garden with Virtue (德慶苑)

Garden with Virtue (德慶苑) is a residential project conveniently located in Tongzhou District, Nantong. It is planned to include two high-rise and two mid-rise apartment buildings and 23 townhouses. The project occupies a site area of approximately 31,333 sq.m. and has a planned GFA of approximately 51,908 sq.m., of which an estimate of 17,337 sq.m. is attributable to us.

Construction of this project commenced in September 2017 and is expected to complete on February 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 5,241 sq.m. and the total saleable GFA unsold was 39,062 sq.m. We commenced pre-sales in this project in November 2017.

We entered into the relevant land grant contract in May 2017 and had paid the total land premium of RMB233.7 million in full. As of December 31, 2017, development costs of RMB316.9 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB182.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	33.4%
Construction period	
Actual commencement date	September 2017
Estimated completion date	February 2019
Development costs incurred	RMB316.9 million
Estimated development costs to be incurred	RMB182.0 million
Total saleable/rentable GFA to be completed	44,303 sq.m.
Total saleable/rentable GFA pre-sold	5,241 sq.m.
Total planned GFA	51,908 sq.m
Percentage of total saleable/rentable GFA pre-sold	11.8%

58. Esteeming Virtues Garden (尚德苑)

Esteeming Virtues (尚德苑) is located in Tongzhou District, Nantong. It is planned to include one mid-rise, seven multi-storey apartment bulidings and 13 townhouses. The project occupies a total site area of 37,348 sq.m, and has a planned GFA of 61,479 sq.m., of which an estimate of 20,288 sq.m. is attributable to us.

Construction for this project commenced in December 2017, and is expected to be completed in February 2019. We plan to commence pre-sales in this project in March 2018.

We entered into the relevant land grant contract in May 2017 and had paid the total land premium of RMB301.0 million in full. As of December 31, 2017, development costs of RMB316.9 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB184.3 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	33.0%
Construction period	
Actual commencement date	December 2017
Estimated completion date	February 2019
Development costs incurred	RMB316.9 million
Estimated development costs to be incurred	RMB184.3 million
Total saleable/rentable GFA to be completed	37,847 sq.m.
Total saleable/rentable GFA pre-sold	nil
Total planned GFA	61,479 sq.m
Percentage of total saleable/rentable GFA pre-sold	nil

59. Oriental Cloud Garden (東方雲苑)

Oriental Cloud Garden (東方雲苑) is located in Kaifa District, Nantong. It is planned to include nine high-rise apartment buildings, 47 townhouses, and two two-floor commercial buildings. The project occupies a total site area of 86,652 sq.m, and has a planned GFA of 253,498 sq.m., of which an estimate of 43,095 sq.m. is attributable to us.

Construction for this project commenced in December 2017, and is expected to be completed in May 2020. We commenced pre-sales in this project in December 2017.

We entered into the relevant land grant contract in June 2017 and had paid the total land premium of RMB974.8 million in full. As of December 31, 2017, development costs of RMB1,055.6 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB865.7 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	17.0%
Construction period	
Actual commencement date	December 2017
Estimated completion date	May 2020
Development costs incurred	RMB1,055.6 million
Estimated development costs to be incurred	RMB865.7 million
Total saleable/rentable GFA to be completed	167,604 sq.m.
Total saleable/rentable GFA pre-sold	58,766 sq.m.
Total planned GFA	253,498 sq.m
Percentage of total saleable/rentable GFA pre-sold	35.1%

60. Upper Joy Garden (上悦花園)

Upper Joy Garden (上悦花園) is a residential and commercial project located in Tongzhou District, Nantong. It is planned to include 16 high-rise apartment buildings and commercial buildings. The project occupies a total site area of 82,741 sq.m, and has an aggregate GFA of 322,484 sq.m., of which an estimate of 80,621 sq.m. is attributable to us.

Construction for this project commenced in December 2017, and is expected to be completed in May 2020. We plan to commence pre-sales in this project in February 2018.

We entered into the relevant land grant contract in August 2017 and had paid the total land premium of RMB494.7 million in full. As of December 31, 2017, development costs of RMB510.5 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB861.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	25.0%
Construction period	
Actual commencement date	December 2017
Estimated completion date	May 2020
Development costs incurred	RMB510.5 million
Estimated development costs to be incurred	RMB861.0 million
Total saleable/rentable GFA to be completed	75,851 sq.m.
Total saleable/rentable GFA pre-sold	nil
Total planned GFA	322,484 sq.m
Percentage of total saleable/rentable GFA pre-sold	nil

Projects Held for Future Development

61. Nantong Land Lot No. R2017-025 (R2017-025地塊)

Nantong Land Lot No. R2017-025 (R2017-025地塊) is located in Tongzhou (通州) District, Nantong. Occupying a total site area of 109,890 sq.m, the land lot has a planned GFA of 197,802 sq.m., of which an estimate of 24,725 sq.m. is attributable to us.

Construction for this project is expected to commence in August 2018 and is expected to be completed in December 2020. We plan to commence pre-sales in this project in October 2018.

We entered into the relevant land grant contract in October 2017 and had paid part of the total land premium of RMB639.6 million in full. As of December 31, 2017, development costs of RMB319.8 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB1,206.7 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	12.5%
Construction period	
Actual commencement date	August 2018
Estimated completion date	December 2020
Development costs incurred	RMB319.8 million
Estimated development costs to be incurred	RMB1,206.7 million
Total planned GFA	197,802 sq.m

62. Nantong Land Lot No. R17013 (R17013地塊)

Nantong Land Lot No. R17013 (R17013地塊) is located in Tongzhou District, Nantong. Occupying a total site area of 47,963 sq.m, the land lot has a planned GFA of 95,000 sq.m., of which an estimate of 22,325 sq.m. is attributable to us.

Construction for this project is expected to commence in April 2018 and is expected to be completed in December 2020. We plan to commence pre-sales in this project in June 2018.

We entered into the relevant land grant contract on October 2017 and had paid part of land premium in the amount of RMB483.0 million. As of December 31, 2017, development costs of RMB344.1 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB683.4 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	23.5%
Construction period	
Actual commencement date	April 2018
Estimated completion date	December 2020
Development costs incurred	RMB344.1 million
Estimated development costs to be incurred	RMB683.4 million
Total saleable/rentable GFA completed	nil
Total saleable/rentable GFA completed and pre-sold	nil
Total planned GFA	95,000 sq.m
Percentage of total saleable/rentable GFA pre-sold	nil

Changzhou

Projects Under Development

63. Hong Yang Upper City • Phase I – III (弘陽上城一期 – 三期)

Hong Yang Upper City • Phase I – III (弘陽上城一期 – 三期) is a residential project in Tianning district, Changzhou. It is planned to include seven high-rise buildings. The project occupies a site area of approximately 111,710 sq.m. and has a planned GFA of approximately 165,973 sq.m., all of which is attributable to us.

Construction of this project commenced in December 2015 and is expected to be completed in June 2018. We commenced pre-sales in October 2016 and as of December 31, 2017, our saleable GFA pre-sold amounted to 129,277 sq.m.

We entered into the relevant land grant contract on September 11, 2012 and had paid part of the total land premium of RMB620.0 million. As of December 31, 2017, development costs of RMB1,820.4 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB55.4 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	December 2015
Estimated completion date	June 2018
Development costs incurred	RMB1,820.4 million
Estimated development costs to be incurred	RMB55.4 million
Total saleable/rentable GFA to be completed	151,895 sq.m.
Total saleable/rentable GFA to be completed and pre-sold	129,277 sq.m.
Percentage of total saleable/rentable GFA pre-sold	85.1%

64. Hong Yang Upper City • Phase IV (弘陽上城四期)

Hong Yang Upper City • Phase IV (弘陽上城四期) is a residential project in Tianning District, Changhzou.

Hong Yang Upper City • Phase IV (弘陽上城四期) occupies a site area of approximately 43,590 sq.m. and has a planned GFA of approximately 88,773 sq.m., all of which is attributable to us. Construction of this project commenced in December 2016 and is expected to complete on August 2018. We commenced pre-sales in this project in May 2017.

We entered into the relevant land grant contract on September 2012 and had paid part of the total land premium of RMB242.0 million. As of December 31, 2017, development costs of RMB159.2 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB107.1 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	December 2016
Estimated completion date	August 2018
Development costs incurred	RMB159.2 million
Estimated development costs to be incurred	RMB107.1 million
Total saleable/rentable GFA to be completed	69,625 sq.m.
Total saleable/rentable GFA to be completed and pre-sold	66,085 sq.m.
Percentage of total saleable/rentable GFA pre-sold	94.9%

65. Golden Seal and Heaven Shire (金璽天郡)

Golden Seal and Heaven Shire (金璽天郡) is a residential and commercial project in Binhu District, Jintan, Changzhou. It is planned to include seven high-rise and eight mid-rise apartment buildings, and 15 townhouses. The project occupies a site area of approximately 88,719 sq.m. and has a planned GFA of approximately 326,455 sq.m., of which an estimate of 163,228 sq.m. is attributable to us.

Construction of this project commenced in July 2017 and is expected to be completed in December 2019. We commenced pre-sales in this project in November 2017.

We entered into the relevant land grant contract in June 2017 and had paid the total land premium of RMB1,147.1 million in full. As of December 31, 2017, development costs of RMB1,279.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB884.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	50%
Construction period	
Actual commencement date	July 2017
Estimated completion date	December 2019
Development costs incurred	RMB1,279.0 million
Estimated development costs to be incurred	RMB884.0 million
Total saleable/rentable GFA to be completed	222,136 sq.m.
Total saleable/rentable GFA to be completed and pre-sold	45,382 sq.m.
Percentage of total saleable/rentable GFA pre-sold	20.4%

Project Held for Future Development

66. Phoenix Terrace (鳳熹台)

Phoenix Terrace (鳳熹台) is a residential project located in Danyang, Zhenjiang. It is planned to include 12 high-rise and six multi-storey apartment buildings. The project occupies a total site area of 88,498 sq.m, and has a planned GFA of 221,245 sq.m., of which an estimate of 44,249 sq.m. is attributable to us.

The project has two phases. Construction for this project commenced in March 2018. Phase I is expected to be completed in October 2019, and Phase II is expected to be completed in June 2020. We plan to commence pre-sales in this project in March 2018.

We entered into the relevant land grant contract in August 2017 and had paid the total land premium of RMB547.0 million in full. As of December 31, 2017, development costs of RMB569.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB1,010.0 million (including capitalized finance costs) for the completion of the project.

67. Changzhou Land Lot GX010110-05 (GX010110-05地塊)

Changzhou Land Lot GX010110-05 (GX010110-05地塊) is located in Xinbei (新北) District, Changzhou. Occupying a total site area of 67,225 sq.m, the land lot has a planned GFA of 147,895 sq.m., of which an estimate of 59,158 sq.m. is attributable to us.

Construction for this project was commenced in October 2018 and is expected to be completed in November 2021. We plan to commence pre-sales in this project in November 2018.

We entered into the relevant land grant contract in October 2017 and had paid the total land premium of RMB715.0 million in full. As of December 31, 2017, development costs of RMB715.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB590.0 million (including capitalized finance costs) for the completion of the project.

68. Changzhou Sangma Land Lot A (常州桑麻A地塊)

Changzhou Sangma Land Lot A (常州桑麻A地塊) is located in Tianning District, Changzhou. Occupying a total site area of 44,535 sq.m, the land lot has a planned GFA of 14,765 sq.m., of which an estimate of 10,336 sq.m. is attributable to us.

Construction for this project is expected to commence in June 2018 and is expected to be completed in December 2019.

We entered into the relevant land grant contract in February 2012 and had paid part of the total land premium of RMB1,290.0 million. We have incurred a development cost of RMB44.3 million and a development cost of RMB69.7 million (including capitalized finance costs) is expected to be incurred for the project.

Yangzhou

Project Held for Future Development

69. Begonia Court (棠苑)

Begonia Court (棠苑) is a commercial project located in Hanjiang District, Yangzhou. The project is planned to include 23 townhouses, four multi-storey and three high-rise apartment buildings. The project occupies a total site area of 72,660 sq.m, and has a planned GFA of 273,886 sq.m., of which an estimate of 136,943 sq.m. is attributable to us.

Construction for this project commenced in December 2017, and is expected to be completed in September 2019. We commenced pre-sales in this project in March 2018.

We entered into the relevant land grant contract in August 2017 and had paid the total land premium of RMB589.0 million in full. As of December 31, 2017, development costs of RMB239.3 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB405.6 million (including capitalized finance costs) for the completion of the project.

Taizhou

Project Held for Future Development

70. Taixing Land lot No. TX2017-20 (泰興TX2017-20地塊)

Taixing Land lot No. TX2017-20 (泰興TX2017-20地塊) is a commercial project located in Taixing, Taizhou. The project is planned to include 12 high-rise residential buildings, and two commercial buildings. The project occupies a total site area of 56,230 sq.m, and has a planned GFA of 123,706 sq.m., of which an estimate of 49,482 sq.m. is attributable to us.

Construction for this project is expected to commence in March 2019, and is expected to be completed in September 2021. We plan to commence pre-sales in this project in June 2018.

We entered into the relevant land grant contract in September 2017 and had paid the total land premium of RMB498.9 million in full. As of December 31, 2017, development costs of RMB499.9 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB425.5 million (including capitalized finance costs) for the completion of the project.

Zhenjiang

Projects Under Development

71. Mountain View Garden (山卿苑)

Mountain View Garden (山卿苑) is a residential and commercial project conveniently located in Jurong, Zhenjiang. The project occupies a site area of approximately 70,028 sq.m. and has a planned GFA of approximately 82,105 sq.m., all of which is attributable to us.

Mountain View Garden is on the southern foot of Baohua Mountain, and is surrounded by mountains on three sides. Residents in the Garden will have the chance to enjoy hillside view, as well as the convenience and leisure provided by a recreational club, a primary school, a middle school, a health center, as well as a commercial complex Wanda Mall (萬達貿).

Construction of this project commenced in September 2017 and is expected to complete on June 2019. As of December 31, 2017, the total GFA of properties pre-sold amounted to 10,658 sq.m. and the total saleable GFA unsold was 24,973 sq.m. We commenced pre-sales in this project in November 2017.

We entered into the relevant land grant contracts in January 2004 and January 2008 and had paid the total land premium of RMB21.9 million in full. As of December 31, 2017, development costs of RMB78.3 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB499.1 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0
Construction period	
Actual commencement date	September 2017
Estimated completion date	June 2019
Development costs incurred	RMB78.3 million
Estimated development costs to be incurred	RMB499.1 million
Total saleable/rentable GFA to be completed	35,631 sq.m.
Total saleable/rentable GFA pre-sold	10,658 sq.m.
Percentage of total saleable/rentable GFA pre-sold	29.9%

Hefei

Projects Under Development

72. In Times (時光裡)

In Times (時光裡) is a residential project in Changfeng County, Hefei. The project occupies a site area of approximately 42,621 sq.m. and has a planned GFA of approximately 130,449 sq.m., all of which is attributable to us.

Construction of this project commenced in May 2017 and is expected to be completed in January 2019. We commenced pre-sales in June 2017.

We entered into the relevant land grant contract in November 2016 and had paid the total land premium of RMB664.9 million in full. As of December 31, 2017, development costs of RMB783.9 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB297.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	May 2017
Estimated completion date	January 2019
Development costs incurred	RMB783.9 million
Estimated development costs to be incurred	RMB297.0 million
Total saleable/rentable GFA to be completed	96,138 sq.m.
Total saleable/rentable GFA pre-sold	14,104 sq.m.
Total planned GFA	130,449 sq.m
Percentage of total saleable/rentable GFA pre-sold	14.7%

73. Sunrise Joy Garden (昕悅花園)

Sunrise Joy Garden (昕悅花園) is a residential project in Yaohai district, Hefei. The project occupies a site area of approximately 37,254 sq.m. and has a planned GFA of approximately 104,118 sq.m., of which an estimate of 83,294 sq.m. is attributable to us.

Construction of this project commenced in June 2017 and is expected to be completed in April 2019. We commenced pre-sales in July 2017.

We entered into the relevant land grant contract in December 2016 and had paid the total land premium of RMB620.3 million in full. As of December 31, 2017, development costs of RMB661.6 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB338.4 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	80.0%
Construction period	
Actual commencement date	June 2017
Estimated completion date	April 2019
Development costs incurred	RMB661.6 million
Estimated development costs to be incurred	RMB338.4 million
Total saleable/rentable GFA to be completed	75,147 sq.m.
Total saleable/rentable GFA pre-sold	20,205 sq.m.
Total planned GFA	104,118 sq.m
Percentage of total saleable/rentable GFA pre-sold	26.9%

74. Mountain View Yard (望麓別院)

Mountain View Yard (望麓別院) is a residential project in Gaoxin district, Hefei. It consists of the north and the south land lot. The north land lot is planned to include four high-rise and 16 mid-rise apartment buildings, whereas the south land lot is planned to include 14 high-rise and 19 mid-rise apartment buildings, two commercial buildings, and one kindergarten.

River View Terrace is close to two shopping malls (Gaoxin Yintai City (高新區銀泰城) and Ship of Grit Outlet (砂之船奧特萊斯)) and two schools, all of which provide convenience to residents of the project.

The project occupies a site area of approximately 139,536 sq.m. and has a planned GFA of approximately 415,064 sq.m., of which an estimate of 103,766 sq.m. is attributable to us. Construction of this project commenced in August 2017 and Phase I of the project is expected to be completed in May 2020. We commenced pre-sales in September 2017.

We entered into the relevant land grant contract in March 2017 and had paid the total land premium of RMB1,803.0 million in full. As of December 31, 2017, development costs of RMB2,040.5 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB1,127.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	25.0%
Construction period	
Actual commencement date	August 2017
Estimated completion date	May 2020
Development costs incurred	RMB2,040.5 million
Estimated development costs to be incurred	RMB1,127.0 million
Total saleable/rentable GFA to be completed	309,851 sq.m.
Total saleable/rentable GFA pre-sold	120,441 sq.m.
Total planned GFA	415,064 sq.m
Percentage of total saleable/rentable GFA pre-sold	38.9%

Chuzhou

Projects Under Development

75. Garden with Art Atmosphere (藝境花園)

Garden with Art Atmosphere (藝境花園) is a residential project in Chahe Town, Chuzhou. It is planned to include six high-rise, ten mid-rise, and seven multi-storey buildings. The project occupies a site area of approximately 60,189 sq.m. and has a planned GFA of approximately 170,501 sq.m., of which an estimate of 56,265 sq.m. is attributable to us.

Construction of this project commenced in August 2017 and is expected to complete in June 2019. We commenced pre-sales in this project in November 2017.

We entered into the relevant land grant contract in June 2017 and had paid the total land premium of RMB723.3 million in full. As of August 31, 2017, development costs of RMB789.9 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB502.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	33.0%
Construction period	
Actual commencement date	August 2017
Estimated completion date	June 2019
Development costs incurred	RMB789.9 million
Estimated development costs to be incurred	RMB502.0 million
Total saleable/rentable GFA to be completed	138,567 sq.m.
Total saleable/rentable GFA pre-sold	11,838 sq.m.
Total planned GFA	170,501 sq.m
Percentage of total saleable/rentable GFA pre-sold	8.5%

76. New City Hong Yang Garden at Mingfa North Station (明發北站新城弘陽苑)

New City Hong Yang Garden at Mingfa North Station (明發北站新城弘陽苑) is a residential project in Chahe Town, Chuzhou. The project occupies a site area of approximately 8,782 sq.m. and has a planned GFA of approximately 18,308.9 sq.m., all of which is attributable to us.

Construction of this project commenced in July 2017 and is expected to complete in June 2019. We commenced pre-sales in this project in December 2017.

We entered into the relevant land grant contract in May 2017 and had paid the total land premium of RMB47.9 million in full. As of December 31, 2017, development costs of RMB50.6 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB55.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	100.0%
Construction period	
Actual commencement date	July 2017
Estimated completion date	June 2019
Development costs incurred	RMB50.6 million
Estimated development costs to be incurred	RMB55.0 million
Total saleable/rentable GFA to be completed	14,497 sq.m.
Total saleable/rentable GFA pre-sold	nil
Total planned GFA	18,309 sq.m
Percentage of total saleable/rentable GFA pre-sold	nil

77. Glory Residence (正榮府)

Glory Residence (正榮府) is a residential project in Chengnan New District, Chuzhou. It is planned to include 14 high-rise apartment buildings, 15 townhouses and two commercial buildings. The project occupies a site area of approximately 80,867 sq.m. and has a planned GFA of approximately 179,772 sq.m., of which an estimate of 53,932 sq.m. is attributable to us.

Construction of this project commenced in October 2017 and is expected to complete in October 2020. We commenced pre-sales in this project in December 2017.

We entered into the relevant land grant contract in August 2017 and had paid part of the land premium of RMB413.0 million in full. As of December 31, 2017, development costs of RMB413.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB640.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	30.0%
Construction period	
Actual commencement date	October 2017
Estimated completion date	October 2020
Development costs incurred	RMB413.0 million
Estimated development costs to be incurred	RMB640.0 million
Total saleable/rentable GFA to be completed	129,387 sq.m.
Total saleable/rentable GFA pre-sold	nil
Total planned GFA	179,772 sq.m
Percentage of total saleable/rentable GFA pre-sold	nil

Project Held for Future Development

78. Garden in Times (時光裡花園)

Garden in Times (時光裡花園) is a residential project in Chengnan New District, Chuzhou. It is planned to include three high-rise, 21 mid-rise and two commercial buildings. The project occupies a site area of approximately 89,886 sq.m. and has a planned GFA of approximately 252,346 sq.m., all of which sq.m. is attributable to us.

Construction of this project commenced in January 2018 and is expected to complete in November 2019. We commenced pre-sales in this project in March 2018.

We entered into the relevant land grant contract in July 2017 and had paid the total land premium of RMB466.0 million in full. As of December 31, 2017, development costs of RMB514.5 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB 112.7 million (including capitalized finance costs) for the completion of the project.

Maanshan

Projects Under Development

79. Sunny Side of the Yangtze River Peacock City (長江熙岸孔雀城)

Sunny Side of the Yangtze River Peacock City (長江熙岸孔雀城) is a residential project in Wujiang Town, He County, Maanshan. It is planned to include 15 high-rise apartment buildings and 22 townhouses. The project occupies a site area of approximately 97,340 sq.m. and has a planned GFA of approximately 256,608 sq.m., of which an estimate of 51,322 sq.m. is attributable to us.

Construction of this project commenced in June 2017 and is expected to complete in July 2020. We commenced pre-sales in this project in October 2017.

We entered into the relevant land grant contract in June 2017 and had paid the total land premium of RMB168.2 million in full. As of December 31, 2017, development costs of RMB328.1 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB757.0 million (including capitalized finance costs) for the completion of the project.

Below are details this project as at December 31, 2017:

Interest attributable to our Group	20.0%
Construction period	
Actual commencement date	June 2017
Estimated completion date	July 2020
Development costs incurred	RMB328.1 million
Estimated development costs to be incurred	RMB757.0 million
Total saleable/rentable GFA to be completed	191,480 sq.m.
Total saleable/rentable GFA pre-sold	89,123 sq.m.
Total planned GFA	256,608 sq.m
Percentage of total saleable/rentable GFA pre-sold	46.5%

Bozhou

Project Held for Future Development

80. Bozhou Land Lot No. 2017-217 (亳州2017-217地塊)

Bozhou Land Lot No. 2017-217 (亳州2017-217地塊) is a project located in Qiaocheng (譙城) District, Bozhou. The project occupies a total site area of 201,216 sq.m, and has a planned GFA of 402,432 sq.m., of which an estimate of 160,973 sq.m. is attributable to us.

Construction for this project commenced in May 2018, and is expected to be completed in September 2020. We plan to commence pre-sales in this project in May 2018.

We entered into the relevant land grant contract in November 2017 and had paid the total land premium of RMB1,290.0 million in full. As of December 31, 2017, development costs of RMB1,290.0 million (including capitalized finance costs) had been incurred for the project and we expected to incur additional development costs of approximately RMB1,710.0 million (including capitalized finance costs) for the completion of the project.

Huzhou Project Held for Future Development

81. Huzhou Land Lot No.2017-43 (湖州2017-43地塊)

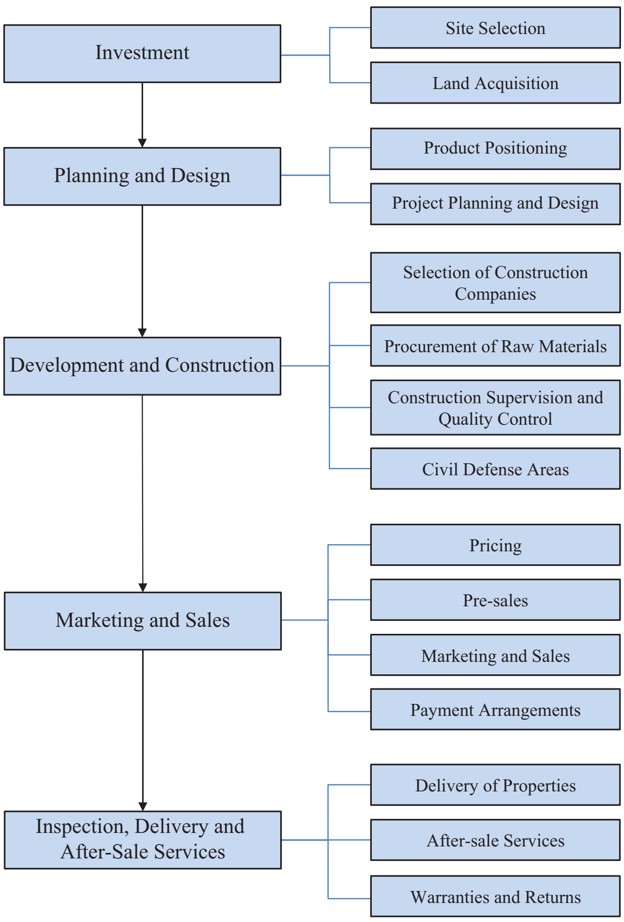
Huzhou Land Lot No. 2017-43 (湖州2017-43地塊) is located in Huzhou City, Zhejiang province, and is planned to include 18 residential buildings. Occupying a total site area of 46,488 sq.m, the land lot has a planned GFA of 80,578 sq.m., of which an estimate of 26,591 sq.m. is attributable to us.

Construction for this project is expected to commence in July 2018 and is expected to be completed in July 2021. We plan to commence pre-sales in this project in August 2018.

We entered into the relevant land grant contract in September 2017 and had paid the total land premium of RMB263.0 million in full. A development cost of RMB140.0 million (including capitalized finance costs) has been incurred and an additional cost of RMB462.6 million (including capitalized finance costs) is expected to be incurred for this project.

PROPERTY DEVELOPMENT AND SALES PROCESS

We have a well-established project development process, which typically includes the major steps illustrated in the diagram below:



Depending on the project scale and complexity, it generally takes 24 to 26 months for us to complete a project after acquiring the relevant land use rights.

Investment

Site Selection

We place great importance on the site selection process because it is a key factor to the success of our project development operation. In conjunction with our ongoing in-depth, economic, political, demographic and market research with respect to the Yangtze River Delta region and other major cities in China, we continuously identify and assess potential development opportunities for new projects.

Our senior management determines the future operational plans based on our overall strategies. We take cost control into consideration from the first stage and throughout the construction works. Based on the development strategies, our investment development department coordinates the site selection process with various other departments. Our marketing management department evaluates the market conditions in the target areas and estimates the expected sales prices and sales period. Our design management department collects information about local requirements for our regional subsidiaries designing and construction. Our operational management department makes plans for development and pre-sales.

Based on the information prepared by various departments, our investment management department prepares a feasibility analysis report for each potential site being considered to evaluate its development prospects and risk profile. The feasibility analysis report contains detailed analysis about the site's existing and potential commercial values, potential land acquisition costs, construction budget, expected return and risk control feasibility. Our investment management department submits the feasibility analysis report to the vice president committee for review and approval. The vice president committee comprises our vice president and heads of our investment development department, financial management department, marketing management department and legal department. The feasibility analysis report is then submitted to the president committee for final review and approval. The president committee comprises our president and heads of our investment development department, financial management department, marketing management department and legal department.

We take into consideration the following key factors in conducting site selection analyzes:

- general economic conditions, demographics, population density, competitive landscape, composition of industry sectors and economic vitality of the region;
- urbanization growth rate, disposable income and purchasing power of consumers;
- policy trends of the local government and urban planning and development plans of the local government;
- core values of the city and the surrounding areas;

- competitive landscape of the local property development market;
- suitability for property development and development prospects;
- convenience of the site's location, transportation network, infrastructure and ancillary facilities;
- existing plot ratio and potential development scale; and
- complexity of land ownership structure in the region and complexity of property rights relating to the land parcel.

Land Acquisition

We acquire land for our projects mainly through two methods: (i) public tender, auction or listing-for-sale and (ii) acquisition of equity interests in companies that hold land use rights, or acquisition of property interests held by other companies. Our investment and development department is responsible for coordinating the land acquisition process.

Public Tender, Auction or Listing-for-sale

We acquire a majority of our land through public tender, auction or listing-for-sale organized by government authorities.

- In a public tender, an evaluation committee consisting of no fewer than five members (typically including one representative of the grantor and other experts) evaluates the tenders submitted by bidders. In selecting the tender, the evaluation committee considers various factors including each bidder's bidding price, real estate development experience and track record, credit history, qualification and development proposal.
- In an auction, local land bureaus hold the auction process and grant the land use rights to the bidder with the highest bidding price.
- In a listing-for-sale process, local land bureaus specify conditions for granting the land use rights before bids are submitted. The land use rights are granted to the bidder with the highest bidding price at the end of the listing-for-sale period.

See "Regulatory Overview – Regulations on Land and the Development of Real Estate Projects – Land Grants".

During the Track Record Period, we acquired land parcels with an aggregate site area of approximately 1,683,159 sq.m. through public tender, auction or listing-for-sale.

Acquisition of Equity Interests or Investments in Companies

We acquire a portion of our land through acquiring equity interests or investing in companies that possess land use rights for target lands. This method allows us to negotiate the terms and conditions directly with the targeted companies or the counter parties, which enables us to obtain target lands at competitive prices.

During the Track Record Period, we acquired land parcels with an aggregate site area of approximately 316,541 sq.m. through acquiring equity interests in companies that held land use rights. Generally, we do not expect to record gains from our joint ventures and associated companies until they start to generate revenue by delivering properties they develop. During the Track Record Period, our investments in joint ventures and associated companies increased significantly. As of December 31, 2015, 2016 and 2017, our investments in joint ventures amounted to nil, RMB152.9 million and RMB639.5 million, respectively. Our investments in associated companies amounted to RMB0.5 million, RMB59.1 million and RMB805.9 million, respectively, as of the same dates. For the years ended December 31, 2015 and 2016, our share of loss on joint ventures and associates was RMB15.2 million and RMB31.9 million, respectively. For the year ended December 31, 2017, our share of gain on joint ventures and associates was RMB418.1 million. See "Risk Factors — Risks Relating to Our Business — We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture and associated company partners."

Subsequent to the Track Record Period and as of the Latest Practicable Date, we had acquired or were in the process of acquiring shareholding in the following companies.

Our Directors have confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, the counterparty and the ultimate beneficial owner of the counterparty are Independent Third Parties. Our Directors also believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders as a whole.

The general nature of all of these acquisitions is land acquisitions, and the principal business carried out by all of the counterparties (excluding individuals) of these acquisitions is property development and sales. We conducted such acquisitions for the purpose of achieving continued growth of land reserve at competitive costs. The financing source of such acquisitions are all internal funds, and the basis for determining the consideration of these acquisitions are through arm's length negotiations between the parties and on normal commercial terms with reference to the cost of the land. All the considerations are to be satisfied or have been satisfied by cash. Please see below and "Waivers from Strict Compliance with the Listing Rules" for the details of such acquisitions as an alternative disclosure on each acquisition.

No.	Name of the project company	Name of the counter party	Name and site area of the acquired land	Date of the acquisition agreement	Date of completion	Aggregate value of consideration	Percentage of equity interest	Net Assets Value as of December 31, 2017	Net profits (both before and after taxation) for the year ended December 31, 2016	Net profits (both before and after taxation) for the year ended December 31, 2017	Revenue for the year ended December 31, 2017	Total Assets as of December 31, 2017
			(sq.m.)			(RMB'000)	(%)	(RMB'000) *(unaudited)*	(RMB'000) *(unaudited)*	(RMB'000) *(unaudited)*	(RMB'000) *(unaudited)*	(RMB'000) *(unaudited)*
1.	Anhui Weilin Land Co. Ltd. (安徽威林置業有限公司)	Anhui Hong Lan Real Estate, Hefei City Xinde Construction and Decoration Co. Ltd. (合肥市信德建築裝飾有限責任公司)	Land Lot FDG17-32 (28,080 sq.m.)	December 19, 2017	Has not completed	267,980.5	51.0%	(30.3)	—	(30.3)	—	248,800.6
2.	Changzhou Green Land Kunte Land Co. Ltd. (常州綠地昆特置業有限公司)	Changzhou Wandefu Investing Co. Ltd. (常州萬德福投資有限公司), and Shanghai Greenland Heng Xin Investing Co. Ltd. (上海綠地恒欣投資有限公司)	Land Lot 209-209823-002 (42,145 sq.m.) Land Lot 209-209857-001 (7,990 sq.m.) Land Lot 209-209859-001 (116,137 sq.m.) Land Lot 209-209858-001, (10,557 sq.m.)	December 28, 2017	February 2, 2018	339,769.9	85.0%	(153,041.9)	(49,214.8)	(5,538.2)	91,209.3	309,851.0
3.	Xuzhou Jiawang Baite Enterprise Management Co. Ltd. (徐州市賈汪區佰特企業管理有限公司)(Note 1)	Mr. Meng Hao (孟浩), and Mr. Cai Meng (蔡猛), Ms. Chen Yanxia (陳艷俠)	Land Lot Fengming Sea Scenic Spot (鳳鳴海景區地塊) (2,474 sq.m.)	January 16, 2018	January 16, 2018	24,313.1	80.0%	(2.8)	—	(2.8)	—	2,364.1
	Xuzhou Xiangyun Sight Management Co. Ltd. (徐州祥雲景區管理有限公司)(Note 1)	Mr. Meng Hao (孟浩), and Mr. Meng Cai (孟蔡)	Land Lot North to Fengming Sea (鳳鳴海北側地塊) (104,284 sq.m.)	January 16, 2018	January 16, 2018	129,490.5	80.0%	(542.9)	6.4	(549.3)	8,000.0	98,751.2

No.	Name of the project company	Name of the counter party	Name and site area of the acquired land	Date of the acquisition agreement	Date of completion	Aggregate value of consideration	Percentage of equity interest	Net Assets Value as of December 31, 2017	Net profits (both before and after taxation) for the year ended December 31, 2016	Net profits (both before and after taxation) for the year ended December 31, 2017	Revenue for the year ended December 31, 2017	Total Assets as of December 31, 2017
			(sq.m.)			(RMB'000)	(%)	(RMB'000) *(unaudited)*	(RMB'000) *(unaudited)*	(RMB'000) *(unaudited)*	(RMB'000) *(unaudited)*	(RMB'000) *(unaudited)*
4.	Chongqing Bojing Mingsha Properties Co. Ltd. (重慶柏景銘廈置業有限公司)	Chongqing Bo Jing Real estate Development Co. Ltd. (重慶柏景房地產開發有限公司), and Chongqing Yujingcheng Enterprise Management and Consulting Co. Ltd. (重慶渝景成企業管理諮詢有限公司)	Land Lot JL-16-181 (89,273 sq.m.)	December 25, 2017	January 15, 2018	498,063.4	100.0%	189,512.4	(742.4)	(7,912.3)	—	303,491.9
5.	Xuzhou Weixin Real Estate Development Co. Ltd. (徐州威新房地產開發有限公司)	Xuzhou Hong Yang Real Estate Development Co. Ltd. (徐州弘陽房地產開發有限公司), Yingyun Co. Ltd. (鷹運有限公司), Yuetai Development Co. Ltd. (悅泰發展有限公司), Xinyu Co. Ltd. (鑫譽有限公司), and Nanjing Chuangle Rui Enterprise Management and Consulting Co. Ltd. (南京創樂睿企業管理諮詢有限公司)	Land Lot 2017-20 (26,646 sq.m.)	January 18, 2018	Has not completed	229,957.0	33.3%	254,443.8	—	—	—	254,443.8
6.	Zhonghai Hongyang Land (Xuzhou) Co. Ltd. 中海宏洋置業(徐州)有限公司	Zhonghai Hong yang Real Estate (Hefei)_Co. Ltd. (中海宏洋地產(合肥)有限公司), and Xuzhou Wanshan Enterprise Management Consulting Co. Ltd. (徐州萬山企業管理諮詢有限公司)	North Yanwo Land Lot of 2017-18 (2017-18號北間窩地塊) (181,244 sq.m.)	March 16, 2018	Has not completed	475,789.1	33.0%	(0.2)	—	(0.2)	—	1,293,049.8

Notes:

*(1) We have aggregated the Acquisitions in relation to Xuzhou Xiangyun Sight Management and Xuzhou Jiawang Baite (together the "**Jiawang Acquisitions**") for the purpose of calculating the applicable percentage ratios as (i) the parcels of land held by these two companies are adjacent to each other in Jiawang District, Xuzhou and (ii) one of the counterparties which entered into both of the Jiawang Acquisitions with the Company is the same party.*

Based on the confirmation letters we received and consultations with relevant government authorities, we have not received any notices from any PRC government authorities identifying any idle land or requiring us to pay idle land fees, during the Track Record Period and up to the Latest Practicable Date.

Planning and Design

Product Positioning

We started product positioning at the project site selection stage and formed a preliminary opinion report on land assessment and product positioning. The design management department will formulate the master planning and design specifications for the project under development. By applying our five residential product lines, we will accelerate the process of matching customers, land, products and profit, and constantly improve the quality of work. After the land is acquired, the project team will quickly deepen product positioning and provide sufficient input for planning and design work.

Project Planning and Design

We outsource our project planning and design work to Independent Third Parties. We manage our overall planning and design work through our design management department in Nanjing and the design teams at our regional subsidiaries. Our design management department has formulized standardized procedures for project design. The design proposals in each step, from the preliminary design to the construction design, must be reviewed and approved by us. We communicate frequently with design companies during the review process to optimize the design plans. We also involve various other departments, such as the marketing management department, the cost management department and operational management department, to review the design plans from the positioning, cost-control and construction scheduling perspectives. The finalized design plans are submitted to the relevant government authorities for approval, after which they become the blueprint for the construction.

We engage specialized design firms for different types of design work of a project, such as landscape design, architectural design, interior design and scenery design. Through a tender-by-invitation process, we carefully select design firms based on their strengths, pricing and suitability for our specific requirements. To enhance the value and marketability of our projects, we engage reputable domestic and international design firms to perform detailed design work for our projects. During the Track Record Period, we worked with certain famous international design companies, such as Callison Construction Co., Ltd. CallisonRTKL, DAHLIN Group Architecture Planning Company and WAA International., and major domestic design companies, such as Shanghai Tianhua Construction Design Co., Ltd., Shanghai Tuofang Construction Design Firm and United Design Group.

Our design management department also carries out certain research activities, maintains and updates self-owned design resource database, which may facilitate the standardization, modulation and innovation of our design work stream, and maintains the competitiveness of our products. Most of staff in our design management department has solid industry experience. To strengthen our design team's industry experience, we have organized various site visits in the Canada, Japan, Thailand and multiple cities in China.

Development and Construction

Selection of Suppliers

We outsource the construction work of our projects to external Independent Third Party construction companies. Outsourcing construction work allows us to better focus on our business as a property developer, and to leverage the expertise of the construction companies and minimize certain risks, such as risks from fluctuations in the cost of certain raw materials.

We select construction companies for our projects through a tender process in accordance with the Law on Tender and Bidding of the PRC and the Rules on the Tender Scope and Criteria for Construction Projects (《工程建設項目招標範圍和規模標準規定》). The tender process may be conducted via open tender or tender by invitation. During the Track Record Period, a majority of the construction companies for our projects were selected through tender by invitation. We prefer construction companies with which we have long-term working relationships to ensure the quality of our products, and have an internal list of construction companies that meet our criteria and which we may invite to tender for new projects. To ensure the quality and workmanship of our properties, we apply stringent criteria in the selection of our construction companies. When assessing construction companies, we take into consideration factors such as professional qualifications, reputation, credentials, financial condition, experience, price quote, track record and quality of construction work, proposed construction schedule and plan and technical capabilities.

The construction contracts we enter into with the selected construction companies contain warranties provided by the construction companies with respect to construction schedules, quality and safety standards. The construction companies are required to pay fines in the event of delays and are responsible for the costs incurred in rectifying construction defects, pre- and post-completion and delivery. In addition, we are entitled to terminate a construction contract and claim damage for losses if the construction company causes any material delay to the development schedule or irreparable damage to the project development. During the Track Record Period, we had not experienced or been subject to any material construction delay, penalty, claim or loss as a result of unsatisfactory work performed by the construction companies we engaged.

We make payments to construction companies in installments in accordance with the terms and conditions stipulated in the construction contracts and the milestone payment schedule varies from case to case. In general, we pay the construction companies 80% of the full contract price when the construction work is completed, and pay 95% of the total contract price upon project settlement. We retain the remaining 5% as quality deposit for two to five years. The quality deposit is used to cover any contingent expenses incurred as a result of construction defects. During the Track Record Period, there was no incident where the quality deposit was insufficient to cover the expenses incurred by us to rectify construction defects.

Procurement of Raw Materials

The construction companies are generally responsible for the procurement of raw materials, such as concrete and steel, used in the construction process. The raw material costs are typically included in the construction contract prices. Our contracts with construction companies contain price adjustment mechanism which requires us to bear the extra costs if the market price of the raw material deviates more than 5% of its contract price. We normally specify a list of brands and the construction companies procure such materials with reference to pricing guidelines issued by local authorities. For materials which materially affect the design of our projects, such as external finishing materials, internal decorative materials and valves, we may require the construction companies to procure these materials at prices pre-negotiated by us. For certain essential raw materials, such as ground and wall tile, we may source them from an exclusive supplier and enter into a strategic agreement with it for one to two years.

We are responsible for purchasing specific materials and fixtures such as elevators, air conditioners and generators. We have a three-tier procurement management system. Our tender and procurement department manages a central supplier database, which contains evaluation information about all the suppliers of the Group. Our regional subsidiaries maintain their own database for suppliers in their cities. Our project companies conduct on-site management of the suppliers and gather first-hand information about the suppliers. To qualify for our supplier database, the supplier must meet our strict standards on quality, productivity and compliance record. We conduct visit on our suppliers on a quarterly basis as well as on *ad hoc* basis.

To maximize our economies of scale and bargaining power, we centrally procure certain raw materials. We normally seek tenders from no less than three suppliers within our qualified supplier database for regular procurement and from no less than five suppliers for procurement with a total amount of RMB1.0 million or more. We enter into procurement contracts with the winning bidders. The terms of the procurement contracts usually track the construction periods of the relevant projects, which range from one to two years. Suppliers may enter into new tender bids when the contractual periods expire. Typically, we may terminate a contract if the supplier fails to supply the relevant materials in accordance with the terms of the contract, industry standards or relevant regulatory requirements.

The procurement contracts are usually fixed-priced and do not contain any minimum purchase commitments. We can, to a certain extent, pass the increases in raw material costs to our customers by increasing the prices of our properties. However, we still bear the risk of price fluctuations in raw materials to the extent that we are unable to increase our prices to fully cover any increases in costs.

In general, we make payments to our suppliers in installments in accordance with the terms and conditions stipulated in the procurement contracts, and payment terms granted by our suppliers vary depending on factors such as the relationship between the supplier and us and the transaction size. We normally settle payment within five days of the receipt of invoices, which are normally provided to us after the products have passed our quality control inspection processes and those of the construction supervision companies.

We do not maintain any inventory of construction materials. As we established a qualified supplier database, we have sufficient options and alternatives when a supplier fails to meet our demand, which largely prevents the risk of supply shortages. As for the raw materials which we are responsible for purchasing, we require the construction unit to formulate the demand plan in advance. After our review, the joint inspection and acceptance of raw materials by us and the construction unit shall be paid by us after meeting the requirements. We did not experience any shortages or delays in the supply of raw materials which had a material impact on our operations during the Track Record Period.

Construction Supervision and Quality Control

We place significant emphasis on quality control with regard to the construction and management of our projects. We are dedicated to develop quality projects with the artisan spirit. Our quality control team has approximately ten employees, most of which hold engineering qualification or assistant engineering qualification. In compliance with relevant PRC laws and regulations, we engage independent certified construction supervision companies and additional independent third-party supervision consultants to monitor the entire construction process of our projects. The construction supervision companies conduct quality inspections on construction materials and on-site workmanship checks to ensure all construction materials and properties meet our prescribed specifications and applicable regulatory requirements.

To ensure quality of properties and compliance with relevant laws and regulations and our own standards, we have established a system of quality control policies and procedures to govern each aspect of the development process. Our operational management department, together with its counterparts in our regional subsidiaries, is responsible for overseeing the overall construction process for each of our projects. We require daily on-site inspections by three to five professional engineers and in some cases, by third party supervision companies as well. During the inspections, we check whether the construction companies comply with the blueprint and if they deviate from the blueprint, whether such deviation is an appropriate adjustment. We also check whether the construction companies comply with our procedures regarding inspection of raw materials and equipment. Our inspection process includes the following: (i) the samples of all raw materials must be sent to us for pre-approval and stored for records; (ii) all equipment and raw materials must be inspected when entering the construction sites; and (iii) all sub-divided work steps are inspected and only upon the satisfaction of the inspection results of one work step, the next work step may be carried out.

Any instances of non-compliance discovered during the inspections are reported to operational management department, which provides written rectification requests and impose penalties. We will not issue the inspection certificate to any projects that fail to meet our standards. We may request the suspension of the construction work if there are any material quality issues and require remedial measures before the construction work can be re-commenced.

The construction companies which we engage are not allowed to subcontract or transfer their contractual agreements with us to third parties without our prior consent. If the construction companies violate these obligations, we are entitled to terminate the agreements and a penalty of 10% of the contract price.

During the Track Record Period, we had no disputes with respect to quality with the construction companies we engaged which had a material adverse impact on our business or financial condition. In addition, there was no material delay or failure to complete the construction work of any of our projects according to our planned specifications during the Track Record Period.

Civil Defense Areas

According to relevant PRC laws and regulations, new buildings constructed in cities for civil use should contain basement areas that can be used for civil defense purposes in times of war. We engage construction companies to construct civil defense areas for our property projects as required by the applicable PRC laws and regulations. The GFA of the civil defense areas of a property project depends on the size, nature and design of the property project in accordance with the relevant PRC laws. During the Track Record Period and up to the Latest Practicable Date, we had 16 completed civil defense areas with an aggregate GFA of approximately 120,417 sq.m. The PRC Legal Adviser has confirmed that we have obtained the required permits for construction of civil air defense areas. The construction cost of civil defense areas is included in our inventories and charged to cost of sales upon recognition of revenue. The property management companies are in charge of the maintenance of our civil defense areas. We monitor the status of civil defense areas periodically to ensure that their functions as civil defense properties are not impaired.

Marketing and Sales

Pricing

Our ability to price our products at desired levels has been, and will continue to be, important to its results of operations. Generally, we determine the prices of our for-sale properties based on a variety of factors, including market conditions, competitive landscape and prices of comparable properties in the market, expected investment returns, positioning of properties, target customers, locations, floors, facing directions, views, and cost of construction. We also adjust the prices of our for-sale properties during the sales process based on market responses we experience, especially when we experience favorable responses. We occasionally make temporary downward adjustments to the prices to accelerate the turnover rate.

Pre-sales

We commence pre-sale activities for our properties prior to their completion, usually within six to nine months after the acquisition of the relevant land parcels. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for a property under development. These conditions include full payment of the land grant premium and acquisition of all relevant land use right certificates, construction-related permits and pre-sale permits. See "Regulatory Overview — Regulations on Real Estate Transfer and Sale — Sale of Commodity Buildings". In addition, prior to the pre-sale of each project, our headquarters will conduct project-opening-risk inspection by the departments of design, market, operation, customer service and etc., and itemize the risk items, to ensure that the project can present its best appearance when faces the customers, and thus to satisfy the selling rate indicator on launch days.

Further, in some cities where we operate, such as Nanjing, the use of pre-sale proceeds is restricted. Under the applicable rules and regulations of these local governments, the use of pre-sale proceeds are restricted to be primarily for the construction and development of the relevant projects. See "Regulatory Overview — Regulations on Real Estate Transfer and Sale — Sale of Commodity Buildings".

Marketing and Sales

Our properties for sale mainly target the mass market, mainly first home purchasers and purchasers with rigid demand on improving. Purchasers of our properties are mainly individuals. Our marketing management department is responsible for formulating marketing and sales strategies and managing the overall marketing and sales process. It makes decisions with respect to product positioning and is closely involved in each property development process, from land selection to pre-sales and sales of properties. It conducts regular market research studies and constantly monitors the changing market conditions to adjust its marketing and sales strategies in a timing manner.

The marketing and sales strategies vary from project to project and depend on factors including market conditions, project scale and targeted customers. We market properties by way of visual and print media channels such as newspapers, magazines, television and billboards, as well as the Internet. For the years ended December 31, 2015, 2016 and 2017, our advertising and business development expenses were RMB74.3 million, RMB85.7 million and RMB110.9 million, respectively.

Although we conduct direct sales for a majority of our properties, we also engage reputable third-party real estate sales agents to facilitate the marketing and sales of our projects, especially for the small portion of our completed but unsold properties. The standard service agreements we enter into with sales agents include key terms such as the scope of retention, duration of services, scope of authorization, fees and payment method. The standard service agreements also stipulate that the sales agents must not conduct unauthorized sales or sell our properties at prices lower than those agreed by us, and that the sales agents must carry out truthful advertising and comply with all applicable regulatory requirements. Commissions to the sales agents are negotiated on a case-by-case basis and usually range from 5% to 10% for commercial properties, and from 0.5% to 1% for residential properties, of the total sale proceeds originated from such agents. For the years ended December 31, 2015, 2016 and 2017, the total commissions paid to external sales agents amounted to approximately RMB5.0 million, RMB8.8 million and RMB17.0 million, respectively. The sales agents do not receive any sales payments on behalf of us. Payments are made by the customers directly to company accounts designated by us. We did not have any material disputes with our sales agents during the Track Record Period.

Payment Arrangements

Customers may purchase our properties by one lump-sum payment or payment by installments. For customers who opt to pay by installments, they may fund their purchases by personal funds or mortgage loans provided by commercial banks.

We typically require our customers to pay a deposit amounting to certain percentage of the contract price upon entering into a sale and purchase agreement. Such deposits are non-refundable and are forfeited if the customers default on the purchases. Customers who purchase properties by making one lump-sum payment are normally required to fully settle the total purchase price within the prescribed period after entering into the relevant sale and purchase agreements. Customers who pay by installments are required to make payments in accordance with the agreed payment schedules. Outstanding balances must be fully settled prior to property delivery. Customers who purchase properties with mortgage loans are required to pay a down payment of no less than 30% of the total purchase price upon entering into a sale and purchase agreement. The outstanding amounts are settled by the mortgagee banks within the prescribed period pursuant to the respective bank financing agreements.

In line with industry practice in the PRC, we provide guarantees to mortgagee banks for the mortgage loans offered to our customers. These guarantees are typically released upon the issuance of the relevant property ownership certificate for the property and the registration of the mortgage in favor of the mortgage bank. If a purchaser defaults on a mortgage loan during the guarantee period, we are required to repay the outstanding balances owed to the mortgagee bank. We are assigned the title to the mortgage loan, giving us rights to the property, after settling such outstanding balances. In accordance with industry practice, we rely on the credit checks conducted by the mortgagee banks and do not conduct independent credit checks on our customers. As of December 31, 2017, outstanding guarantees provided by us in respect of mortgage loans of our customers amounted to RMB5,046.9 million. During the Track Record Period, we did not encounter any material incidents of default by our customers.

Delivery and After-sale Services

A joint inspection team will be organized by the operational management department, designing department, marketing department and customer service department of our regional companies prior to the completion acceptance for each project by government authorities but no later than 60 days before the delivery date to the owners, to conduct preliminary checks to projects and form a rectification list, which will be written off item by item by the project company, in order to pass the governments' completion acceptance successfully. The Customer Service Department of our headquarters will supervise and censure the performance of city companies.

Delivery of Properties

Delivering quality properties and providing satisfying purchasing experiences to customers are fundamental to the success of our business. We closely monitor the construction progress of our properties so as to deliver properties to our customers within the timeframe specified in the respective sale and purchase agreements and in a manner that complies with PRC laws and regulations. Prior to delivery, our customer service department from city company will take charge of organizing other function departments to conduct delivery risk checking and comprehensive inspection and acceptance for each project, and only when the identified issues have been rectified will the properties be delivered to the customers, thus to ensure customer's satisfaction. Our headquarter's customer service, operations, marketing, design, and other departments jointly supervise the implementation of delivery comprehensive acceptance specifications of the city company's project, and perform spot checks and assessments.

The timeframes for delivery are set out in the relevant sale and purchase agreements. Under a typical sale and purchase agreement, we are liable to pay a monetary penalty of 0.01% of the purchase price on a daily basis until delivery of the property if we fail to deliver the property on the delivery day stipulated in the agreement. A purchaser may have the right to repudiate the sale and purchase agreement if the delay exceeds 30 days, and we must return the full payment, together with an extra penalty. During the Track Record Period, we did not experience any delays in the delivery of properties which had any material adverse impact on our business, financial condition and results of operations.

After-sale Services

We are committed to customer satisfaction and offer our customers comprehensive after-sale services, including, among others, providing assistance in obtaining property ownership certificates, following up on warranty issues and performing maintenance services. Our after-sale services are managed by our customer service department.

We value feedback from our customers and believe it is important in helping us maintain customer relationships, improve product and service quality and identify customer preferences. We have a customer service telephone hotline for customers to provide feedback and complaints about our products and services. It is our policy to attend to any customer feedback or complaints in a timely manner. In addition, to better understand the needs of our customers so as to improve our offerings, we conduct customer satisfaction surveys in three month following delivery and regular surveys annually.

Warranties and Returns

We provide our customers with warranties for the quality of building structures pursuant to the Measures on the Sales of Commodity Housing (商品房銷售管理辦法) and Regulations for the Operations of Urban Property Development (城市房地產開發經營管理條例). In addition, in accordance with the published national standards, we provide quality warranties for ground foundations, main structures, waterproofing work, water and electricity work, decorative work and sanitary wares. The warranty durations vary depending on the covered items and are usually for a period of no less than two to five years. The warranty durations for ground foundations and main structures are the relevant reasonable lifespans stated in the design documents.

Our construction companies are responsible for rectifying quality defects in the properties, whether such defects are discovered pre- or post-completion and delivery. We may repair quality defects only if the construction companies cannot repair the defect in a timely manner. We generally retain a quality deposit of 5% of the total contract price for approximately one to five years to cover any contingent expenses that may be incurred as a result of any quality defects.

Except for the breach of a sale and purchase agreement by us, we do not allow returns of properties from our customers. There was no return of properties from our customers during the Track Record Period.

PROJECT FUNDING

We finance our projects primarily through internal cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, rental income, fee income, bank loans, equity injection and bonds. During the Track Record Period, we also entered into several trust and other financing arrangement to finance the property development of our projects. We aim to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required.

Sale and Pre-sale Proceeds

We use the proceeds from the pre-sales and sales of our properties to fund part of our construction costs, make interest payments and repay debt obligations.

Pre-sale proceeds form an integral source of our operating cash inflows during project development. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for properties under development, and the use of pre-sale proceeds may be restricted by local governments in cities where we operate. See "— Property Development and Sales Process — Marketing and Sales — Pre-sales" in this section and "Regulatory Overview — Regulations on Real Estate Transfer and Sale — Sale of Commodity Buildings".

Bank Loans

Bank loans are our primary source of external financing. As of December 31, 2015, 2016 and 2017, our outstanding bank loans amounted to RMB3,177.6 million, RMB5,524.3 million and RMB6,865.0 million, respectively.

Our ability to obtain financing from banks for our projects depends on various economic measures introduced by the central and local governments. According to a guideline issued by the CBRC on August 30, 2004, no bank loans may be granted with respect to projects for which the land use right certificates, construction land planning permits, construction work planning permits or construction work commencement permits have not been obtained. On May 25, 2009, the State Council issued a Notice on Adjusting the Capital Ratios for Fixed Asset Investment Projects (關於調整固定資產投資項目資本金比例的通知), which stipulates a minimum capital requirement of 20% for ordinary commodity apartments and indemnificatory housing and a minimum capital requirement of 30% for other real estate development projects. On September 9, 2015, the State Council promulgated the Notice on Adjusting and Improving the Capital Fund Principle for Fixed Assets Investment (關於調整和完善固定資產投資項目資本金制度的通知), according to which the minimum capital ratio for other real estate development projects is adjusted from 30% to 25%. See "Regulatory Overview — Establishment of a Real Estate Development Enterprise".

Trust and Other Financing Arrangements

Similar to other property developers in the PRC, we occasionally enter into financing arrangements with trust companies or asset management companies in the ordinary course of business to finance our property development. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, and therefore is an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments.

As of December 31, 2017, the total amount of trust and other financing arrangements outstanding accounted for 19.9% of our total borrowings as of the same date. For additional information as to the relevant laws and regulations applicable to trust and other financing arrangements, see "Regulatory Overview — Regulations on Real Estate Financing — Financing Real Estate Development and Acquisition."

The following table sets forth our outstanding trust and other financing arrangements with trust companies, asset management companies and their financing vehicles as of the dates indicated:

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collateral[1]	Veto rights of financial institution	Principal balance as of December 31, 2017	Principal balance as of February 28, 2018[2]	General category of trust and other financing arrangements
							(RMB'000)	(RMB'000) (Unaudited)	
1	China Huarong Asset Management Co., Ltd Jiangsu Branch (中國華融資產管理股份有限公司江蘇省分公司)	7.5%	September 5, 2016	September 4, 2018	mortgage of a mall with total GFA of 373,185.5 sq.m, and guaranteed by Mr. Zeng, Ms. Chen Sihong	N/A	209,723.2	210,000.0	Type I
2	China Huarong Asset Management Co., Ltd Jiangsu Branch (中國華融資產管理股份有限公司江蘇省分公司)	7.5%	December 12, 2016	December 11, 2018	mortgage of land use rights of a land lot with total GFA of 194,457.3 sq.m, and guaranteed by Mr. Zeng, Ms. Chen Sihong, and Suzhou Hong Yang Real Estate	N/A	314,496.8	315,000.0	Type I
3	China Huarong Asset Management Co., Ltd Jiangsu Branch (中國華融資產管理股份有限公司江蘇省分公司)	8.5%	May 18, 2017	May 17, 2019	mortgage over a commercial property with total GFA of 116,740.3 sq.m, and guaranteed by Mr. Zeng, Ms. Chen Sihong, Hong Yang Group Co. Ltd., Nanjing Redsun, and Suzhou Hong Yang Real Estate	N/A	410,000.0	410,000.0	Type I

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collateral[(1)]	Veto rights of financial institution	Principal balance as of December 31, 2017	Principal balance as of February 28, 2018[(2)]	General category of trust and other financing arrangements
							(RMB'000)	(RMB'000) (Unaudited)	
4	China Huarong Asset Management Co., Ltd Jiangsu Branch (中國華融資產管理股份有限公司江蘇省分公司)	8.5%	July 3, 2017	July 2, 2019	mortgage over a hotel with total GFA of 17788.2 sq.m and guaranteed by Mr. Zeng, Ms. Chen Sihong, Nanjing Hong Yang Real Estate, and Nanjing Hong Yang Heng Rui Real Estate Development Co. Ltd. (南京弘陽恒瑞房地產開發有限公司)	N/A	431,120.2	430,000.0	Type I
5	China Huarong Asset Management Co., Ltd Jiangsu Branch (中國華融資產管理股份有限公司江蘇省分公司)	9.1%	October 26, 2017	October 25, 2019	mortgage over a mall with total GFA of 833658.4 sq.m, and guaranteed by Mr. Zeng, Ms. Chen Sihong, Nanjing Redsun, and Hong Yang Group Company	N/A	442,417.9	450,000.0	Type I
6	Chang'an International Trust Co., Ltd. (長安國際信託股份有限公司)	8.5%	May 27, 2017	May 27, 2019	mortgage of land use rights of a land lot, pledge of 10 million shares of Anhui Hong Lan (representing 2.44% of its total shares), and guaranteed by Mr. Zeng, Ms. Chen Sihong, and Nanjing Redsun	Yes	246,006.7	246,006.7	Type II

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collateral[(1)]	Veto rights of financial institution	Principal balance as of December 31, 2017	Principal balance as of February 28, 2018[(2)]	General category of trust and other financing arrangements
							(RMB'000)	(RMB'000) (Unaudited)	
7	CITIC Trust Co., Ltd. (中信信託有限責任公司)	9.0% within first six months, and 9.5% from the start of the seventh month	August 18, 2017	February 7, 2018	mortgage of land use rights of a land lot and 51% of equity interests of Changzhou Jintan Xurun, and guaranteed by Shanghai Zhong Liang Group Co. Ltd. (上海中梁地產集團有限公司), Suzhou Industrial Park Hua Cheng (蘇州工業園區華成房地產開發有限公司) and Mr. Yang Jian (楊劍)	Yes	700,000.0	—	Type II

Notes:

(1) Our Directors have confirmed that all guarantees provided by our Controlling Shareholder and the close associates will be fully repaid or released before **[REDACTED]**.

(2) Reflects the outstanding balances as of February 28, 2018 of our trust and other financing arrangements as of December 31, 2017.

These trust companies, asset management companies and their financing vehicles we have cooperated with are reputable and well-established institutions in the PRC and are Independent Third Parties to us.

Types of Our Trust and Other Financing Arrangements

Our trust and other financing arrangements can be roughly divided into two categories:

- Type I Arrangements are similar to bank loans, which do not involve transfer of equity interest in the project company;
- Type II Arrangements involve transfer of equity interest in the project company to the lending financial institution, which is entitled to appoint directors of the board and senior management of the project company.

The following table sets forth the aggregate principal balances of our trust and asset management financing borrowings by type as of the dates indicated:

	As of December 31, 2017		As of February 28, 2018(1)	
	Number	RMB ('000)	Number	RMB ('000)
Type I	5	1,365,340.2	5	1,365,000.0
Type II	2	946,006.7	1	246,006.7
Total trust financing borrowings	7	2,311,346.9	6	1,611,006.7

Note:

(1) Reflects the outstanding balances as of February 28, 2017 of our trust and other financing arrangements as of December 31, 2017.

Our trust and other financing arrangements are usually secured by one or more types of collateral, including land use rights of the project, shares of the project company or cash, and may also be guaranteed by the project company or our Controlling Shareholders or their associates. Upon the maturity of the financing arrangements and the satisfaction of repayment, the corresponding share pledges, liens or guarantees will be released and, as the case may be, the equity interest of the project company that is transferred to the financial institutions will be repurchased by the relevant entities at a consideration based on pre-determined formula in accordance with the relevant agreements. We believe that our trust or other financial arrangements are in line with industry practice in the PRC.

Key Terms of Type I Arrangements

Under Type I Arrangements, the lender may have security interest in the form of liens of the land use rights of the project, pledges of the shares of the project company or restriction of cash held by us or our Controlling Shareholders or their associates. However, the equity interests in the project company are not transferred to the lender.

The lender does not have the right to participate in the project company's shareholder's meeting or board meeting, nor does it have any veto rights in any form. Generally, we are not required to obtain the prior consent from the lender in respect of operational activities during our ordinary course of business. In one of the Type I Arrangements, the trust financing proceeds were deposited to an escrow account and the lender entrusts the settlement bank to monitor the cash flows of the escrow account and to report to the lender.

As Type I Arrangements are similar to bank loans, the lender can only exercise creditor's rights and has minimum, if any, control over the project company's business operations. The security interests created under Type I Arrangements will be released upon repayment of the principal of, and any other amount due under, such financings. We believe that Type I Arrangements will not affect our control over the project companies.

Key Terms of Type II Arrangements

A summary of key terms of Type II Arrangements is set forth below.

Equity Transfer

Under Type II Arrangements, part of our equity interests in the project company are transferred to, or subscribed by and issued to, the lender. During the term of the trust plan or asset management plan, the lender is a shareholder of the project company.

The shareholder's meeting of the project company is entitled to, among others, (i) make operational decisions and investment plans (including the overall investment budget), (ii) vote for and replace directors and supervisors who are not staff representatives, and determines the compensations of directors and supervisors, (iii) review and approve reports from board of directors, (iv) review and approve reports from supervisors, (v) review and approve annual financial budgets and reports, (vi) review and approve plans for profit distribution and deficit coverage; (vii) decide about increase or decrease registered capital, (viii) decide about issuance of corporate bonds (ix) decide about merger, split, dissolution, liquidation and change of corporate formality, (x) amend articles of association and (xi) lend funds not certain threshold (excluding loans to employees).

Board Representation and Veto Right

Under Type II Arrangement, the lender is entitled to appoint two directors out of three board seats of the project company and we are entitled to appoint one director as the chairman of the board of the project company. The board, through voting by at least two directors, is entitled to, among others, (i) convene shareholders meetings and report to the shareholders meeting, (ii) implement resolutions passed by the shareholders meeting, (iii) make operational decisions and investment plans, (iv) make plans for annual financial budgets and reports, (v) make plans for profit distribution and deficit coverage, (vi) make plans for increase or decrease of registered capital and issuance of corporate bonds, (vii) make plans for merger, split, dissolution, liquidation and change of corporate formality, (viii) determine internal management organizational structure, (ix) determines the appointment and compensations of managers, vice managers and financial officers, (x) make basic management policies, (xi) propose amendment of articles of association, (xii) decide about transfer or disposal of material assets outside ordinary course of business, (xiii) decide about external financing or loan application, (xiv) review and approve connected transactions, (xv) decide about engagement of external auditors, (xvi) review and approve guarantees to third parties, (xvii) appoint or change authorized signatories for corporate bank account, (xviii) draft material construction contracts and (xix) conduct other matters set forth in the articles of associations.

During the past years, we have obtained financing from the lender Chang'An International Trust Co., Ltd. ("**Chang'An Trust**") and CITIC Trust Co., Ltd. ("**CITIC Trust**") in multiple instances. We have never defaulted in any of the principal or interest payment of the financings. Up to the Latest Practicable Date, there had been no dissenting vote cast by Chang'An Trust or CITIC Trust as a shareholder, or any of the directors appointed by them. As such and given the current principal amount of the outstanding Type II trust and other financing arrangements is not material compared to current assets, our Directors believe that we maintain control over the project companies and the risk of losing control over the borrowing subsidiaries is low.

Supervisor and Senior Management

Under Type II Arrangement, the lender is entitled to appoint one supervisor to the project company. The supervisor is entitled to propose termination of senior management. The lender is also entitled to appoint the chief financial officer of the project company.

Daily Operational Management

Under Type II Arrangement, we retain the right to conduct daily operational management of the project company. During the Track Record Period and up to the Latest Practicable Date, none of the lenders under Type II Arrangement actively participated in or intervened in the day-to-day operation of the project companies.

Repayment

The terms of our Type II Arrangement were around two years. We are obliged to make full repayment of the loans under Type II Arrangement in order to repurchase the equity interests of the project company from the relevant lender and discharge other encumbrances over land use rights or equity interests.

If we fail to perform our repayment obligations on time, we will be subject to penalties for the late payment as specified in the relevant agreements or subject to enforcement actions against the security interests, which could affect our ownership of our project companies. See "Risk Factors — Risks Relating to Our Business — We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations."

We expect that we will satisfy our repayment obligations under our trust financing arrangements by utilizing our internal resources. During the Track Record Period, we had not defaulted on any of our repayments or other obligations in any material respect under the trust financing arrangements.

Interest Payment

The interest rates of the Type II Arrangement are usually fixed or maybe adjusted semi-annually based on the term of the financing. We are typically required to make the first interest payment within a few days upon establishing the priority trust units, and to make the rest of interest payments on a quarterly basis.

Security

In certain cases of Type II Arrangement, we or our Controlling Shareholders or their associates have provided guarantees, share pledges or fixed asset liens to the lender.

Financing Covenants

Type II arrangements contain a number of customary affirmative and/or negative covenants. We are required to provide interim financial statements to the relevant lenders on a regular basis. In addition, we are subject to restrictive covenants under such arrangements. For example, we are not permitted to dispose our rights and obligation to any third-party without the prior consent from the relevant lenders. We are prohibited from carrying out any merger, restructuring, spin-off, reduction of registered share capital, material asset transfer, liquidation, change in shareholding or management structure, or establishment of any joint venture without the written consent of the relevant lenders.

Compliance with PRC Laws

Our PRC Legal Adviser is of the opinion that the entry into the aforementioned trust and other financing agreements by our Group does not contravene any mandatory provision of applicable PRC laws and administrative regulations, and that the agreements entered into by the Group under the trust and other financing agreements are valid and binding on the respective counter-parties.

Corporate Bonds

Hong Seng, a company incorporated in the BVI and wholly owned by Hong Yang Group Company, which is not part of our Group, issued US$250 million guaranteed senior notes in May 2017 (the "**May 2017 Notes**"), which bear an interest rate of 7.875% per annum and are due in May 2020. Hong Seng further issued US$250 million guaranteed senior notes in November 2017 with an additional issuance of US$125 million notes of the same series in January 2018 (the "**November 2017 Notes**", together with the May 2017 Notes, the "**Notes**"), which bear an interest rate of 8.50% per annum and are due in November 2018. Depending on the market condition, we may obtain additional funds by using our Company or Hong Yang Group Company or its associates as the vehicle to conduct bond financing before **[REDACTED]**.

The net proceeds from the offering of the May 2017 Notes were approximately US$241.0 million, which were used for the benefit of our Group. According to IFRS, a majority of the net proceeds from the offering of the May 2017 Notes was recorded as liability on our combined statement of financial position. As of December 31, 2017, we had settled the outstanding liability resulting from the May 2017 Notes. Upon the maturity of the May 2017 Notes in May 2020, Hong Yang Group Company plans to issue new high-yield notes or obtain commercial loans to refinance the May 2017 Notes.

The net proceeds from the initial offering of the November 2017 Notes were approximately US$248.0 million, which were used for the benefit of our Group. According to IFRS, a majority of the net proceeds from the offering of the November 2017 Notes was recorded as equity on our combined balance sheet as of December 31, 2017. The net proceeds from the offering of additional issuance of the November 2017 Notes were approximately US$124.1 million, depending on the needs of our Group's business and future developments, the net proceeds may be used for the benefit of our Group. Upon the maturity of the November 2017 Notes in November 2018, Hong Yang Group Company plans to issue new high-yield notes or obtain commercial loans to refinance the November 2017 Notes.

Hong Yang Group Company plans to issue a letter of undertakings to our Company, pursuant to which Hong Yang Group Company undertakes to (i) pay all the interest, principal and other amounts payable under the Notes when such payments are due; and (ii) hold the Group harmless and indemnify the Group against all the damages and losses arising from or incurred in connection with the Notes.

High-yield Covenants

According to the Indentures governing the Notes (the "**Indentures**"), Hong Yang Group Company and all of its existing and future subsidiaries that are not otherwise designated as unrestricted subsidiaries (the

"**Restricted Subsidiaries**", together with Hong Yang Group Company, the "**Controlled Group**"), including the Company and our subsidiaries, are subject to customary high-yield covenants (the "**Covenants**") and other terms in the Indentures. The Covenants, subject to the permitted exceptions, carve-outs and materiality qualifications contained therein limit Hong Yang Group Company and the Restricted Subsidiaries' ability to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness by Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates;
- engage in any business other than the Permitted Business, which means any business which is the same as or related, ancillary or complementary to property development and commercial property operation, furniture and construction material wholesaling and retailing as well as property management businesses; and
- effect a consolidation or merger.

The terms and conditions of the May 2017 Notes and the November 2017 Notes are substantially the same. Please see "Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection — Documents Available for Inspection — (k) the relevant sections in the offering memorandum dated May 22, 2017 for the issuance of the May 2017 Notes and the offering memorandum dated November 15, 2017 for the issuance of the November 2017 Notes, as the case may be, in connection with the covenants and restrictions relating to the Group."

Hong Yang Group Company and the Restricted Subsidiaries are NOT prohibited from engaging in the foregoing transactions restricted by the Covenants, although their ability to do so is limited to the capacity available under permitted baskets and other exceptions and carve-outs. Certain baskets may grow or become depleted over time, while other baskets may be one-time only. In addition to the baskets, the Covenants also contain a number of specified exceptions which are structured so as to provide Hong Yang Group Company and the Restricted Subsidiaries with flexibility to conduct transactions in the ordinary and grow their businesses (which is presumably in the noteholders' interest). Set forth below are some of the main exceptions to the major limitations.

(a) *Limitation on Indebtedness and Preferred Stock*. Hong Yang Group Company and the Restricted Subsidiaries are permitted to incur any indebtedness, as long as the Fixed Charge Coverage Ratio[1] of Hong Yang Group Company is at least 2.5 to 1.0. Even if the Fixed Charge Coverage Ratio of Hong Yang Group Company is below such level, Hong Yang Group Company and the Restricted Subsidiaries could still incur "Permitted Indebtedness," (as defined in the Indentures) such as indebtedness under bank facilities and purchase money indebtedness not to exceed an aggregate basket (combined with certain other indebtedness) of 35% of the Total Assets[2], unlimited Non-Recourse Receivable Financing[3], all existing Indebtedness, permitted re-financings, a separate basket of up to US$30 million for short-term working capital facilities, a separate general basket of US$15 million, and certain other indebtedness incurred in the ordinary course of business.

(b) *Limitation on Restricted Payments*. Hong Yang Group Company and the Restricted Subsidiaries are permitted to declare and pay any dividend or distribution on a pro rata basis to all holders of any class of capital stock of such Restricted Subsidiary so long as a majority of such capital stock is owned directly or indirectly by Hong Yang Group Company. This means that so long as Hong Yang Group Company owns a majority of our Shares, there is no limitation under the Notes for us to declare and make dividends or distributions on a pro rata basis. Hong Yang Group Company and the Restricted Subsidiaries are also permitted to make "Permitted Investments (as defined in the

1 "Fixed Charge Coverage Ratio" means the ratio of (i) consolidated EBITDA (earnings before interest expense, taxes, depreciation and amortization) of Hong Yang Group to (ii) consolidated fixed charges (cash and noncash interest expense) of Hong Yang Group Company, on a trailing 12-month basis and on a pro forma basis assuming the proposed indebtedness had been incurred at the beginning of such 12-month period.

2 "Total Assets" means, as of any date, the total consolidated assets of the parent guarantor and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which combined financial statements of the Parent Guarantor (which the Parent Guarantor shall use its best efforts to compile on a timely manner) are available (which may be internal combined financial statements).

3 "Non-recourse Receivable Financing" means Receivable Financing (i) under which neither the Parent Guarantor nor any Restricted Subsidiary (other than pursuant to standard non-recourse receivable financing undertakings) provides guarantee or recourse with respect to the Receivable Financing Assets, undertakes to repurchase any receivable financing assets, subjects any of its properties or assets, directly or indirectly, contingently or otherwise, to the satisfaction of any obligation related to the Receivable Financing Assets or undertakes to maintain or preserve the financial condition or operating results of the entity that purchases or otherwise receives the Receivable Financing Assets and (ii) is not reflected as liability on the combined balance sheet of the Parent Guarantor.

Indentures)". In addition, Hong Yang Group Company and the Restricted Subsidiaries are permitted to make out of the Controlled Group "restricted payments" such as dividends, redemption of capital stock, early purchase or redemption of subordinated indebtedness or investments other than "Permitted Investments" if, among other conditions, (i) the Fixed Charge Coverage Ratio is at least 2.5 to 1.0 and (ii) the total amount of restricted payments after the issue date of the Notes does not exceed the sum of, among others, (a) 50% of the accumulated combined net income of Hong Yang Group Company since the issue date of the Notes and (b) 100% of net cash proceeds from equity raised by Hong Yang Group Company after the issuance of the Notes, and (c) US$20 million (together the "**General Restricted Payment Basket**"). The Covenants allow Hong Yang Group Company and the Restricted Subsidiaries to make certain other specified types of payments even if the foregoing requirements are not satisfied.

As of the Latest Practicable Date, the total amount of restricted payments made after the issue date of the Notes does not exceed the General Restricted Payment Basket.

(c) *Limitation on Transactions with Shareholders and Affiliates.* Hong Yang Group Company and the Restricted Subsidiaries are permitted to transact with their respective affiliates on fair and reasonable terms not less favorable than that would have been obtained in a comparable arm's length transaction subject to the delivery to the Trustee a fairness opinion from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing for those transactions with an aggregate amount exceeding US$15 million. Certain affiliated transactions in the ordinary course of business and other specified affiliated transactions are also permitted.

(d) *Limitation on Liens and Limitation on Sale and Leaseback Transactions.* Hong Yang Group Company and the Restricted Subsidiaries are permitted to incur "Permitted Liens," (as defined in the Indentures) such as certain liens incurred in the ordinary course of business or arise by operation of law, liens securing certain permitted Indebtedness of up to 35% of the Total Assets, all existing liens, a separate basket of up to US$30 million for secured short-term working capital facilities, a separate general basket of US$10 million and other permitted liens.

(e) *Limitation on Asset Sales.* Hong Yang Group Company and the Restricted Subsidiaries are permitted to consummate an Asset Sale[4] (other than the sale of all or substantially all of their assets) if, among other things, the sales of assets are made at fair value and at least 75% of the consideration received is cash or cash equivalents. Hong Yang Group Company and the Restricted Subsidiaries are permitted to use the net proceeds from the Asset Sales to acquire assets and shares of capital stock in a person holding assets, both of which assets are related to their core businesses, or repay Senior Indebtedness within 360 days after the receipt of such net proceeds.

(f) *Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries.* Hong Yang Group Company and the Restricted Subsidiaries are permitted to sell or issue capital stock if, among other

[4] Among other exceptions, sales, transfer or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business do not constitute an Asset Sale (as defined in the Indentures).

things, they apply the net cash proceeds of such sale or issuance in accordance with the "Limitation on Asset Sales" covenant discussed above.

Designation of Certain Restricted Subsidiaries as Unrestricted Subsidiaries

According to the Indentures, we and each of our direct or indirect subsidiaries are Restricted Subsidiaries and subject to the Covenants and other terms of the Notes, unless Hong Yang Group Company designates any of the Restricted Subsidiaries as "Unrestricted Subsidiaries" pursuant to the Indentures. Upon such designation, these Unrestricted Subsidiaries were no longer subject to any of the limitations imposed by the Covenants.

On February 1, 2018, Hong Yang Group Company designated certain subsidiaries as Unrestricted Subsidiaries in accordance with the Indentures. The Unrestricted Subsidiaries are entities in Suzhou, Wuxi and Changzhou, Jiangsu Province that hold our core assets. The total assets of these Unrestricted Subsidiaries accounted for approximately 35% of our total assets as of December 31, 2017. Set forth below is a list of our Unrestricted Subsidiaries.

- Changshu Hong Yang Real Estate Development Co., Ltd.
  常熟弘陽房地產開發有限公司
- Suzhou Hong Yang Investment Co., Ltd.
  蘇州弘陽投資有限公司
- Suzhou Hong Yang Real Estate Co., Ltd.
  蘇州弘陽置地有限公司
- Wuxi Suyuan Tanxiwan Property Co., Ltd.
  無錫蘇源檀溪灣置業有限公司
- Changzhou Hong Yang Plaza Property Co., Ltd.
  常州弘陽廣場置業有限公司
- Suzhou Hong Yang Real Estate Development Co., Ltd.
  蘇州弘陽房地產開發有限公司
- Suzhou Hong Yang Property Co., Ltd.
  蘇州弘陽置業有限公司

We and a majority of our subsidiaries remain restricted subsidiaries and their business operations are subject to the restrictions imposed by the Covenants. See "Risk Factors — Risks Relating to Our Business — We are subject to risks associated with certain covenants or restrictions under our bank borrowings, bonds issuance, trust and other financing arrangements which may adversely affect our business, financial condition and results of operations."

***Guarantees to be released upon* [REDACTED]**

The Notes are unconditionally and irrevocably guaranteed by Hong Yang Group Company and all of its future offshore subsidiaries, including the Company and our offshore subsidiaries immediately after the Reorganization. According to the Indentures, such guarantees will be automatically released upon the **[REDACTED]**.

See "Financial Information — Indebtedness" for further details with respect to our channels of financing, indebtedness and borrowings.

COMMERCIAL PROPERTY INVESTMENT AND OPERATIONS

In line with our business strategy, we own and operate a substantial portion of our commercial properties we developed for long-term investment purposes. These commercial properties include Hong Yang Plazas and retail spaces accompanying our residential projects. We hold these commercial properties for capital appreciation and rental income. In addition, we charge certain tenants with site use fees and advertising space use fees. For the years ended December 31, 2015, 2016 and 2017, revenue generated from commercial property investment and operations amounted to RMB226.7 million, RMB193.1 million and RMB166.4 million, respectively, representing 4.2%, 2.2% and 2.7% of our total revenue in the respective periods.

The following table sets forth a breakdown of the revenue generated by our commercial properties by project for the periods indicated.

	For the Year Ended December 31,					
	2015		2016		2017	
	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties
	(RMB'000)	(%)	(RMB'000)		(RMB'000)	(%)
Nanjing Hong Yang Plaza	224,671	99.1	191,198	99.0	164,445	98.8
Rent and property management fees	185,224	81.7	163,825	84.9	163,695	98.4
Revenue generated from the theme park	39,447	17.4	27,373	14.1	750	0.4
Other retail spaces(1)	2,056	0.9	1,872	1.0	1,975	1.2
Total	226,727	100.0	193,070	100.0	166,420	100.0

Note:

(1) Include retail spaces accompanying our residential projects that generate rental income for us, such as Nanjing Jing Cheng retail spaces.

The table below sets forth certain operational data regarding Hong Yang Plazas and other retails spaces as of December 31, 2017:

	GFA(actual or estimated)	Occupancy rate	Operation commencement (actual or estimated)
	(sq.m.)	*(%)*	*(month)*
Nanjing Hong Yang Plaza	435,165	98.2%	September 2007
Changzhou Hong Yang Plaza	80,844	60.8%[1]	October 2018
Other spaces[2]	11,751	100.0%	June 2007

Notes:

(1) Based on the rate of rental agreements which have been entered into as of December 31, 2017.

(2) include retail spaces and other spaces accompanying our projects that generate rental income for us, such as Nanjing Jing Cheng retail space .

Nanjing Hong Yang Plaza

The Nanjing Hong Yang Plaza is an integrated commercial complex consisting of department stores, furniture and construction material shopping malls, restaurants, movie theaters, entertainment facilities and amusement parks. Located in the Jiangbei New Area, the north gate of Nanjing, the Nanjing Hong Yang Plaza serves residents in Nanjing as well as in other nearby cities in Jiangsu Province and Anhui Province. In addition to providing its customers with daily necessities, the Nanjing Hong Yang Plaza also caters to a variety of needs with its social, recreational and cultural elements.

Renovation and Upgrade

We commenced the commercial operation of the Nanjing Hong Yang Plaza in May 2011 and started the renovation and upgrading work in 2016 with an investment of more than RMB100.0 million.

Area A was rented by us to third party tenants to generate rental income. In October 2017, we began to lease Area A to Nanjing Hong Yang Home Furnishing Co., Ltd. (南京弘陽家居有限公司), our connected party, which sublet it to third party tenants. For details, please see "Continuing Connected Transactions — (C) Non-exempt Continuing Connected Transaction — Leasing of Property to one of Mr. Zeng Controlled Companies."

We started renovating and upgrading Area B in October 2016 and expect to reopen this area in May 2018. Upon the reopening of Area B, we will start renovating and upgrading Areas C2 and C3 and expect to reopen these areas in October 2019. Area C1 has been rented to Dayang Grocery under a long-term lease. During the renovation and upgrading progress, our business operations in certain areas of Nanjing Hong Yang Plaza may be disrupted and our financial condition may be adversely impacted. See "Risk Factors — Risks Relating to Our Business — Our investment properties and hotel may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, refurbishments, renovation or upgrade of the properties or neighboring properties."

Upon the completion of renovation and upgrading of Area B in around May 2018, the Nanjing Hong Yang Plaza will contain one central show field, two themed streets and three segments.

- One central show field. Located in the heart of the Nanjing Hong Yang Plaza, the central show field will be the largest indoor show filed in Nanjing with a total GFA of approximately 6,000 sq.m.. Designed by world-renowned teams and featuring sound effects, light effects and water curtain, it provides a platform for daily shows and large-scale performance.

- Two themed streets. The two themed streets are the Happy Town Street and the French Romantic Street. The Happy Town Street invites visitors to the theme park with its cheerful ambiance, while the French Romantic Street provides an immersive sense of romance and nostalgia. There are various types of restaurants, cafes and stylish shops in these themed streets.

- Three segments. The three segments are the Hong Yang Home Furniture Mall, Hong Yang Future World amusement park and an integrated shopping mall.

  - The Hong Yang Home Furniture Mall has a total GFA of approximately 320,000 sq.m. and is a one-stop mall for construction materials, furniture and household appliances. The Hong Yang Home Furniture Mall consists of a construction material hall, a furniture exhibition hall and a decoration hall. It offers a wide range of mid- to high-profile construction and decoration products, such as floors, ceramics, paints, doors, curtains, lamps, sanitary appliances, hardware accessories and home and office furniture. The tenants of the Hong Yang Home Furniture Mall includes various renowned brands, such as American Standard, Kohler, TOTO, Panasonic, Simenze, Jomoo, Osram and Philips.

  - The Hong Yang Future World has a total GFA of approximately 100,000 sq.m. and is a fourth-generation amusement park featuring the theme of science, future and space. It will contain over 30 types of recreational facilities, such as a 116-meter-tall ferris wheel, an indoor to outdoor motorbike shuffle launch coaster, and a recreational exploration center. The Hong Yang Future World uses cutting-edge technologies, such as virtual realities, which allow visitors to fully immerse themselves in its four exploration zones of the future world, City of Wisdom, Energy, Life and Adventure. Each visitor to the Hong Yang Future World is issued a smart bracelet, which allows the visitor to access various recreational facilities online and offline and earn credits from games.

  - The integrated shopping mall is a one-stop mall for shopping, leisure and entertainment. The commercial mall contains grocery stores, restaurants, bars, Internet cafes, bookshops, photo studios and yoga places. It also has a on-stop kids place offering children's clothing, dining and education. The tenants of the integrated shopping mall include a myriad of international fashion brands and trendy stores, such as H&M, C&A, MUJI, Sephora, Charles & Keith, Guess, Hardy Hardy and G-Super.

Operation

We operate our Nanjing Hong Yang Plaza through the operational management department of the relevant subsidiary. It is responsible for planning, project management, tender recruitment, tenant management, lease management, finance and marketing of our Nanjing Hong Yang Plaza. Our operating team is dedicated to providing customers with high quality products and services. We strive to adapt to the regional market and enhance the competitiveness of our Nanjing Hong Yang Plaza.

Our amusement park operation team puts safety as their priority in operating the amusement park. We strictly follow the safety check procedure and conduct regular inspection on the entertainment equipment. Our staff are required to take intensive training in relation to operational security and are not allowed to operate the entertainment equipment until they pass our tests. From January 2015 to October 2016 when the amusement park was closed for renovation and upgrading, the average foot traffic was approximately 292,000 per month. During this period, there was no material accidents in our amusement park.

Marketing and Promotion

We carry out various marketing and promotional activities to enhance our brand of Hong Yang Plaza and attract tenants. Our promotional events are tailored to the preferences of our tenants and shoppers with an aim to enhance visitors' shopping experience. Sales and discounts are scheduled throughout the year to maintain abundant visitor flows. For instance, we hold Spring Sound Festival (春茗會), an activity participated by over 200 major corporations each year, to promote the brand awareness among our potential tenants.

Further, we carriy out various marketing and promotions through WeChat, websites and outdoor LED advertisements in addition to mainstream news and advertising media to attract shoppers to experience our Nanjing Hong Yang Plaza in person.

Site Selection

In selecting suitable sites for our Hong Yang Plaza, we focus on areas with maturing road network and great potential in population growth.

Conveniently located near the north bridgehead of the Yangtze River Bridge, the Nanjing Hong Yang Plaza is easily accessible to residents in both north and south sides of the Yangtze River. The expanding road network in Nanjing, which is expected to have 11 cross-river passageways, provides further accessibility to the Nanjing Hong Yang Plaza. It is currently connected by Metro Line 3 and will be connected by Metro Line S8 once its planned south extension is completed.

According to Overall Plan of Nanjing Jiangbei New Area (2014-2030), the location of the Nanjing Hong Yang Plaza will be the center of the Jiangbei New Area in the future. As the first nationally-planned new district in Jiangsu Province, the Jiangbei New Area enjoys the priority in government's development plan. The Jiangbei New Area has a total site area of 2,451 sq.km, and is expected to have a total population of approximately three million by 2030. Within 90 minutes of driving, the Hong Yang Plaza covers other cities in Nanjing Metropolitan Area with a total population over five million.

Design

We strive to build the Hong Yang Plazas using high standards from the outset. We are committed to devoting our attention to details and providing quality properties to our customers, which will reinforce our market reputation. We invited world famous architecture and design firms, such as CallisonRTKL (U.S.), COX Design and Consult (Australia) and Ho and Partners Architects Engineers & Development Consultants (Hong Kong), to participate in preliminary planning and designing of the Nanjing Hong Yang Plaza. The overall planning, development and construction of the Nanjing Hong Yang Plaza were jointly completed by C&P Design and Architect (France), Hong Kong Baer High Forest Architectural Landscape Design and Research Institute, Synergistic Real Estate Management & Network Pty (SRE) (Singapore), ACOR Consultants Pty (Singapore), Dataway Group, as well as our in-house design team. Our collaboration with design consulting firms helps us better address to the different tastes of our tenants and shoppers.

We carefully plan the layout of our Nanjing Hong Yang Plazas to optimize the overall shopping experience of visitors. The Nanjing Hong Yang Plaza is divided into different zones and tenants are grouped based on their industry sectors. This layout provides ease of navigation to shoppers and optimizes compatibility of tenants.

Tenant Selection

We select tenants of Nanjing Hong Yang Plazas that fit our market position and benefit our growth strategies. Positioned as one of the leading integrated commercial complex in Jiangbei New Area, Nanjing Hong Yang Plaza strives to attract tenants that are first to its type in this area, such as the IMAX cinema. We also select tenants with a balanced mix of industry sectors with special focus on fashion, international boutique retails, streetwear fashion brands and boutique supermarkets. We also take into account a number of other factors including the needs of the surrounding communities and the attractiveness to visitors.

Lease

The terms and conditions of the leases are usually negotiated with reference to that for comparable properties in local markets. A typical lease agreement entered into between our tenants and us specifies the term, the rent (whether it's fixed or performance-based or a mix of both), security deposit, the permissibility for tenants to renovate the leased property, as well as the payment arrangements of rents, property management fees and utilities.

Depending on the types of tenants, the terms of leases vary from two-three years to 10 years. We usually enter into leases with longer terms with large companies such as supermarkets. Upon the expiration of the lease term, the tenant usually has the priority to renew the lease for the same terms and conditions.

Rents are usually fixed during a preliminary period, and for the remaining term, are charged at the higher of (i) an increased fixed rate and (ii) a pre-determined percentage of the retail gross revenue of the tenants. The tenants must accurately report their gross revenue to us on a monthly basis. Failure to do so will subject them to a contractual penalty.

The tenant is usually required to pay a security deposit at the day of signing the lease and pay its rents before the 15th day of each month. We are required to refund the security deposit to the tenant within three months after the lease expires or terminates if the tenant fulfills its obligations under the lease. We are entitled to deduct penalties from the security deposit with cause, with prior written notice the tenant.

We are entitled to terminate the lease if the tenant defaults the payment of all kinds for three times or more, changes the construction structure of the leased property, or changes the brand it operates without our consent. If the tenant defaults its payment for 15 days or more, it must pay 2% of the delayed payment per day and we are entitled to suspend partial or all of the utility supplies or property management services on its leased property until the defaulted amount is repaid.

To maintain the competitiveness and profitability of our investment properties, we closely monitor the operation of individual stores to assess their attractiveness to customers. We also review the performance of our tenants and assess their rent payment ability on a regular basis. The performance assessment may be taken into account during the negotiations for the lease renewal with our tenants.

Rental

The table below sets forth details with respect to the top five tenants of our Nanjing Hong Yang Plazas in terms of rental income for the twelve months ended December 31, 2017:

Tenant	Service sector	Rental Income	% of total rental income
		RMB'000	
Tenant A1	Department store	17,731	8.3
Tenant A2	Department store	13,584	6.4
Tenant A3	Department store	5,096	2.4
Tenant A4	Cinema	3,002	1.4
Tenant A5	Department store	2,796	1.3

The table below sets forth details regarding the lease profile of our Nanjing Hong Yang Plazas as of December 31, 2017:

Year ending December 31,	Expiring leases	GFA of expiring leases	
	(No.)	(sq.m.)	(%)
2017	108	22,415	22.5
2018	110	36,642	37.2
2019	2	2,166	2.2
2020	1	1,760	1.8
2021	2	8,283	8.4
2022 and beyond	7	49,701	50.4

The numbers of expiring leases as of December 31, 2017 are relatively low in 2019 and beyond because Area B of our Nanjing Hong Yang Plaza was under renovation and upgrading at that time and as a result, certain tenants moved to temporary spaces without renewing their leases. As of the Latest Practicable Date, we renewed leases with 149 tenants as we expect to reopen Area B in May 2018.

We do not expect any significant difficulties in renewing leases with existing tenants or entering into new leases with suitable tenants. As of the Latest Practicable Date, we were not aware of any circumstances which might lead to default on rental payments or the early termination of lease agreements by any tenants which would have material adverse impact on our business, financial condition and results of operations. All of the tenants of our Nanjing Hong Yang Plazas are Independent Third Parties.

Car parking facilities

Our Nanjing Hong Yang Plazas has car parking facilities for the convenience of visitors and tenants. We provide hourly parking and, in some cases, monthly parking at such car parking facilities. Hourly parking services mainly benefit shoppers and other visitors, whereas the monthly users of the car parking facilities are mainly tenants of Nanjing Hong Yang Plazas and residents of our residential property projects nearby.

Changzhou Hong Yang Plaza

Our Changzhou Hong Yang Plaza is currently under development and is expected to commence operation in September 2018. Adjacent to Hong Yang Upper City • Phase IV (弘陽上城四期), the Changzhou Hong Yang Plaza is a community center for local residents to satisfy all aspects of their needs. Changzhou Hong Yang Plaza has a total GFA of approximately 80,844 sq.m. featuring a garden-style shopping center, a revolving restaurant street, an ecology-themed kids park, an open garden and farm, a rooftop sports field and one of the biggest multi-story parking garage in Changzhou. Upon the completion of its full development in 2019, the Changzhou Hong Yang Plaza will also contain a building with a hotel and office spaces.

Changzhou Hong Yang Plaza is located in Tianning District, Changzhou, which has a permanent population of approximately 640,000 and is the commercial, cultural and entertainment center of Changzhou. Changzhou Hong Yang Plaza will be accessible from two subway exits, when the construction of the subway is completed, and several bus stops. With approximately 4,000 households in our Hong Yang Upper City • Phase IV and several other communities nearby, we estimate that the Changzhou Hong Yang Plaza will attract an annual foot traffic of 500,000.

We adopt the concept of "Hong Yang Life + (& Home)" when we design the Changzhou Hong Yang Plaza. We aim at building a community center that serves as an extension of home for our residents of all age groups. We strive to create a family-friendly environment that brings our customers rich experience in dining, shopping, sports and entertainments.

To promote the Changzhou Hong Yang Plaza, we organize large-scale public relation events, such as tenant recruitment events, investment fairs and media roadshows, to build connections with potential tenants. We also disseminate project information through media and commercial channels to increase our target tenants' awareness of the Changzhou Hong Yang Plaza. After it commences operation, we will manage our Changzhou Hong Yang Plaza through the operational management department of the relevant subsidiary.

Hong Yang Plazas in Other Cities

We aim to promote our "Hong Yang Plaza" brand and make it more influential. The reputation of our Hong Yang Plaza, together with its mature business model, operational management and client relationships, enable us to replicate the success of Hong Yang Plaza in other cities. We plan to adopt asset-light business model by outputting our Hong Yang Plaza brand and operation to local commercial property owners and we believe that it will minimize our market risks. In February 2018, we entered into an agreement with Yifu Real Estate (Hefei) Development Co. Ltd. (義福房地產(合肥)發展有限責任公司) to lease a shopping mall with an aggregate GFA of 150,827.3 sq.m. on West Changjiang Road (長江西路) in Hefei, Anhui Province. We plan to renovate it and operate it according to our Hong Yang Plaza standard. The Hefei Hong Yang Plaza is expected to commence its commercial operation in December 2018.

HOTELS

Nanjing Hong Yang Hotel

We commenced operating our Nanjing Hong Yang Hotel in 2013. Nanjing Hong Yang Hotel is conveniently located near our Nanjing Hong Yang Plaza near the north bridgehead of the Yangtze River Bridge. Nanjing Hong Yang Hotel occupies a total site area of 784 sq.m. and has an aggregate GFA of 12,485.9 sq.m.

Nanjing Hong Yang Hotel is well equipped with five restaurant rooms that serve Chinese cuisines, one buffet restaurant, one multifunction room and one physical fitness center. It has a total of 215 rooms offering ten room types, all of which are equipped with business facilities and free mini-bars. The hotel also has a few small- to medium-sized meeting rooms that cater to the needs of different customers.

For the years ended December 31, 2015, 2016 and 2017, revenue generated from the operation of the Nanjing Hong Yang Hotel amounted to RMB18.3 million, RMB20.2 million and RMB22.8 million, respectively, representing 0.3%, 0.2% and 0.3% of our total revenue in the respective periods. Revenue from the operation of Nanjing Hong Yang Hotel is mainly attributable to revenue generated from hotel accommodation, food and beverage services (including banquet services) and others. The table below sets forth a breakdown of revenue by type generated from Nanjing Hong Yang Hotel during the Track Record Period.

	For The Year Ended December 31,		
	2015	2016	2017
	(RMB in millions)		
Hotel accommodation	14.7	15.9	17.8
Food and beverages	3.1	3.8	3.8
Others	0.5	0.5	1.2
Total	18.3	20.2	22.8

The table below sets forth certain operating performance data of Nanjing Hong Yang Hotel as of the dates/ for the periods indicated:

	For The Year Ended/As of December 31,		
	2015	2016	2017
ARR (RMB)	278.5	297.4	301.3
Occupancy rate (%)	72.5	73.1	75.8
RevPAR (RMB)	187.3	202.6	228.1

Nanjing Hong Yang Hotel is wholly owned and managed by us.

Wuxi Lakefort Hotel

We commenced operating our Wuxi Lakefort Hotel in 2014. Conveniently located near the Lingshan Giant Buddha (靈山大佛) resort in Wuxi, Jiangsu Province, Wuxi Lakefort Hotel occupies a total site area of approximately 18,000 sq.m. and has an aggregate GFA of approximately 21,000 sq.m.

Wuxi Lakefort Hotel features French romanticism with four main themes of health, honor, privacy and art. Decorated with baroque style and warm colors, it is well equipped with one dining complex, one multifunction room, several medium-sized and large-sized meeting rooms that can accommodate 30-200 attendees each, one physical fitness center and three chess rooms. In addition, the hotel has 24 various types of pools, such as indoor and outdoor swimming pools, spa pools, hot spring pools and fish pedicure pool.

The dinning complex of Wuxi Lakefort Hotel includes one buffet restaurant, four private dining rooms and multiple banquet rooms. We provide local food cooked in western style, aiming to provide customers with unique dining experiences. Wuxi Lakefort Hotel has 105 rooms that are equipped with smart customer control system and 24-hour butler service. The 17 types of rooms of the hotel cater to the needs of different customers.

For the years ended December 31, 2015, 2016 and 2017, revenue generated from the operation of the Wuxi Lakefort Hotel amounted to RMB8.0 million, RMB13.3 million and RMB12.0 million, respectively, representing 0.2%, 0.2% and 0.2% of our total revenue in the respective periods. Revenue from the operation of the Wuxi Lakefort Hotel is mainly attributable to revenue generated from hotel accommodation, food and beverage services (including banquet services) and others. The table below sets forth a breakdown of revenue by type generated from Wuxi Lakefort Hotel during the Track Record Period.

	For The Year Ended December 31,		
	2015	2016	2017
	(RMB in millions)		
Hotel accommodation	4.5	9.2	6.4
Food and beverages	2.9	3.7	5.3
Others	0.2	0.3	0.3
Total	7.6	13.2	12.2

The table below sets forth certain operating performance data of Wuxi Lakefort Hotel as of the dates/for the periods indicated:

	For The Year Ended/As of December 31,		
	2015	2016	2017
ARR (RMB)	960	954	1,007
Occupancy rate (%)	22.8%	23.2%	30.0%
RevPAR (RMB)	137	277	201

Wuxi Lakefort Hotel is wholly owned and managed by us. Depending on the profitability of the Wuxi Lakefort Hotel, we may sell it in the future.

MAJOR SUPPLIERS AND CUSTOMERS

Suppliers

Our major suppliers are construction material suppliers and construction contractors. For the years ended December 31, 2015, 2016 and 2017, purchases from the five largest suppliers, which were all Independent Third Parties, amounted to RMB830.0 million, RMB650.0 million and RMB518.2 million, respectively, representing 20.6%, 22.3% and 23.9% of our total purchases in the periods, respectively. All of our five largest suppliers during the Track Record Period were construction companies engaged by us. For the years ended December 31, 2015, 2016 and 2017, purchases from our single largest supplier accounted for RMB219.1 million, RMB205.7 million and RMB195.2 million, respectively, representing 5.4%, 7.1% and 9.0% of our total purchases in the periods, respectively. We had an average of approximately 3 years of business relationships with our top five largest suppliers during the Track Record Period.

To the best knowledge of our Directors, none of our Directors, their respective close associates or Shareholders who own five per cent or more of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

Customers

Our customers are individual and corporate purchasers of our residential properties and tenants of our commercial properties. For the years ended December 31, 2015, 2016 and 2017, revenue before business tax and surcharge from our five largest customers, all of whom were Independent Third Party purchasers or tenants of our properties, amounted to RMB50.4 million, RMB51.5 million and RMB56.1 million, respectively, accounting for approximately 0.9%, 0.6% and 0.9% of our total revenue before business tax and surcharge in the respective periods. For the years ended December 31, 2015, 2016 and 2017, revenue before business tax and surcharge from our largest customer amounted to RMB19.1 million, RMB18.0 million and RMB17.7 million, respectively, accounting for 0.3%, 0.2% and 0.3% of our total revenue before business tax and surcharge in the periods, respectively.

To the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholders who own five per cent or more of our issued capital had any interest in any of our five largest customers during the Track Record Period.

COMPETITION

We are a leading comprehensive property developer in Jiangsu Province, China, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. According to the sales rankings of Chinese real estate enterprises published by CITC China (克而瑞中國), we ranked the third place in Nanjing by number of units sold in 2017.

We believe that the commercial and residential property markets in the regions we operates and in China as a whole are highly competitive and fragmented. We compete primarily with other major national and regional commercial and residential developers, especially those that operate in Nanjing and other cities in the Yangtze River Delta region where we operate. We compete with other real estate developers in terms of a number of factors, including, but not limited to, geographic location, management expertise, product and service quality, price, financial resources, brand recognition and ability to acquire proper land reserves.

Despite the high level of competition, we have demonstrated resilience to market changes and competition with our substantial experience and reputation in property development and commercial property operations, prudent project planning and implementation of business strategies and high quality property products and services. Further, given our brand recognition and strong execution capabilities, we believe that we can continue to react promptly to the challenges in the PRC property market. We endeavor to further strengthen our market position in Nanjing while we make selective entries into other cities in the Yangtze River Delta region as well as other major cities nationwide.

INTELLECTUAL PROPERTY

We place significant emphasis on developing our brand image and pay great attention to the protection of our intellectual property rights. We believe our brand Rsun and 弘阳 are well known and widely recognized in the Yangtze River Delta. As of the Latest Practicable Date, we had registered 11 trademarks in the PRC and one domain name for which our subsidiaries were the registered proprietor.

The right to use Rsun and 弘阳 other trademarks were granted to our Company on a royalty-free basis according to a trademark licensing agreement entered into between our Company and Hong Yang Group Company on [●]. The trademark licensing agreement has an indefinite term.

We rely to a significant extent on our brand, Rsun and 弘阳, in marketing our properties, but our business is otherwise not materially dependent on any intellectual property rights. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any infringement of our intellectual property rights by third parties or any infringement by us of intellectual property rights owned by third parties.

For detailed information regarding the trademarks licensed to our Company by Hong Yang Group Company and other related information, see "Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group" of Appendix V.

AWARDS

Over the years and during the Track Record Period, we have received a number of awards and honors from various organizations in the PRC in recognition of our property development projects and, among other things, our brand and overall reputation in the property development industry in the PRC. The table below sets forth descriptions of certain awards and honors we have received:

Awards for our Group/companies

Year	Recipient	Honor/Award	Awarding body
2018	Our Company	2018 Best 500 of China Real Estate Developers, ranked 77; Best 10 of Development Potential of China Real Estate Developers, ranked 6; and Best 50 of China Commercial Properties Developers, ranked 29 (2017年中國房地產開發企業500强第77位，發展潛力十强第6位，2018年中國房地產開發企業商業地產綜合實力50强第29名)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產業協會、上海易居房地產研究院、中國房地產測評中心)

Year	Recipient	Honor/Award	Awarding body
2018	Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司)	2017 Champion of Number of Sold Apartments in Nanjing (2017年南京市公寓銷售套數冠軍)	Winsun Real Estate Economy Research Center (網尚房地產經濟研究中心)
2018	the Group (Nanjing Office) (集團南京區域公司)	2017 Top 5 of Sold Area among Nanjing Real Estate Developers (2017年南京市開發企業銷售面積五强)	Winsun Real Estate Economy Research Center (網尚房地產經濟研究中心)
2018	the Group (Nanjing Office) (集團南京區域公司)	2017 Top 10 of Sales Revenue among Nanjing Real Estate Developers (2017年南京市開發企業銷售金額十強)	Winsun Real Estate Economy Research Center (網尚房地產經濟研究中心)
2017	Hong Yang Group Company Ltd. (HK) (弘陽集團有限公司)（香港）	2016 Top 500 China Enterprises, ranked 394; Top 500 China Service Industry Enterprises, ranked 147 (2016年中國企業500強第394位、中國服務業企業500強第147位)	China Enterprise Confederation / China Enterprise Directors Association (中國企業聯合會/中國企業家協會)
2017	Hong Yang Group Company Ltd. (HK)	2017 Best 100 of China Real Estate Developers; Best 10 of Development Potential of China Real Estate Developers; and Best 10 of East China Real Estate Developments Brand Value (2017年中國房地產開發企業100強，發展潛力10強，品牌價值華東10強)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產業協會、上海易居房地產研究院、中國房地產測評中心)
2017	Hong Yang Group Company Ltd. (HK)	2017 Best 10 of Jiangsu Real Estate Developers (2017年中國房地產開發企業江蘇省10強)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產業協會、上海易居房地產研究院、中國房地產測評中心)

Year	Recipient	Honor/Award	Awarding body
2017	Nanjing Red Sun Real Estate Development Co., Ltd	2017 Best 100 of China Real Estate Developers, ranked 88 (2017年中國房地產開發企業100強第88位)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產業協會、上海易居房地產研究院、中國房地產測評中心)
2016	Hong Yang Group Company Ltd. (HK)	2016 Top 500 China Enterprises, ranked 409; Top 500 China Service Industry Enterprises, ranked 141 (2015年中國企業500強第409名，中國服務業企業500強第141名)	China Enterprise Confederation / China Enterprise Directors Association (中國企業聯合會/中國企業家協會)
2016	Nanjing Red Sun Real Estate Development Co., Ltd	2015 Top 50 Jiangsu Real Estate Developers (2015年度江蘇省房地產開發行業綜合實力五十强企業)	Jiangsu Real Estate Association (江蘇省房地產業協會)
2016	Hong Yang Group Company Ltd. (HK)	2015 Top 100 Emerging China Real Estate Developers (2015年中國房 產新勢力百強企業)	Tencent (騰訊)
2015	Hong Yang Group Company Ltd. (HK)	2015 Top 500 China Enterprises, ranked 436th; Top 500 China Service Industry Enterprises, ranked 139 (2015 年中國企業500強第436名，中國服務業企業500強第139名)	China Enterprise Confederation / China Enterprise Directors Association (中國企業聯合會/中國企業家協會)
2015	Nanjing Red Sun Real Estate Development Co., Ltd	2014 Top 50 Jiangsu Real Estate Developers (2014 年度江蘇省房地產開發行業綜合實力五十强企業)	Jiangsu Real Estate Association (江蘇省房地產業協會)

Awards for our Projects

Year	Recipient	Honor/Award	Awarding body
2017	Solaris City • Section II Subsection B Builindg 01; Section III Subsection B Builindg 09 and 16, Subsection C Building 25; Hong Yang Solaris Loving City • Section VII Building 02 and 04 (旭日上城二區B標01#；旭日上城三區B標09#、16#、C標25#；弘陽旭日愛上城七區02#、04#)	Jinling Cup (金陵杯)	Nanjing Architecture Industry Association (南京建築業協會)
2016	Solaris Loving City Section • 10 Building 4 (part of Hong Yang Solaris Loving City • Section VI) (南京旭日愛上城10區04幢(隸屬于弘陽旭日愛上城六區))	Jiangsu Province Yangtse Cup for High-quality Projects (江蘇省 "揚子杯" 優質工程獎)	Jiangsu Housing and Urban-Rural Development Bureau (江蘇省住房和城鄉建設廳)
2012	Hong Yang Tower, Solaris Loving City Section • 10 Building 4 (part of Solaris Loving City • Creative Wings Garden) （弘陽大厦、南京旭日愛上城17區01-02幢（隸屬于旭日愛上城創翼園））	Jiangsu Province Yangtse Cup for High-quality Projects (江蘇省 "揚子杯" 優質工程獎)	Jiangsu Housing and Urban-Rural Development Bureau (江蘇省住房和城鄉建設廳)

EMPLOYEES

As of December 31, 2017, we had a total of 1,298 employees.

The following table sets forth a breakdown of our employees by function as of December 31, 2017.

Job Nature	Number of employees	Percentage of total Employees (%)
Senior Management	8	0.6%
Administration and human resources	350	27.0%
Sales and marketing	260	20.0%
Engineering and cost control	247	19.0%
Audit and finance	145	11.2%
Operation	134	10.3%
Project research and development	100	7.7%
Design	54	4.2%
Total	**1,298**	**100.0%**

The following table sets forth a breakdown of our employees by location as of December 31, 2017.

Location	Number of employees	Percentage of total Employees (%)
Nanjing	751	57.9%
Suzhou	161	12.4%
Wuxi	152	11.7%
Changzhou	83	6.4%
Hefei	76	5.9%
Nantong	59	4.5%
Changshu	16	1.2%
Total	**1,298**	**100.0%**

We mainly recruit employees from the labor market, universities and through headhunting. We are committed to training and retaining skilled employees at all levels. We provide on-going and systematic training programs for our employees based on their positions and expertise to enhance their understanding and knowledge of the property industry and related areas. For instance, training programs for our marketing and sales personnel focus on improving their sales capabilities, whereas trainings designed to improve management and leadership skills are offered to mid- to senior- level management personnel. In addition to providing internal trainings, we also engage external experts to conduct training sessions for our employees from time to time.

We are dedicated to maintaining good working relationships with our employees. During the Track Record Period, we did not experience any significant labor disputes which adversely affected in a material manner on our business operations. We enter into individual employment contracts with our employees which cover the wages, employee benefits and other matters required by applicable PRC laws and regulations.

We offer our employees salaries and benefits which are competitive with market standards. We also contribute to basic medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees. Despite what is otherwise disclosed in this document, we pay relevant insurance premiums according to applicable PRC laws and regulations. For the years ended December 31, 2015, 2016 and 2017, our employee salaries and benefit payments amounted to RMB197.6 million, RMB246.4 million and RMB271.1 million, respectively.

Our employees are have established the employee union, which is responsible for facilitating communication between us and our employees. The employee union handles complaints from the employees, liaises between the employees and our management and ensures the legal rights of the employees are protected. During the Track Record Period and up to the Latest Practicable Date, there were no material disputes arising from our employee union.

INSURANCE

We maintain insurance, including social insurance, for our employees as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. Under applicable PRC laws and regulations, construction companies as employers are required to purchase insurance for their construction workers. In line with industry practice, we do not currently maintain additional insurance in this respect.

As required by banks with respect to properties that have been pledged as collateral to secure bank loans, we have obtained property damage and third-party liability insurance for such properties in accordance with the relevant loan documents.

We are of the view that we have maintained adequate insurance coverage for our operations and that the scope of our coverage is in line with industry norms. However, there are certain risks for which we are not insured or which we may not have sufficient insurance coverage for losses, damages and liabilities that may arise in the course of our business operation. See "Risk Factors — Risks Relating to Our Business — Our current insurance coverage may not be adequate to cover all risks related to our operations".

LEASED PROPERTIES

As of the Latest Practicable Date, we leased 57 properties in 14 cities mainly for our office premises. Our leases generally have a term ranging from three months to five years, and we expect to renew the leases upon their expiry. All of the landlords are Independent Third Parties.

As of the Latest Practicable Date, we failed to register 55 lease agreements. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC Legal Adviser has advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. See "Risk Factors—Risks Relating to Our Business—We may be subject to fines due to the lack of registration of our leases."

As of the Latest Practical Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. Our Directors believe these unregistered lease agreements would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statement.

In order to ensure on-going compliance with the PRC law and regulations relating to the registration of executed lease agreements, where we are the tenant to an executed lease agreement, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC government authorities and will adopt a variety of risk control measures to mitigate such regulatory risk in the future. We have improved our standard lease terms with our potential landlords. We have also established a database of our leased properties with detailed information, including the status of the lease registration of office premises, to ensure timely registration of our leased properties. We believe we have implemented adequate and effective measures internally. However, as we do not control the landlords, there is no assurance whether and when our landlords with register the leases.

ENVIRONMENTAL MATTERS

We are subject to a number of environmental laws and regulations including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Prevention and Control of Environmental Noise Pollution Law of the PRC (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》） and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). See "Regulatory Overview — Development of a Real Estate Project".

Pursuant to applicable laws and regulations, each of our development projects must undergo an environmental assessment before the commencement of construction. We must submit an environmental impact assessment report, along with other required documents, to the relevant environmental protection authorities for approval. The approval may contain certain standards, which must be incorporated into the design, construction and operation of the project. We require our construction companies to comply with these standards during the construction process. We also encourage our construction companies to use environmentally friendly equipment and technologies. Upon the completion and before the delivery of the property, the relevant environmental protection authorities inspect the project to ensure compliance with all applicable environmental laws and regulations.

For the years ended December 31, 2015, 2016 and 2017, we incurred costs of approximately RMB3.1 million, RMB10.6 million and RMB3.6 million, respectively, with respect to compliance with applicable environmental protection laws and regulations. Assuming no material changes in applicable environmental laws and regulations, we expect that we will continue to incur environmental compliance costs at a similar level going forward. As of December 31, 2017, we had not encountered any material issues in passing inspections conducted by the relevant environmental protection authorities upon completion of our properties. None of our properties had received any material fines or penalties associated with the breach of any environmental laws or regulations during the Track Record Period.

HEALTH AND SAFETY MATTERS

We are subject to various PRC laws and regulations with respect to safety and work-related incidents. We have established a set of guidelines on issues relating to occupational health and safety and have developed a comprehensive management system to implement our policies and procedures in this respect. In addition, we provide regular training to our employees on topics relating to occupational health and safety to enhance the awareness and knowledge of our employees.

Under applicable PRC laws and regulations, our construction companies are responsible for the safety of the construction sites and are required to maintain accident insurance for their workers. We generally require our construction companies to purchase accident insurance in accordance with applicable laws and regulation, adopt effective occupational safety control measures and offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries.

We are committed to providing our employees with a safe and hygienic working environment. To ensure construction quality and safety, we have established a set of standards and specifications which we require both our own workers as well as workers employed by third party construction companies to follow during the construction process. We closely monitor each project at every stage to ensure the construction process is in compliance with relevant laws and regulations. We also engage Independent Third Party supervising companies to monitor the safety of our construction sites throughout the construction process.

During the Track Record Period and up to the Latest Practicable Date, the construction companies engaged by us encountered five incidents while constructing our projects that resulted in material injuries or fatalities of construction workers. The construction companies bore all the responsibilities in relation to these incidents. These incidents did not have any material adverse effect on our operations. During the Track Record Period and up to the Latest Practicable Date, except for the non-compliance incidents disclosed in "Business — Legal Proceedings and Compliance — Non-compliance Incidents", no fines or penalties with respect to non-compliance of PRC labor, health and safety laws and regulations had been imposed on us.

FUND MANAGEMENT

To manage our idle cash on hand, we purchase and redeem wealth management products using them as our "cash pool" from which we could readily access cash as needed and, generate higher yield than bank deposits, as these products are highly liquid and bear a relatively low level of risk. The underlying financial assets of the wealth management products in which we invested primarily consist of PRC treasury bonds, commercial paper, interbank borrowings and bills issued by the PBOC. As of December 31, 2015, 2016 and 2017, our available-for-sale investments was RMB547.0 million, RMB1,620.2 million and RMB2,006.7 million, respectively. During the Track Record Period, all of the wealth management products in which we had invested were redeemable within one month.

HEDGING ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any hedging transactions against foreign currency risks.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may face arbitration, litigation or administrative proceedings in the ordinary course of our business.

On September 25, 2017, our contractor Wan Zhe Zhi feng was sued by an individual for delay in payment of construction fees in the amount of approximately RMB 2.92 million, our subsidiary Nanjing Hong Yang Ye Mao was asked to undertake the complementary responsibility for the outstanding construction fees. The lawsuit was under the process of preparation of evidence and yet to be heard by the court of first instance.

We believe that the lawsuit is not expected to have a material adverse effect on our reputation, business, results of operations and financial condition. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any actual or threatened litigation, arbitration or administrative proceedings that were material to our business, results of operations and financial conditions.

LICENSES, PERMITS AND QUALIFICATION CERTIFICATES

Licenses and Permits

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses and permits that are required for our operations.

Qualification Certificates

The following table sets forth details of the relevant qualification certificates material to our business and operation as of the Latest Practicable Date:

PRC subsidiary	Qualification	Classification	Status
Changshu Hong Yang Real Estate Development Co., Ltd. (常熟弘陽房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on April 18, 2018
Changzhou Hong Yang Guang Chang Properties Co., Ltd. (常州弘陽廣場置業有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on March 30, 2018
Nanjing Hong Yang Hengrui Real Estate Development Co., Ltd. (南京弘陽恒瑞房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on August 9, 2018

PRC subsidiary	Qualification	Classification	Status
Hong Yang Group Nantong Real Property Co., Ltd. (弘陽集團南通房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2	In effect, expiring on January 26, 2020
Nanjing Hong Yang Ruishang Real Estate Development Co., Ltd. (南京弘陽瑞尚房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on July 23, 2018
Suzhou Hong Yang Real Estate Development Co., Ltd. (蘇州弘陽房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2	In effect, expiring on August 29, 2020
Wuxi Su Yuan Tanxiwan Properties Co., Ltd. (無錫蘇源檀溪灣置業有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 3 (Interim)	In effect, expiring on November 9, 2018
Nanjing Redsun	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 1	In effect, expiring on July 18, 2019
Anhui Honglan Real Estate Development Co., Ltd. (安徽弘嵐房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Interim	In effect, expiring on April 19, 2018
Anhui Hong Peng Properties Co., Ltd. (安徽弘鵬置業有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Interim	In effect, expiring on April 16, 2018
Suzhou Hong Yang Properties Co., Ltd. (蘇州弘陽置業有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on May 17, 2018

PRC subsidiary	Qualification	Classification	Status
Suzhou Hong Yang Land Co., Ltd. (蘇州弘陽置地有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on August 24, 2018
Jurong Zijin Real Estate Development Co., Ltd. (句容紫金房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on August 29, 2018
Suzhou Hong Yang Investment Co., Ltd. (蘇州弘陽投資有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on February 8, 2019
Chuzhou Hong Yang Real Estate Development Co., Ltd. (滁州弘陽房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Interim	In effect, expiring on November 27, 2018
Nantong Jinli Properties Co., Ltd. (南通錦力置業有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 3 (Interim)	In effect, expiring on October 18, 2018
Suzhou Chenghong Real Estate Development Co., Ltd. (蘇州城弘房地產開發有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	Expired on March 21, 2018, and has applied for extension on March 7, 2018
Changzhou Jintan Xurun Properties Co., Ltd. (常州市金壇旭潤置業有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Class 2 (Interim)	In effect, expiring on August 29, 2018
Laian Jinhongxin Real Estate Co., Ltd. (來安金弘新房地產有限公司)	Qualification Certificate for Property Development (房地產開發企業資質證書)	Interim	In effect, expiring on October 30, 2018

We will apply to the relevant government authorities to renew our licenses, permits and qualification certificates prior to their expiry.

Non-compliance Incidents

During the Track Record Period, we experienced certain immaterial non-compliance incidents. Summaries of such incidents and our internal control measures to ensure on-going compliance are set forth below.

- ***Commencement of construction works prior to obtaining construction works permit***

During the Track Record Period, four of our project companies commenced construction for certain of our projects before obtaining construction work permits. All such permits had been obtained at a later stage. The aggregate fines for the seven incidents amounted to approximately RMB288,420.61, which had been fully settled as of the December 31, 2017.

Such non-compliances occurred primarily because (i) the relevant construction contractor commenced the construction works without our approval in order to expedite the construction process, (ii) there was some miscommunication between our project manager and the relevant governmental agency, and (iii) we failed to adequately train our employees at the project company level to execute our internal control policies to supervise the construction process.

Internal Control Measures to Ensure On-going Compliance

We have established internal procedures to ensure that our subsidiaries will obtain all necessary permits, licenses and regulatory approvals prior to commencing any construction work in the future. We also seek closer cooperation and more frequent communications with our joint ventures and associated companies to ensure that they commence construction works after obtaining all necessary permits, licenses and approvals through monthly progress meetings.

We have a team in each of our project companies responsible for obtaining these permits, licenses and approvals for property development and they are required to obtain written approval from our Operational Management Department before undertaking any construction work for new projects or new project phases. Our operational management department conduct periodic inspections on all of our construction sites to prevent commencement of construction work before obtaining all necessary permits, licenses and approvals. The Audit and Supervision Center will also conduct annual investigation and evaluation of any issue detected and implement appropriate measures for rectification. Where a permit sets out a validity period, the project company shall report in advance of the status of the renewal process on a weekly basis one month prior to the expiry date. In order to avoid any unapproved commencement of construction works, we will designate staff members to inspect our construction site on a weekly basis to prevent commencement of construction work before obtaining all necessary permits. We also clarify the responsibilities of our project managers and evaluate their performance in order to strengthen their compliance awareness.

- ***Deviation from construction works planning permit***

During the Track Record Period, four of our project companies did not comply with the relevant construction works planning permit when they constructed the relevant projects. The aggregate fines for the seven incidents amounted to approximately RMB346,886.0 which had been fully settled as of the December 31, 2017.

Such non-compliances occurred primarily because (i) some of the staff in our project companies misunderstood the requirements of the construction works planning permit, and (ii) our internal control staff did not supervise the construction works on a frequent basis.

Internal Control Measures to Ensure On-going Compliance

Our internal policy and guidelines have been revised to ensure that the construction works provided by the relevant construction contractor comply with those required under the construction works planning permit. In this regard, our internal policy and guidelines require each quality control staff of our engineering and cost control department and certified construction supervision companies engaged by us to monitor construction progress on a daily basis. The relevant quality control team is required to provide guidance and rectification instructions on any default identified in the inspection and record such default in the inspection log book for follow-up inspection.

- ***Failure to make adequate social security insurance and housing provident fund contributions***

During the Track Record Period, our Group failed to make adequate social security insurance and housing provident fund contributions for some employees as required by relevant PRC laws and regulations. We estimate that the total outstanding amount of social security insurance and housing provident fund contributions for the Track Record Period that may be required by the relevant authorities to repay is approximately RMB4.1 million. This was primarily due to the inconsistent implementation or interpretation of the PRC laws and regulations by local authorities and lack of understanding by the administrative managers of these companies of the relevant PRC laws and regulations. According to the relevant PRC laws and regulations, we may be ordered to pay the social security insurance and housing provident fund contributions in arrears and be subject to an overdue penalty on delinquent payment of social security insurance contributions calculated at a daily rate of from 0.05% onwards.

Save as one fine amounting to RMB42,700 imposed on Nanjing Hong Yang Hotel in 2015, we did not experience any other penalties during the Track Record Period relating to social security insurance and housing provident fund. Nanjing Hong Yong hotel has obtained a written confirmation letter from Nanjing City Social Insurance Management Center that confirms that Nanjing Hong Yong Hotel has already made rectification and fully settled the outstanding payment.

As of the Latest Practicable Date, most of our subsidiaries had obtained written confirmations from the relevant authorities confirming that we did not have any outstanding payment for the social security insurance and housing provident fund and/or there are no records of penalties imposed by us for failure to make adequate social security insurance and housing provident fund contributions. As advised by our PRC Legal Adviser, the relevant governmental authorities are competent authorities to issue the confirmations.

During the Track Record Period, there were no material disputes between our employees and us regarding the social security insurance or housing provident fund contributions. Based on the confirmations from the authorities, our Directors believe that the risk for the subsidiaries which have been confirmed by the authorities that there is no outstanding payment for social security insurance and housing provident fund to be required to pay any penalties by the relevant authorities is low. As such, we did not make any provision for social security insurance and housing provident fund contributions.

We undertake to (i) confirm with the relevant government authorities the basis for calculating social security insurance and housing provident fund contributions for our existing employees; (ii) procure the adjustment and settlement of social security insurance and housing provident fund contributions accordingly before **[REDACTED]**; and (iii) make social security insurance and housing provident fund contributions according to the actual salary of new employees upon **[REDACTED]**.

Internal Control Measures to Ensure On-going Compliance

Our internal policy and guidelines have been revised to include (i) guidelines on calculation of social security insurance and housing provident fund contribution matters; (ii) the designation of experienced human resources staff at subsidiary level to process matters relating to social security insurance and housing provident fund contribution matters including all filing of documents, payment of contributions and updating the relevant government policies and regulations to our internal guidelines; and (iii) our accounting and finance department will review calculation of the relevant contributions, and keep proper records of any contributions paid.

- ***Underpaid tax***

During the Track Record Period, one of our project companies failed to pay the enterprise income tax and the individual withholding income. The aggregate fines for such two incidents amounted to approximately RMB216,488.6 which had been fully settled as of the December 31, 2017.

Such non-compliances occurred primarily because the relevant managers (i) misinterpreted the provisions under the relevant laws and regulations which led to the omission in filing certain taxable items, and (ii) miscalculated the amount of the amount of individual income tax that should have been withheld.

Internal Control Measures to Ensure On-going Compliance

Our internal policy and guidelines have been revised to include tax filing and payment guidelines. Under such guidelines, staff with sufficient experience in tax filings will be responsible for calculating tax base and preparing tax returns. Such tax returns must be reviewed by the accounting and finance manager, and subsequently by our headquarters' accounting and finance department. In addition, in order to equip our staff with the latest development of the tax practice in our sphere of operation, we will organize regular trainings for responsible staff members.

- ***Other non-compliance incidents***

During the Track Record Period, five of our subsidiaries experienced several other types of noncompliance incidents, which are:

- failure to complete the safety supervising registration before commencement of the construction;
- failure to sale the properties in accordance with the registration price;
- failure to attached identification labels to prepackaged food, sales of food outside the scope of catering service permit;
- sub-contracted the construction works without authorization during the construction of our project; and
- an accident occurred in Nanjing Hong Yang Plaza in which crowded students got injured; and

The aggregate fines for such incidents amounted to approximately RMB593,865.2 which had been fully settled as of the December 31, 2017.

In addition, as of the Latest Practicable Date, we had failed to register 55 leases. See "Business — Leased properties". As of the Latest Practicable Date, we entered into 150 leases as the landlord and failed to register 20 leases. See "Risk Factors — Risks Relating to our Business — We may be subject to fines due to the lack of registration of our leases."

None of our Directors have involved in the above non-compliance incidents. We have received confirmation letters issued by the relevant local regulatory authorities confirming that we have made rectification for these non-compliance incidents we experienced during the Track Record Period. We have confirmed that these companies have fully settled the penalties and fully rectified. Taking into our confirmation and the confirmation letters from the authorities into consideration, our PRC Legal Adviser is of the view that the risks that these companies will be subject to further administrative penalties from such relevant government authorities issuing the confirmations are low. Our Directors considered that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements for such non-compliances.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control System

The internal control system is designed to provide adequate assurance for effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. We follow five major principles when implementing internal control procedures and measures:

- Principle of Comprehensiveness: the system covers all major aspects of our operations, including, among others, sales, procurement, asset investment and management, budgets and accounting system.

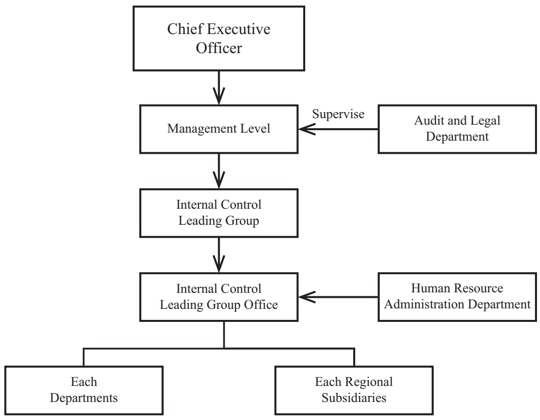
- Principle of Importance: on the basis of covering all major aspects of operation, we identify and focus on important matters and high-risk areas.

- Principle of Checks and Balances: we design the internal control system in the way that it promotes the mutual supervision among different departments and all levels of branches and the clear segregation of responsibilities. At the same time, we take into account the operational efficiency of our internal control measures.

- Principle of Adaptability: we adjust the internal control measures on a regular basis, adapting the measures to our business scale scope, external competitions, and risk levels.

- Principle of Cost-effectiveness: we weigh the costs of internal control measures against their expected benefits, in order to achieve effective control with an appropriate cost level.

To strictly follow the five principles of internal control and effectively implement the internal control system, we have established our internal control system. The table below sets forth our internal control structure.



Our management level is responsible for the establishment and implementation of the internal control system. As the highest decision-making level of the system, it makes decisions regarding the goal and strategy of our internal control system, establishes the mechanism of major risk prevention and control, and reviews and approvals the internal control manual and annual report. The Audit and Legal Department supervises the senior management and raises suggestions regarding the upgrade of the internal control system to the management level. Members of the management level consist of the Internal Control Leading Group (the "**Leading Group**"), which is the daily operational body of our internal control system. It establishes the goal and strategy of the system, implements internal control measures, and makes decisions regarding internal control regulations. The Leading Group sets up the Internal Control Leading Group Office (the "**Internal Control Office**"), which is a branch office of our Human Resource Administration Department. The Internal Control Office formulates details rules and regulations of internal control, coordinates cross-departments internal control process, updates relevant documents, and conducts other daily tasks regarding internal control assigned by the Leading Group. The ground level of our internal control system is each of our department and subsidiaries. They follow the instructions from the Internal Control Office, and conducts self-assessment from time to time.

Risk Management System

We recognize that risk management is critical to the success of any property developer in the PRC. Key operational risks that we face include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for developments at commercially acceptable prices, local economic environment, expansion risks relating to entering into new cities or geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other property developers and our ability to promote and sell our properties in a timely fashion. In order to meet these challenges, we have adopted, or expect to adopt before the **[REDACTED]**, a series of risk management polies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. See "Risk Factors" for a discussion of various risks and uncertainties we face. In addition, we also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information — Market Risks" for a discussion of these market risks.

We follow five major principles when implementing risk management procedures and measures:

- Principle of Strategy-oriented: we design our risk management procedures and measures for the purpose of adopting and implementing our business strategies. See "Business — Our Strategies" for details of our strategies.

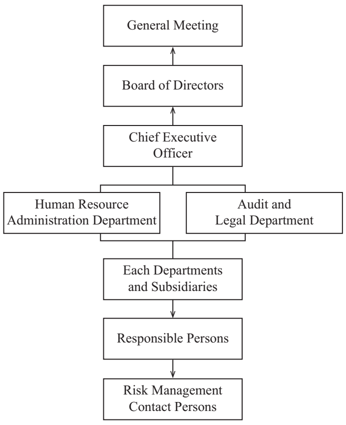
- Principle of Importance: the focus of our risk management system is to assess and manage the risks that may have a significant impact on the development of us.

- Principle of actual needs: our risk management measures are designed and implemented to reflect the risks that we are facing at the moment, and meet the needs to control these risks while operating our business.

- Principle of prevention and control: we put priority on *ex ante* identification and control of the possible risks we may encounter.

- Principle of close integration: the risk management is required to be closely integrated with other management arrangements, as well as all stages of our business operation.

To strictly follow the five principles of risk management and effectively implement the risk management system, we have established our risk management system. The table below sets forth the structure responsibility assignment of it.



Our risk management system consists of several levels.

- Our Board of Directors is responsible for and has general powers over the management and conduct of the business of our Group. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to incur significant corporate finance transactions, are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body.

- The CEO is responsible for the Board of Directors regarding the effectiveness of comprehensive risk management, which in turn are responsible for the General Meeting. The CEO is able to authorize relevant department leaders who take charge of the establishment and daily operation of the risk management system.

- Our Audit and Legal Department is responsible for proposing risk management strategies, formulating rules and regulations on risk management, preparing annual risk management assessments and reports, guiding all departments and subsidiaries on relevant tasks, and conducting risk management trainings. It is also in charge of designing a comprehensive risk management evaluation system, and supervising the implementation of risk management measures.

- Each of our functional departments and subsidiaries is in charge of the daily business operations and risk monitoring, and is responsible for the supervision of the respective fields of operations on a daily basis as well as the supervision and approval of any material business decisions of our city and project companies. Each departments and subsidiaries has a responsible person who takes charge of risk management issues, and can establish a contact person based on needs.

During our daily operation of the risk management system and the implementation of internal control measures, we have identified ten major risks that may occur frequently:

- Risks in macro policies and economy / commercial environment;

- Risks during decomposition of strategies and implementations;
- Risks in investment;
- Risk of the liquidity of assets and tax planning;
- Risk in internal control process management and the authorization system;
- Risk of supply chain (product standardization) control ;
- Risk of human resources;
- Risk of customer needs and product positioning;
- Risk of internal data and communication;
- Risk of brand management and media monitoring.

To effectively prevent and/or control these risks and other ones that may occur from time to time, we will first identify the major risks associated with our corporate strategies, goals and objectives. Based on its assessments on the risks, we will then prioritizes and pairs each risk with a mitigation plan. The relevant department will identify and analyze risks associated with its respective functions, prepare risk mitigation plans and measure the effectiveness of such plans. It will then submit the plans to responsible persons, as well as the Legal Department and the Audit and Supervision Center for review.

For particular operational and market risks, control measures are adopted at an operational level. For example, we control major construction risk by engaging qualified construction contractors with strict contractual requirements and reputable Independent Third Party project supervisory companies while maintaining daily quality control supervision.

We enforce strict control and accountability policies and manuals at an individual employee level as well. Our policies and manuals are updated consistently based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.

We also carry out regular internal assessments and training to ensure our employees are equipped with sufficient knowledge on such policies and guidelines. Our Directors attended a training seminar organized by our Hong Kong legal adviser on duties of directors of listed companies on March 15 in Nanjing, during which our Directors were reminded to seek professional advice whenever necessary to ensure compliance with the relevant rules and regulations. We also seek to proactively identify any concerns and issues relating to potential non-compliance by providing training regarding the need for preventive and self-check measures to ensure compliance with all applicable laws and regulations.

Our Directors and the Joint Sponsors' Views

On the basis that (i) we had paid the relevant penalties, where applicable, in full; (ii) we had obtained the confirmations and consulted with the relevant government authorities that the relevant non-compliance incidents were immaterial; (iii) our PRC Legal Adviser is of the view that the risks that we will be subject to further administrative penalties for such non-compliances by such relevant government authorities which issued the confirmations are low; (iv) facts and circumstances other non-compliance incidents were one-time and non-recurring; and (v) we had engaged the Internal Control Consultant to perform review on our remedial internal controls and had adopted the rectification measures to address such incidents and the enhanced internal control measures to ensure on-going compliance, our Directors are of the view, and the Joint Sponsors, after reviewing the above internal control measures, concur, that (i) the above measures are adequate and will effectively ensure a proper internal control system to prevent future similar non-compliance with the PRC laws and regulations, (ii) the non-compliances would not negatively reflect on the Directors' competency under Rules 3.08 and 3.09 and hence the Company's suitability for **[REDACTED]**, and (iii) and nothing has caused the Joint Sponsors to believe that the aforesaid measures are not adequate and effective.

OVERVIEW

Immediately following the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme), Mr. Zeng will hold **[REDACTED]** Shares, representing **[REDACTED]**% of the enlarged issued share capital of our Company through Hong Yang Group (Holdings), Hong Yang International, Hong Yang Group Company and Redsun Properties Group (Holdings). Redsun Properties Group (Holdings) is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International. Hong Yang International is held by Mr. Zeng and Hong Yang Group (Holdings) as to 50% and 50%, respectively, and Hong Yang Group (Holdings) is directly wholly owned by Mr. Zeng. Accordingly, Mr. Zeng, Hong Yang Group (Holdings), Hong Yang International, Hong Yang Group Company and Redsun Properties Group (Holdings) will become our Controlling Shareholders under the Listing Rules.

Our Controlling Shareholders and Directors confirm that they do not have any interest in a business which competes with or is likely to compete with our business, whether directly or indirectly, or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

The Board comprises two executive Directors, three non-executive Directors and three independent non-executive Directors. For further details, please refer to the section headed "Directors, Senior Management and Employees" in this document. Among the members of our Board, only Mr. Zeng, our Chairman and executive Director, is also a Controlling Shareholder.

Mr. Zeng is the shareholder and sole director of Redsun Properties Group (Holdings), Hong Yang Group International and Hong Yang Group (Holdings), each an investment holding company which had not commenced actual business operation other than investment holding as of the Latest Practicable Date. In addition, four members of our Board, namely Mr. Zeng, Mr. Zhang Liang, Mr. Jiang Daqiang and Mr. Zhang Hongwu (the "**Common Management Members**"), also hold positions in Hong Yang Group Company (together with its subsidiaries but excluding our Group, the "**Hong Yang Parent Group**"). Set out below is a summary of the positions currently held by the Common Management Members within our Group and the Hong Yang Parent Group:

	Our Group		Hong Yang Parent Group	
Name	**Position**	**Responsibilities**	**Position**	**Responsibilities**
Mr. Zeng	Executive Director and chairman of our Board	Responsible for the overall development strategy and daily operations of our Group	Sole shareholder and director of Hong Yang Group Company and director of Redsun Materials City	Responsible for the overall development strategy and daily operations of the Hong Yang Parent Group
Mr. Jiang Daqiang . . .	Non-executive Director	Responsible for providing strategic advice and recommendations on the operations and management of our Group	Executive president	Responsible for strategic investment management and customer services
Mr. Zhang Liang	Non-executive Director	Responsible for providing strategic advice and recommendations on the operations and management of our Group	Executive president	Responsible for human resources, information flow and brand culture
Mr. Zhang Hongwu	Non-executive Director	Responsible for providing strategic advice and recommendations on the operations and management of our Group	Assistant to the president and general manager of the finance management center	Responsible for finances and tax

We believe our Board as a whole and members of the senior management are able to perform their roles in our Group independently and that our Group is capable of managing our business independently from the Hong

Yang Parent Group. Their roles in the Hong Yang Parent Group will not materially impact the Common Management Members' abilities to discharge their duties of skill, care and diligence to our Company for the following reasons:

(i) Mr. Zeng does not participate in the day-to-day management of the Hong Yang Parent Group. He will be able to, and has undertaken, to devote, most of his time and attention to the management of our Group;

(ii) Mr. Zhang Liang, Mr. Jiang Daqiang and Mr. Zhang Hongwu, as our non-executive Directors, will not be involved in day-to-day management of our Group;

(iii) each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he must act for the benefit of and in the interest of our Company and not allow any conflict between his duties as a Director and his personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into by our Group, the interested Director shall abstain from voting on any Board resolutions in respect of such transaction and shall not be counted in the quorum present at the relevant Board meeting;

(iv) our independent non-executive Directors have been appointed to bring independent judgment to the decision-making process of the Board to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions; and

(v) the management of the Group will be supported by the senior management team which will carry on the Group's business independently from the Hong Yang Parent Group. We have the capabilities and personnel to perform all essential administrative functions, including finance, accounting, human resources, business management, construction management/quality control and design on a standalone basis.

Save as disclosed above, there is no overlapping of directors and members of senior management between our Group on the one hand and the Hong Yang Parent Group on the other hand.

Based on the above, our Directors are satisfied that our Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operation independently of our Controlling Shareholders and their respective close associates and will continue to do so after the **[REDACTED]**.

Intellectual property rights and licenses required for operation

Save as disclosed in the section headed "Continuing Connected Transactions — (B) Wholly Exempt Continuing Connected Transactions — 1. Trademark License Agreements" in this document, we are not reliant on trademarks owned by our Controlling Shareholders or their respective close associates, and we hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

Operational facilities

As of the Latest Practicable Date, save as disclosed in the section headed "Continuing Connected Transactions — (B) Wholly Exempt Continuing Connected Transactions — 2. Property Lease Agreements" in this document, all of the properties and facilities necessary to our business operations are owned by us and independent from our Controlling Shareholders and their respective close associates. For details of properties we lease to our Controlling Shareholders and/or their close associates, please refer to the section headed "Continuing Connected Transactions — (C) Non-exempt Continuing Connected Transactions — 1. Leasing of property to one of the Mr. Zeng Controlled Companies" in this document.

Employees

As of the Latest Practicable Date, substantially all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, advertisements in newspapers, recruiting firms and internal referrals.

Connected transactions with our Controlling Shareholders

Nanjing Hong Yang Property Management Co. Ltd. (南京弘陽物業管理有限公司) ("**Nanjing Hong Yang Property Management**"), a company wholly-owned by Mr. Zeng, has been engaged by us during the Track Record Period as the provider of the following management services: (i) pre-delivery management services; (ii) management and related services to the display units and sales offices of our property projects during the sales period of the property projects and prior to the delivery of the properties to the purchasers; and (iii) management and related services to our office areas, hotels and shopping malls, including but not limited to cleaning, gardening, maintenance of public order and securities services. Details of such continuing connected transactions are set out in the section headed "Continuing Connected Transactions" in this document. Despite that, in light of the list of related service providers which had participated in the bidding process of the relevant services in the past, it is expected that in the event that Nanjing Hong Yang Property Management ceases to provide such property management services to us, there will be other comparable service providers readily available in the market for the provision of such services to our Group. In addition, we intend to adopt and establish a set of tender procedures in respect of the engagement of property management service providers after the **[REDACTED]** to ensure the prices and terms of services offered by our connected persons are fair and reasonable and no less favorable than those offered by Independent Third Parties. For details, please refer to the section headed "Continuing Connected Transactions — (C) Non-exempt Continuing Connected Transactions — 5. Tender process after **[REDACTED]**" in this document. As such, our Directors are of the view that the provision of relevant services by Nanjing Hong Yang Property Management does not have any negative impact on our operational independence from our Controlling Shareholders.

Save for the continuing connected transactions set out in this section and as disclosed in the section headed "Continuing Connected Transactions" in this document, our Directors do not expect there to be any other transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after the **[REDACTED]**. In addition, none of our Controlling Shareholders and Directors or their respective close associates has been our major supplier or customer which provides any critical services or materials for our operation. Thus, the existence of the above continuing connected transactions will not affect our operational independence from our Controlling Shareholders after the **[REDACTED]**.

Based on the above, our Directors are satisfied that we have been operating independently of our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to maintain such operational independence.

Financial Independence

We have established our own financial management center with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates.

As of December 31, 2017, we had a total borrowing amounting to RMB11,818.8 million guaranteed or pledged by our Controlling Shareholders and their respective close associates, and a total borrowing amounting to RMB4,304.9 million guaranteed or pledged by us in favor of our Controlling Shareholders and their respective close associates. Our Directors confirm that such guarantees provided by or to our Controlling Shareholders will be released before the **[REDACTED]**. Please refer to "II. Notes to the Historical Financial Information — 29. Interest-Bearing Bank and Other Borrowings" to the Accountant's Report, the text of which is set out in Appendix I to this document, for details.

As of December 31, 2017, non-trade payables amounting to RMB0 and RMB157,000 were due to and from our Controlling Shareholders and their respective close associates, respectively. All the non-trade payables due to or from our Controlling Shareholders will be released or fully settled prior to **[REDACTED]** using funds generated from operations. For details, please refer to "II. Notes to the Historical Financial Information — 38. Related Party Transactions" to the Accountant's Report, the text of which is set out in Appendix I to this document.

Save as disclosed in this document, as of the Latest Practicable Date, there were no other loans, advances or non-trade balances due to or from our Controlling Shareholders or their respective close associates which had not been fully settled nor were there any pledges and guarantees provided by any of our Controlling Shareholders or their respective close associates on the Group's financing which had not been fully released or discharged.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKINGS

To ensure that competition does not develop between us and other business activities and/or interests of our Controlling Shareholders, each of our Controlling Shareholders (collectively, the "**Covenantors**" and each, a "**Covenantor**") entered into a deed of non-competition undertakings (the "**Deed of Non-competition**") in favor of our Company on [●], pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with our Company that, save for the businesses carried on by them as already disclosed in this document, at any time during the Relevant Period (as defined below), the Covenantor shall not, and shall procure that its/his close associates (other than members of our Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the "**Restricted Business**").

The above restrictions do not prohibit any of the Covenantors and its or his close associates (excluding members of our Group) from:

(i) holding any securities of any companies which conducts or is engaged in any Restricted Business through their interest in our Group;

(ii) through acquiring or holding any investment or interest in units or shares of any company, investment trust, joint venture, partnership or other entity in whatever form which engages in any Restricted Business where such investment or interest does not exceed 10% of the issued shares of such entity provided that (1) such investment or interest does not grant the Covenantors or their respective close associates any right to control the composition of the board of directors or managers of such entity, (2) none of the Covenantors or their respective close associates control the board of directors or managers of such entity, and (3) such investment or interest does not grant the Covenantors or their respective close associates any right to participate directly or indirectly in such entity; or

(iii) participating in any New Business Opportunities (as defined below) if our Group has declined the New Business Opportunities or no written notice has been received from our Group of our decision to pursue or decline the New Business Opportunity that we shall be deemed to have declined the New Business Opportunity as set out below.

Each of the Covenantors has also undertaken to refer, or to procure the referral of, any investment or commercial opportunities relating to any Restricted Business ("**New Business Opportunities**" and each, a "**New Business Opportunity**") to us (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time) in the following manner:

- As soon as it/he becoming aware of any New Business Opportunity, give written notice (the "**Offer Notice**") to us identifying the target company (if relevant) and the nature of the New Opportunity, detailing all information available to it/him for us to consider whether to pursue such New Business Opportunity (including details of any investment or acquisition costs and the contact details of the third parties offering, proposing or presenting the New Business Opportunity to it).

- Our Company shall, as soon as practicable and in any case within 25 Business Days from the receipt of the Offer Notice (the "**Offer Notice Period**") notify the relevant Covenantor in writing of any decision taken to pursue or decline the New Business Opportunity. During the Offer Notice Period, our Company may negotiate with the third party offering his/her, proposing or presenting the New Business Opportunity and the relevant Covenantor shall use its/his best endeavors to assist us in obtaining such New Business Opportunity on the same or more favorable terms.

- Our Company is required to seek approval from our independent non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline the New Business Opportunity, and that the appointment of an independent financial adviser to advise on the terms of the transaction in the subject matter of such New Business Opportunity may be required.

- The relevant Covenantor may, at its/his absolute discretion, consider extending the Offer Notice Period as appropriate.

- The relevant Covenantor shall be entitled to but shall not be obliged to carry on, engage, invest, participate or be interested (economically or otherwise) in the New Business Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person) on the same, or less favorable, terms and conditions in all material respects as set out in the Offer Notice if:

  (i) it/he has received a written notice from us declining the New Business Opportunity; or

  (ii) it/he has not received any written notice from us of our decision to pursue or decline the New Business Opportunity within 25 Business Days from our receipt of the Offer Notice, or if it/he has extended the Offer Notice Period, within such other period as agreed by it, in which case our Company shall be deemed to have declined the New Business Opportunity.

- If there is a change in the nature or proposal of the New Business Opportunity pursued by the relevant Covenantor, it/he shall refer the New Business Opportunity as revised and shall provide to us details of all available information for us to consider whether to pursue the New Business Opportunity as revised.

When considering whether or not to pursue any New Business Opportunities, our independent non-executive Directors will form their views based on a range of factors, including but not limited to, the estimated profitability, investment value and permits and approval requirements. The Covenantors, for themselves and on behalf of their close associates (except any members of our Group), have also acknowledged that our Company may be required by the relevant laws, regulations and rules and regulatory bodies to disclose, from time to time, information on the New Business Opportunities, including but not limited to disclosure in announcements to the public or annual reports of our Company our decisions to pursue or decline the New Business Opportunities, and have agreed to disclose to the extent necessary to comply with any such requirements.

Under the Deed of Non-competition, each of the Covenantors has further irrevocably and unconditionally undertaken jointly and severally, with us the following:

(i) the Covenantors shall provide, and shall procure their close associates (other than members of our Group) to provide, during the Relevant Period (as defined below), where necessary and at least on an annual basis, all information necessary for the review by our independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Covenantors' and their close associates' (other than members of our Group) compliance with the Deed of Non-competition, and to enable the independent non-executive Directors to enforce the Deed of Non-competition;

(ii) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to us with an annual declaration for inclusion in our annual report, in respect of their compliance with the terms of the Deed of Non-competition;

(iii) the Covenantors have agreed and authorized us to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition, either through our annual reports or by way of announcements to the public; and

(iv) each of the Covenantors agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) where we may suffer or incur as a result of any failure to comply with the terms of the Deed of Non-competition by the Covenantors or any of their respective close associates.

Our Company will disclose the decisions with basis on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition either in the annual report of our Company or by way of announcements to the public.

For the purposes of the above, the "**Relevant Period**" means the period commencing from the **[REDACTED]** and shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of our Company; or (ii) the date on which the Shares cease to be **[REDACTED]** on the Stock Exchange (except for temporary suspension of trading of the Shares).

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- the independent non-executive Directors will review, on an annual basis, the compliance with non-competition undertakings by our Controlling Shareholders under the Deed of Non-competition;

- our Controlling Shareholders have undertaken to us that they will, and will procure their respective close associates to, provide all information which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

- our Company will disclose decisions and related basis on matters reviewed by the independent non-executive Directors (including all rejections by our Company of New Business Opportunities that have been referred from our Controlling Shareholders) relating to the compliance with and enforcement of the non-competition undertakings by our Controlling Shareholders under the Deed of Non-competition in the annual reports of our Company or by way of announcements to the public; and

- our Controlling Shareholders will make annual statements on compliance with the Deed of Non-competition in our annual reports, which is consistent with the principles of making disclosure in the corporate governance report of the annual report under the Listing Rules.

We have entered into certain transactions with certain persons who will become our connected persons upon **[REDACTED]** under the Listing Rules, the details of which are set out below. The transactions disclosed in this section will continue after **[REDACTED]** and hence, will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon **[REDACTED]**.

(A) CONNECTED PERSONS

We have entered into certain transactions with the following parties which will become our connected persons upon **[REDACTED]**:

1. Companies controlled by Mr. Zeng

Mr. Zeng is a Controlling Shareholder and a Director and he is holding the equity interest in certain companies as set out below (the "**Mr. Zeng Controlled Companies**"):

	Name of company	Mr. Zeng's shareholding percentage in the company
(i)	Hong Yang Group Company	100.0%
(ii)	Nanjing Hong Yang Home Furnishing Co. Ltd. (南京弘陽家居有限公司)("**Nanjing Home Furnishing**")	100.0%
(iii)	Nanjing Hong Yang Property Management Co. Ltd. (南京弘陽物業管理有限公司) ("**Nanjing Hongyang Property Management**")	100.0%
(iv)	Nanjing Hong Yang E-Commerce Co., Ltd. (南京弘陽電子商務有限公司) ("**Hongyang E-Commerce**")	100.0%
(v)	Nanjing Hong Life Information Technology Co., Ltd. (南京弘生活信息科技有限公司) ("**Hong Life Information Technology**")	100.0%
(vi)	**Redsun Materials City**	100.0%

2. A company controlled by Ms. Zeng Suqing (曾素清)

Ms. Zeng Suqing is the sister of Mr. Zeng. Nanjing Guangde Construction Co., Ltd. (南京廣德建築工程有限公司) ("**Nanjing Guangde**") is owned by Ms. Zeng Suqing as to 99.0%.

Thus, Nanjing Guangde is an associate of Mr. Zeng and therefore our connected person upon **[REDACTED]**.

3. **Companies controlled by Mr. Zeng Huandong (曾煥東)**

Mr. Zeng Huandong is the brother of Mr. Zeng and Mr. Zeng Huandong is holding the equity interest in certain companies as set out below (the "**Zeng Huandong Controlled Companies**"):

	Name of company	Mr. Zeng Huandong's shareholding percentage in the company
(i)	Nanjing Houning Construction Materials Co., Ltd. (南京厚寧建築材料有限公司)	70.0%
(ii)	Najing Randong Trading Co., Ltd. (南京冉東貿易有限公司)	90.0%

Thus, the Mr. Zeng Huandong Controlled Companies are associates of Mr. Zeng and therefore our connected persons upon **[REDACTED]**.

4. **A company controlled by Mr. Chen Baoshan (陳寶山)**

Mr. Chen Baoshan is the nephew of Mr. Zeng. Nanjing Baohong Construction Co., Ltd (南京寶弘建材有限公司) ("**Nanjing Baohong**") is owned by Mr. Chen Baoshan as to 100.0%.

In light of the association of Mr. Chen Baoshen and Nanjing Baohong with Mr. Zeng, Nanjing Baohong shall be a deemed connected person of our Company upon **[REDACTED]**.

(B) WHOLLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. **Trademark License Agreements**

Our Company and Hong Yang Group Company entered into a trademark license agreement dated January 19, 2018 in respect of certain trademarks registered in Hong Kong and a trademark license agreement dated [●] in respect of certain trademarks registered in the PRC (collectively, the "**Trademark License Agreements**"). Pursuant to the Trademark License Agreements, Hong Yang Group Company agreed to irrevocably license certain trademarks registered in Hong Kong at a consideration of HKD 1 and certain trademarks in the PRC to us at nil consideration, respectively, on a non-exclusive basis for our use in connection with our operations for a term commencing from the date of the relevant Trademark License Agreements until the expiration date (including the renewal of the registration) of the relevant trademarks. For details of our licensed trademarks, see "Appendix IV — Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property Rights of Our Group" and "Business — Intellectual Property".

As the grant of the rights to use these trademarks in the PRC by Hong Yang Group Company to our Group is on a royalty-free basis and in Hong Kong is at a consideration of HKD 1, each of the applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules for the transactions under the Trademark License Agreements is expected to be less than 0.1% on an annual basis. Accordingly, the transactions under the Trademark License Agreements fall within the *de minimis* threshold under Rule 14A.76(1)(a) of the Listing Rules and are exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Property Lease Agreements

Property Lease Agreement A

On August 31, 2016, Nanjing Hong Yang Real Estate, a wholly owned Subsidiary, entered into a property lease agreement with Redsun Materials City (the "**Property Lease Agreement A**"). Pursuant to the Property Lease Agreement A, Redsun Materials City agreed to lease to Nanjing Hong Yang Real Estate a property owned by it. The following table sets forth the principal terms of the Property Lease Agreement A:

Parties:	(a) Redsun Materials City (as lessor); and
	(b) Nanjing Hong Yang Real Estate (as lessee).
Term:	August 31, 2016 to December 31, 2020 (both dates inclusive).
Property:	Room No. 1, 1st Floor, Area C, Hong Yang Commercial, No.2 Long Cang Avenue, Yuhua Economics Development District, Nanjing .
Gross floor area:	44.85 square meters
Annual rental	Nil
Use of Properties	Office premises

Property Lease Agreement B

On February 6, 2018, Nanjing Hong Che Real Estate, a wholly owned Subsidiary, entered into a property lease agreement with Redsun Materials City (the "**Property Lease Agreement B**"). Pursuant to the Property Lease Agreement B, Redsun Materials City agreed to lease to Nanjing Hong Che Real Estate a property owned by it. The following table sets forth the principal terms of the Property Lease Agreement B:

Parties:	(a) Redsun Materials City (as lessor); and
	(b) Nanjing Hong Che Real Estate (as lessee).
Term:	February 6, 2018 to December 31, 2020 (both dates inclusive).
Property:	Room No. 1, 1st Floor, Area C, Hong Yang Commercial, No.2 Long Cang Avenue, Yuhua Economics Development District, Nanjing.
Gross floor area:	44.85 square meters
Annual rental	Nil
Use of Properties	Office premises

Property Lease Agreement C

On June 1, 2017, Jiangsu Mao Hong Corporate Management, a wholly owned Subsidiary, entered into a property lease agreement with Redsun Materials City (the "**Property Lease Agreement C**"). Pursuant to the Property Lease Agreement C, Redsun Materials City agreed to lease to Jiangsu Mao Hong Corporate Management a property owned by it. The following table sets forth the principal terms of the Property Lease Agreement C:

Parties:	(a) Redsun Materials City (as lessor); and (b) Jiangsu Mao Hong Corporate Management (as lessee).
Term:	June 1, 2017 to December 31, 2020 (both dates inclusive).
Property:	Room No. 1, 1st Floor, Area C, Hong Yang Commercial, No.2 Long Cang Avenue, Yuhua Economics Development District, Nanjing.
Gross floor area:	44.85 square meters
Annual rental	Nil
Use of properties	Office premises

Reasons for and benefits of the transaction

Our subsidiaries have historically leased the abovementioned properties from Redsun Materials City to use them as the registered addresses with the relevant PRC government authorities, which is a normal market practice and as advised by our PRC Legal Advisor, in compliance with PRC laws. Thus, termination of any such leases will incur unnecessary costs and cause unnecessary disruption to our operations. Based on the established long-term cooperation relationship between Redsun Materials City and our Group, Redsun Materials City has made the strategic decision to lease these premises to our Group at nil consideration. The Directors are of the view that the leases are in the interest of our Company and Shareholders as a whole.

Historical transaction amounts and annual caps

During the Track Record Period and up to the Latest Practicable Date, no rental fees had been paid by us to Redsun Materials City. Also, no rental fees shall be payable by us for each of the three years ending December 31, 2020 pursuant to the Property Lease Agreement A, Property Lease Agreement B and Property Lease Agreement C.

Implication under the Listing Rules

Each of the applicable percentage ratios (other than the profits ratio) in respect of the proposed aggregated annual caps is expected to be less than 0.1% on an annual basis, the transactions contemplated under the Property Lease Agreement A, Property Lease Agreement B and Property Lease Agreement C fall within the de minimis threshold under Rule 14A.76(1)(a) of the Listing Rules and are exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. E-Marketing Services and Advertising and Software Development Services

E-Marketing Services

We started engaging Hongyang E-Commerce for provision of e-marketing services in 2014 as part of our ordinary and usual course of business. Hongyang E-Commerce owns an O2O platform for the home furnishing customers. We promote our property projects and shopping malls and enhance our brand on the O2O platform of Hongyang E-Commerce to supplement our traditional marketing media. In addition, Hongyang E-Commerce also introduces their home furnishing customers to us though its marketing and promotional activities.

On [●], 2018, we entered into an e-marketing services framework agreement with Hongyang E-Commerce to govern the terms and conditions of the transactions between the Group and Hongyang E-Commerce in connection with the provision of the e-marketing services to our Group (the "**E-Marketing Services Framework Agreement**"). Pursuant to the E-Marketing Services Framework Agreement, Hongyang E-Commerce has agreed that it shall provide e-marketing services to the Group, including the provision of the O2O platform to our Group for promotion of our property projects and shopping malls. In addition Hongyang E-Commerce shall allow us to put unlimited advertising on the O2O platform and shall provide unlimited promotion activities to us on an as-needed basis. The E-Marketing Services Framework Agreement will take effect upon **[REDACTED]** and will be valid until December 31, 2020, renewable by mutual agreement of the parties, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pursuant to the E-Marketing Services Framework Agreement, the service fees payable by our Group for each of the three years ended December 31, 2018, 2019 and 2020 will be RMB4.0 million, RMB4.2 million and RMB4.5 million, respectively, which are determined with reference to the historical transaction amount during the Track Record Period, the expected increasing number of home furnishing customers registered with the O2O platform in future and the prevailing market price for similar services.

Reasons for and benefits of the transaction

Based on the established long-term cooperation relationship between Hongyang E-Commerce and our Group, Hongyang E-Commerce has a track record of providing reliable, efficient and satisfactory marketing services to our Group and enhances the brand effect of Rsun and 弘阳. As compared to other services providers who are Independent Third Parties, it provides pricing term which is more favorable to us and generally has better and more efficient communication with our Group and more thorough understanding of the conditions of our property projects and our requirements of the services needed. The cooperation is also expected to bring synergies to the parties.

Historical transaction amounts and annual caps

The following table sets out the total marketing service fees paid by us to Hongyang E-Commerce during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
1,590	3,408	3,412

We expect the maximum annual marketing services fees to be paid by us to Hongyang E-Commerce pursuant to the E-Marketing Services Framework Agreement for each of the three years ended December 31, 2018, 2019 and 2020 will be RMB4.0 million, RMB4.2 million and RMB4.5 million, respectively.

The above annual caps are based on the amount of the services fees agreed under to the E-Marketing Services Framework Agreement.

Advertising and Software Development Services

We started engaging Hong Life Information Technology for provision of advertising and software development services in 2016 as part of our ordinary and usual course of business. We advertise our property projects on Hong Life, a community mobile application operated by Hong Life Information Technology for the owners of the properties developed by us. We also engage Hong Life Information Technology to develop and upgrade software to enhance the services to our customers.

On [●], 2018, we entered into an advertising and software development services framework agreement with Hong Life Information Technology to govern the terms and conditions of the transactions between the Group and Hong Life Information Technology in connection with the provision of the advertising and software development services (the "**Advertising and Software Development Services Framework Agreement**"). Pursuant to the Advertising and Software Development Services Framework Agreement, Hong Life Information Technology has agreed that it shall provide unlimited advertising services to us. It shall also provide software development and upgrade services to the Group. The Advertising and Software Development Services Framework Agreement will take effect upon **[REDACTED]** and will be valid until December 31, 2020, renewable by mutual agreement of the parties, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pursuant to the Advertising and Software Development Services Framework Agreement, the service fees payable by our Group in respect of the unlimited advertising services for each of the three years ended December 31, 2018, 2019 and 2020 will be RMB0.1 million, RMB0.1 million and RMB0.1 million, respectively. The service fee payable by us in respect of the software development and upgrade services will be agreed upon arm's length negotiations between the parties with reference to the complexity of the software required and the maintenance requirement and the prevailing market price as well as demand for software upgrade. In determining the prevailing market price, the trade and procurement department of the Company shall collect the relevant market information, including but not limited to the price for the same or similar type of services quoted by at least three software service providers who are Independent Third Parties, and prepare market price report for review by the head of the trade and procurement department or further submit the market price report to evaluation committee of the Company for review depending on the actual situations (such as the amount and size of the transaction).

Reasons for and benefits of the transaction

Based on the established long-term cooperation relationship between Hong Life Information Technology and our Group, Hong Life Information Technology has a track record of providing reliable, efficient and satisfactory advertising and software development services to our Group and enhances the brand effect of Rsun and 弘阳. As compared to other services providers who are Independent Third Parties, it generally has better and more efficient communication with our Group and more thorough understanding of the conditions of our property projects and our requirements of the services needed.

Historical transaction amounts and annual caps

The following table sets out the total advertising and software development services fees paid by us to Hong Life Information Technology during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
—	20	255

We expect the maximum aggregate annual advertising and software development services fees to be paid by us to Hong Life Information Technology pursuant to the Advertising and Software Development Services Framework Agreement for each of the three years ended December 31, 2018, 2019 and 2020 will be RMB0.3 million, RMB0.4 million and RMB0.5 million, respectively.

The above annual caps are derived based on (i) the historical amount of service fees paid by our Group to Hong Life Information Technology during the Track Record Period; (ii) the agreed services fees payable for the contracted advertising services under the Advertising and Software Development Services Framework Agreement in the amount of RMB0.1 million per year; and (iii) our estimation on the demand for the software development and upgrade services, projected with reference to the property projects under development and future property projects in the next three years taking into consideration of the expected customers' preference for more smart services and our demand for software upgrade.

Implication under the Listing Rules

As both the E-Marketing Services Framework Agreement and Advertising and Software Development Services Agreements were entered into by our Group with the associates of Mr. Zeng, namely Hongyang E-Commerce and Hong Life Information Technology, in relation to the provision of marketing related services to our Group, the continuing connected transactions contemplated thereunder shall be aggregated pursuant to the requirements under Rule 14A.81 of the Listing Rules. The aggregated annual caps under the E-Marketing

Services Framework Agreement and Advertising and Software Development Services Agreements for each of the three years ending December 31, 2010 are set out below:

For the year ended December 31,		
2018	2019	2020
RMB in thousands		
4,300	4,600	5,000

Each of the applicable percentage ratios (other than the profits ratio) in respect of the proposed aggregated annual caps is expected to be less than 0.1% on an annual basis, the transactions contemplated under the E-Marketing Services Framework Agreement and the Advertising and Software Development Services Agreements fall within the *de minimis* threshold under Rule 14A.76(1)(a) of the Listing Rules and are exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(C) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which are, under the Listing Rules, subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. Leasing of property to one of the Mr. Zeng Controlled Companies

Our Group, as landlord, has entered into the following lease with one of the Mr. Zeng Controlled Companies as set out below (the "**Lease**"):

Date of the Lease Agreement	Term of the Lease	Landlord	Tenant	Use of property	Location and size of property	Monthly rent per square meter
October 1, 2017, as amended by a supplemental agreement dated December 30, 2017	10 years	Nanjing Redsun	Nanjing Home Furnishing	Home furnishing mall	Aggregate lettable floor area of 158,750.61 square meters in Area A Nanjing Hong Yang Plaza, No. 48 Daqiao Road North, Pukou District, Nanjing (the "**Premises**")	RMB31.5 during the period from October 1, 2017 to December 31, 2017; RMB108 for the period from January 1, 2018 to September 30, 2020; RMB124.2 for the period from October 1, 2020 to September 30, 2023; RMB142.83 for the period from October 1, 2023 to September 30, 2026; and RMB157.11 for the period from October 1, 2026 to September 30, 2027.

Historical transaction amounts

The following table sets out the total rental fees paid to us in relation to the leasing of the above property to Nanjing Home Furnishing during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
—	—	13,584

Annual caps

The estimated maximum amount of annual rental fees payable to us by Nanjing Home Furnishing for each of the three years ending December 31, 2020 in relation to the leasing of premises are approximately RMB205,741,791, RMB205,741,791 and RMB213,456,070, respectively.

The proposed annual caps for the three years ending December 31, 2020, being the estimated total amounts payable to our Group as set out above, are determined based on the rental fees payable by Nanjing Home Furnishing as agreed under the Lease.

Reasons for and benefits of the transaction

In view of the past operational convenience and benefits brought to the Group and extended business relationships established between the Group and Nanjing Home Furnishing, such continuing relationships are expected to bring synergies to the parties and improve customers' satisfaction.

According to Rule 14A.52 of the Listing Rules, the duration of the Lease must not exceed three years except in special circumstances where the nature of the transaction requires the Lease to be of a duration which is longer than three years. Savills, the property valuer of our Company, confirms that it is normal business practice for agreements of such type to be of such duration.

In arriving at its opinion, Savills has relied on the information set out in the supplemental lease agreement dated December 30, 2017 ("**Supplemental Lease Agreement**") and the existing lease agreements entered into between the Group and Independent Third Parties. In considering whether it is normal business practice for agreements of a similar nature to the Supplemental Lease Agreement to have a term of such duration, Savills has identified and reviewed comparable transactions involving the leasing of properties in the Nanjing Hongyang Plaza or leases information regarding to comparable home furnishing stores of Red Star Macalline Group Corporation Ltd. (Stock Code:1528) (together, the "**Comparable Transactions**''). The Comparable Transactions selected by Savills are based on the following criteria: (i) leasing area over 1,000 sq.m. in the Nanjing Hongyang Plaza; (ii) leasing information disclosed in the prospectus of Red Star Macalline Group Corporation Ltd.; and (iii) such transactions relate to the leasing of properties as retail stores or home furnishing stores which remain effective as at the date of this document. Savills notes that the terms of the Comparable Transactions range from

6 to 20 years, and over 82% of these leased area have a lease term over 10 years. Accordingly, the duration of the Lease falls within the range of the tenure of the Comparable Transactions. On the basis of the above and having considered the duration of the existing lease agreements between members of the Group as lessee and the third parties as lessors which had durations of 10 years, Savills is of the view that it is normal and customary for home furnishing store operators to enter into a long lease with the landlord to ensure a smooth and stable operation and enable the Group to maximize the potential return on its investments (which includes initial set up costs and interior decoration). Savills is of the opinion that the 10-year tenure under the Supplemental Lease Agreement is a normal commercial term for a transaction of this nature and it is normal business practice for contracts of this type to be of such duration.

Savills has also confirmed that the rent payable under the Supplemental Lease Agreement with Nanjing Home Furnishing reflects prevailing market rates. Thus, the Directors (including the independent non-executive Directors) consider that the Lease has been negotiated on an arm's length basis and entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the transactions contemplated thereunder and the annual caps are fair and reasonable and in the interest of the Company and the Shareholders as whole.

Implications under the Listing Rules

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the Lease exceed 0.1% but are less than 5% on an annual basis, the transaction under the Lease will be subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules

2. Provision of Management Services to Our Group

We do not engage in the provision of property management services and therefore the property management services for our property projects have been provided by Nanjing Hongyang Property Management, one of our connected persons upon **[REDACTED]**, details of which are set out below.

(i) Provision of Pre-Delivery Management Services to our residential property projects

Nanjing Hongyang Property Management had been engaged by us by way of tender in accordance with the relevant pre-delivery property management laws and regulations during the Track Record Period. As of the Latest Practicable Date, Nanjing Hongyang Property Management provided property management services to all of our property projects.

Before newly developed properties are delivered to future property owners, a property developer usually seeks to engage a property management company by entering into pre-delivery property management agreement. The purpose is primarily to ensure availability of property management services before the property owners' association could be lawfully established and contract with the property management company directly. During the Track Record Period, we had entered into a number of pre-delivery property management services agreements with Nanjing Hongyang Property Management in respect of each of our property projects (collectively, the "**Pre-Delivery Property Management Agreements**" and each a "**Pre-Delivery Property Management Agreement**") prior to the delivery of the properties to subsequent property owners. The terms of the Pre-Delivery Property Management Agreements are substantially the same and the principal terms thereof are set out below:

Parties:	(a) Nanjing Hongyang Property Management (as services provider); and (b) the relevant members of our Group (as services recipient).
Term:	The Pre-Delivery Property Management Services Agreements are effective until the establishment of the property owners' association for the relevant property projects.
Scope of services:	The typical property management services provided by Nanjing Hongyang Property Management under the Pre-Delivery Property Management Agreements primarily include security, cleaning, gardening, repair and maintenance of common area and shared facilities.
Property management fees:	The pre-delivery property management service fees payable shall be based on the fee quotes to be submitted by Nanjing Hongyang Property Management under the relevant tender process. The bids review shall assess (i) the qualification of the potential bidder; (ii) the bidder's relevant experience in the property management service industry; (iii) the price as quoted by the bidder, which shall not be higher than the guidance rate set by the relevant government authorities; (iv) the quality of the property management service to be offered; (v) how the service proposal submitted is able to satisfy our specific needs for the relevant property projects; and (vi) whether the service proposal is congruent with our corporate culture. The tender evaluation criteria and the relevant weighting of those criteria are pre-determined before the tender bids are invited. The successful bidder and the service rate it offers will be published on the website of relevant government authorities. Property management fees shall start to accrue upon the execution of the Pre-Delivery Property Management Agreements. The property management fees incurred during the period prior to delivery of the relevant properties to property owners shall be payable by our Group, and the fees incurred upon delivery of the relevant properties shall become payable by such property owners instead of our Group.

Reasons for and benefits of the transaction

Based on the established long-term cooperation relationship between Nanjing Hongyang Property Management and our Group, Nanjing Hongyang Property Management has a track record of providing reliable, efficient and satisfactory pre-delivery property management services to our Group. As compared to other services providers who are Independent Third Parties, it generally has better and more efficient communication with our Group and more thorough understanding of the conditions of our property projects and our requirements of the services needed.

Meanwhile, despite that Nanjing Hongyang Property Management had provided property management services to all of our property projects, during the Track Record Period, a number of other services providers who are Independent Third Parties had participated in our bidding process. In light of the list of potential bidders participated in the bidding process in the past, it is expected that in the event that Nanjing Hongyang Property Management does not submit tender bids for the provision of pre-delivery management services or otherwise ceases to provide such services to us, there will also be other comparable services provides readily available for the provision of pre-delivery property management services to our Group. As such, the Joint Sponsors and our Directors (including the independent non-executive Directors) are of the view that the pre-delivery management services provided by Nanjing Hongyang Property Management do not have any negative impact on our operational independence from the Controlling Shareholders. For more details, please see the section headed "Relationship with Controlling Shareholders — Operational Independence — Connected transactions with our Controlling Shareholders."

Historical transaction amounts and annual caps

The following table sets out the total property management fees paid by us to Nanjing Hongyang Property Management pursuant to the Pre-Delivery Property Management Agreements during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
1,600	1,800	2,010

We expect the maximum aggregate annual property management fees to be paid by us to Nanjing Hongyang Property Management in relation to the pre-delivery property management services for each of the three years ended December 31, 2018, 2019 and 2020 will be approximately RMB8.5 million, RMB9.1 million and RMB10.5 million, respectively.

The above annual caps are derived based on (i) the outstanding contract fees for the unrendered services under the existing Pre-Delivery Property Management Agreements and (ii) our estimation on the demand of the uncontracted services, projected with reference to the aggregate GFA under development and planned GFA for future development of our more than 40 phases of property development projects, for which we may need pre-delivery property management services during 2018 to 2020 according to our development schedule.

(ii) Provision of Management Services to our residential property projects during sales period and prior to delivery of properties

Our Company (for itself and for and on behalf of the members of the Group) (as services recipient) entered into a framework management services agreement with Nanjing Hongyang Property Management (the "**Management Services Agreement for Property Projects**") on [●], 2018, pursuant to which Nanjing Hongyang Property Management agreed to provide our Group with management and related services to the display units and sales offices of our property projects during the sales period of the property projects and prior to the delivery of the properties to the purchasers, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venues. The Management Services Agreement for Property Projects shall become effective from the **[REDACTED]** and up to December 31, 2020 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The following sets forth the principal terms of the Management Services Agreement for Property Projects:

(a) Nanjing Hongyang Property Management shall, where it is selected following the relevant tender processes, provide management and related services to our Group according to the tender documents and definitive management services agreements to be entered into between Nanjing Hongyang Property Management and members of our Group from time to time;

(b) the management fees payable by our Group shall be based on the fee quotes to be submitted by Nanjing Hongyang Property Management under the relevant tender bids which will be subject to the selection procedures set out under the subsection headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender Process After **[REDACTED]**" below; and

(c) the definitive management services agreement to be signed between Nanjing Hongyang Property Management and members of our Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Management Services Agreement for Property Projects.

Reasons for and benefits of the transaction

In light of the foot traffic at the display units and sales offices during the sales period of the property projects and prior to the delivery of the properties to the purchasers, property developers typically engage property management companies to provide constant management services such as cleaning, security and maintenance. We do not engage in the provision of relevant management services and therefore the management and related services to the display units and sales offices of our property projects during the sales period of the property projects and prior to the delivery of the properties to the purchasers have also been provided by Nanjing Hongyang Property Management. Taking into account various factors such as credentials, fee quote, quality of services and brand effect, upon arm's length negotiations and with reference to the prevailing market price for the provision of property service to the same type of properties, Nanjing Hongyang Property Management had been engaged by us as the management services provider for the display units and sales offices of all of our property projects during the sales period of the property projects and prior to the delivery of the properties to the purchasers during the Track Record Period and up to the Latest Practicable Date. We intend to adopt and establish a set of tender procedures in respect of the engagement of management services providers after **[REDACTED]**, more details of which are set out under the subsection headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender Process After **[REDACTED]**" below.

Notwithstanding the above, as a number of other independent management services providers had approached us in the past for the provision of such management and related services, it is expected that in the event that Nanjing Hongyang Property Management ceases to provide such management services to us, there will also be other comparable management services providers readily available in the market for the provision of management and related services to our Group.

Pricing terms

The management fees payable by our Group shall be based on the fee quotes to be submitted by Nanjing Hongyang Property Management under the relevant tender bids, taking into account a wide range of factors such as nature, age and infrastructure features of the relevant property projects, geographic location and neighborhood profile. The fee quotes submitted by Nanjing Hongyang Property Management will be subject to the tender process set out under the subsection headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender Process After **[REDACTED]**" below.

Historical transaction amounts

The following table sets out the total management fees paid by us in relation to the provision of management and related services to the display units and sales offices of our property projects during the sales period of the property projects and prior to the delivery of the properties to the purchasers by Nanjing Hongyang Property Management during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
7,910	6,684	12,429

Annual caps

The service periods of Nanjing Hongyang Property Management in respect of the management and related services to our display units and sales offices typically end when the facilities are no longer in use and the properties are delivered to subsequent property owners.

Nanjing Hongyang Property Management provided as of the Latest Practicable Date, and will provide after **[REDACTED]**, such management and related services to the display units and sales offices of our undelivered property projects. As the payment obligations of our Group will continue after **[REDACTED]** and that we may engage Nanjing Hongyang Property Management to provide such services to our new property projects after **[REDACTED]**, such transactions constitute continuing connected transactions for our Group.

We expect the maximum aggregate annual property management fees to be paid by us to Nanjing Hongyang Property Management in respect of the services to the display units and sales offices of our property projects for each of the three years ending December 31, 2018, 2019 and 2020 will be approximately RMB28.0 million, RMB62.6 million and RMB68.0 million, respectively.

The proposed annual caps for the three years ending December 31, 2020, being the estimated total amounts of management fees payable by our Group as set out above, are determined with reference to: (i) the number of projects to which Nanjing Hongyang Property Management is already providing such management services and the management fees payable in relation to such projects; (ii) the estimated number of new property projects which our Group may engage Nanjing Hongyang Property Management for the provision of such management services (the "**New Residential Property Projects**"); (iii) the estimated management fees payable by the Group in relation to the New Residential Project Projects, which are determined with reference to the total gross floor area, geographical locations, facilities and human resources allocation of the relevant display units and sales offices and on the assumption that the costs incurred by manpower will increase steadily in the next three years. The relevant significant increase in the proposed annual cap in 2019 as compared to proposed annual caps in 2018 is primarily due to the significant increase in the number of property projects that have commenced sales period for which resulted in a corresponding increase in the contracted GFA and therefore demand for management services to our display units and sales offices.

(iii) Provision of Management Services to our Office Areas, Hotels and Shopping Malls

Our Company (for itself and for and on behalf of the members of the Group) (as services recipient) entered into a framework management services agreement with Nanjing Hongyang Property Management (the "**Management Services Agreement for Commercial Properties**") on [●], 2018, pursuant to which Nanjing Hongyang Property Management agreed to provide our Group with management and related services to our office areas, hotels and shopping malls, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venues. The Management Services Agreement for Commercial Properties shall become effective from the **[REDACTED]** and up to December 31, 2020 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The following sets forth the principal terms of the Management Services Agreement for Commercial Properties:

(a) Nanjing Hongyang Property Management shall, where it is selected following the relevant tender processes, provide management and related services to our Group according to the tender documents and definitive management services agreements to be entered into between Nanjing Hongyang Property Management and members of our Group from time to time;

(b) the management fees payable by our Group shall be based on the fee quotes to be submitted by Nanjing Hongyang Property Management under the relevant tender bids which will be subject to the selection procedures set out under the subsection headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender Process After **[REDACTED]**" below; and

(c) the definitive management services agreement to be signed between Nanjing Hongyang Property Management and members of our Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Management Services Agreement for Commercial Properties .

Reasons for and benefits of the transaction

In light of the foot traffic at office areas, hotels and shopping malls, property owners typically engage property management companies to provide constant management services such as cleaning, security and maintenance. We do not engage in the provision of relevant management services and therefore the management and related services to our office areas, hotels and shopping malls have also been provided by Nanjing Hongyang Property Management. Taking into account various factors such as credentials, fee quote, quality of services and brand effect, upon arm's length negotiations and with reference to the prevailing market price, Nanjing Hongyang Property Management had been engaged by us as the management services provider for all of our office areas, hotels and shopping malls during the Track Record Period and up to the Latest Practicable Date. We intend to adopt and establish a set of tender procedures in respect of the engagement of management services providers after **[REDACTED]**, more details of which are set out under the subsection headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender process after **[REDACTED]**" below.

Notwithstanding the above, as a number of other independent management services providers has approached us in the past for the provision of such management services, it is expected that in the event that Nanjing Hongyang Property Management ceases to provide such management services to us, there will also be other comparable management services providers readily available in the market for the provision of management and related services to our Group.

***Pricing terms and tender process after* [REDACTED]**

The management fees payable by our Group shall be based on the fee quotes to be submitted by Nanjing Hongyang Property Management under the relevant tender bids, taking into account a wide range of factors such as nature, age and infrastructure features of the relevant office areas, hotels and shopping malls, geographic location and neighborhood profile. The fee quotes submitted by Nanjing Hongyang Property Management will be subject to the tender process set out under the subsection headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender Process After **[REDACTED]**" below.

Historical transaction amounts

The following table sets out the total management fees paid by us in relation to the provision of management services by Nanjing Hongyang Property Management for our office areas, hotels and shopping malls during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
19,919	36,541	46,366

Annual caps

Nanjing Hongyang Property Management provided as of the Latest Practicable Date, and will provide after **[REDACTED]**, management and related services to our office areas, hotels and shopping malls. As it is expected that Nanjing Hongyang Property Management will continue to provide such management services to our office areas, hotels and shopping malls after **[REDACTED]**, such transactions constitute continuing connected transactions for our Group. The estimated amounts of management fees payable by us to Nanjing Hongyang Property Management in relation to our office areas, hotels and shopping malls for each of the three years ending December 31, 2020 are as follows:

No.	Name of Property	Estimated amounts of management fees payable by us to Hongyang Property		
		For the year ending December 31,		
		2018	2019	2020
		(RMB in thousands)		
1.	Hong Yang Department Store	21,600	21,600	21,600
2.	Wuxi Lakefort Hotel	1,440	1,440	1,440
3.	Nanjing Hong Yang Hotel	72	72	72
4.	Changzhou Hong Yang Plaza	4,656	4,656	4,656
5.	Hefei Hong Yang Plaza	9,720	12,960	12,960
6.	Office area	6,120	6,732	7,405
	TOTAL	43,618	47,470	48,143

The proposed annual caps for the three years ending December 31, 2020, being the estimated total amounts of management fees payable by our Group as set out above, are determined with reference to: (i) the number of office areas, hotels and shopping malls to which Nanjing Hongyang Property Management is already providing such management services and the management fees payable in relation to such projects; (ii) the estimated number of new office areas, hotels and shopping malls which our Group may engage Nanjing Hongyang Property Management for the provision of such management services (the "**New Commercial Property Projects**"); and (iii) the estimated management fees payable by the Group in relation to the New Commercial Property Projects, which are determined with reference to the total gross floor area, geographical locations, facilities and human resources allocation of the relevant office areas, hotels and shopping malls and on the assumption that the costs incurred by manpower will increase steadily in the next three years.

Implications under the Listing Rules

As all the Pre-Delivery Property Management Agreement, the Management Services Agreement for Residential Properties and the Management Services Agreement for Commercial Properties were entered into by our Group with Nanjing Hongyang Property Management in relation to the provision of property management services to our Group, the continuing connected transactions contemplated thereunder shall be aggregated pursuant to the requirements under Rule 14A.81 of the Listing Rules. The aggregated annual caps under the Pre-Delivery Property Management Agreement, the Management Services Agreement for Residential Properties and the Management Services Agreement for Commercial Properties for each of the three years ending December 31, 2020 are set out below:

For the year ended December 31,		
2018	**2019**	**2020**
	RMB in thousands	
80,124	119,184	126,658

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed aggregated annual caps in respect of the management and related services under the Pre-Delivery Property Management Agreement, the Management Services Agreement for Residential Properties and the Management Services Agreement for Commercial Properties exceed 0.1% but are all less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Provision of raw materials and services by connected persons

During the Track Record Period, we purchased certain raw materials from our connected persons and also engaged our connected persons for provision of certain construction services for our property projects in the ordinary course of our business (the connected persons set out below are referred to as the "**Connected Family Suppliers**").

(i) Provision of construction services by Nanjing Guangde

We started engaging Nanjing Guangde for provision of construction services mainly for exterior projects of our property projects in 2012 as part of our ordinary and usual course of business.

Historical transaction amounts

The following table sets out the total expenses incurred by us in relation to the provision of construction services by Nanjing Guangde during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
42,093	46,404	18,909

Framework Purchase Agreement

On [●], 2018, we entered into a framework purchase agreement with Nanjing Guangde to govern the terms and conditions of the transactions between the Group and Nanjing Guangde in connection with the provision of construction services to the Group (the "**Zeng Suqing Framework Purchase Agreement**"). Pursuant to the Zeng Suqing Framework Purchase Agreement, Nanjing Guangde has agreed, where it shall be selected following the relevant selection process, to provide construction services to the Group according to the purchase agreements to be signed by the Group with Nanjing Guangde from time to time. The Zeng Suqing Framework Purchase Agreement will take effect upon **[REDACTED]** and will be valid until December 31, 2020, renewable by mutual agreement of the parties, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pursuant to the Zeng Suqing Framework Purchase Agreement, the engagement for provision of construction services of Nanjing Guangde will be subject to a selection process overseen by our evaluation committee and the final purchase prices/service fees cannot exceed the price cap to be determined by the Company. Please refer to the sub-section headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender process after **[REDACTED]**" below for details with respect to the selection process and the determination of the price cap.

Annual caps

The following table sets forth the estimated maximum amount payable by us to Nanjing Guangde for each of the three years ending December 31, 2020 in relation to their provision of construction services to the Group:

Name of the supplier	**Estimated maximum amounts payable by us for the year ending December 31,**		
	2018	**2019**	**2020**
	(RMB in thousands)		
Nanjing Guangde	45,000	40,000	30,000

The proposed annual caps for the three years ending December 31, 2020, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

(a) our estimation on the demand for the relevant construction services, projected with reference to the aggregate GFA under development and planned GFA for future development and for our 5 new phases of existing property development projects, for which we may need construction services from Nanjing Guangde during 2018 to 2020 according to our development schedule and in view of our goal to decrease the transaction amount with our Connected Family Suppliers;

(b) the historical purchase amounts paid to Nanjing Guangde by our Group for property projects during the Track Record Period, with construction fees ranging from RMB53.0 to RMB67.5 per sq.m. depending on the types of property and the construction required in the particular project; and

(c) a reasonable increment of the purchase price payable to Nanjing Guangde taking into account the expected inflation rate and increases in costs for the three years ending December 31, 2020.

(ii) Provision of building stones, sanitary wares and bricks and construction services by the Zeng Huandong Controlled Companies

Set out below is a summary of the transactions with the Zeng Huandong Controlled Companies in relation to the provision of raw materials or services to the Group which were conducted as part of our ordinary and usual course of business:

	Name of company	Raw Materials or Services provided to the Group	The year when the Group started the transactions with the company
(1)	Nanjing Houning Construction Materials Co., Ltd.	building stones, sanitary wares and bricks and the related supplementary installation services	2017
(2)	Najing Randong Trading Co., Ltd.	building stones, sanitary wares and bricks and the related supplementary installation services	2013

Historical transaction amounts

The following table sets out the total expenses incurred by us in relation to the provision of raw materials and construction services by the Zeng Huandong Controlled Companies during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
19,985	34,313	9,151

Framework Purchase Agreement

On [●], 2018 we entered into a framework purchase agreement with the Zeng Huandong Controlled Companies as stated above to govern the terms and conditions of the transactions between the Group and the Zeng Huandong Controlled Companies in connection with the provision of raw materials and construction services to the Group (the "**Zeng Huandong Framework Purchase Agreement**"). Pursuant to the Zeng Huandong Framework Purchase Agreement, each of the Zeng Huandong Controlled Companies who is a party to the agreement has agreed, where it shall be selected following the relevant selection process, to provide building stones, sanitary wares and bricks and/or the related supplementary installation services to the Group according to the purchase agreements to be signed by the Group with the Zeng Huandong Controlled Companies from time to time. The Zeng Huandong Framework Purchase Agreement will take effect upon **[REDACTED]** and will be valid until December 31, 2020, renewable by mutual agreement of the parties, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pursuant to the Zeng Huandong Framework Purchase Agreement, the purchases of building stones, sanitary wares and bricks from and the engagement for provision of the related supplementary installation services construction services of the Zeng Huandong Controlled Companies will be subject to a selection process overseen by our evaluation committee and the final purchase prices/service fees cannot exceed the price cap to be determined by the Company. Please refer to the sub-section headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender process after **[REDACTED]**" below for details with respect to the selection process and the determination of the price cap.

Annual caps

The following table sets forth the estimated maximum amount payable by us to each of the Zeng Huandong Controlled Companies as set out below for each of the three years ending December 31, 2020 in relation to their provision of building stones, sanitary wares and bricks and/or the related supplementary installation services to the Group:

No.	Name of the suppliers	Estimated maximum amounts payable by us for the year ending December 31,		
		2018	2019	2020
		(RMB in thousands)		
(1)	Nanjing Houning Construction Materials Co., Ltd.	7,000	—	—
(2)	Najing Randong Trading Co., Ltd.	2,000	—	—
	TOTAL	9,000	—	—

The proposed annual caps for the three years ending December 31, 2020, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

(a) our estimation on the demand for the relevant construction services, projected with reference to the aggregate GFA under development for our 6 new phases of existing property development projects, for which we may need raw materials and construction services from the Zeng Huandong Controlled Companies in 2018 according to our development schedule and in view of our goal to decrease the transaction amount with our Connected Family Suppliers;

(b) the historical purchase amounts paid to the Zeng Huandong Controlled Companies by our Group for property projects during the Track Record Period; and

(c) a reasonable increment of the purchase price payable to the Zeng Huandong Controlled Companies taking into account the expected inflation rate and increases in costs for the year ending December 31, 2018.

(iii) Provision of building stones, sanitary wares and bricks construction services by company controlled by Mr. Chen Baoshan

We started purchasing raw materials including building stones, sanitary wares and bricks and/or the related supplementary installation services from Nanjing Baohong for our property projects in 2016 as part of our ordinary and usual course of business.

Historical transaction amounts

The following table sets out the total expenses incurred by us in relation to the provision of raw materials and/or services by Nanjing Baohong during the Track Record Period:

For the year ended December 31,		
2015	**2016**	**2017**
	RMB in thousands	
—	951	1,451

Framework Purchase Agreement

On [●], 2018, we entered into a framework purchase agreement with Nanjing Baohong to govern the terms and conditions of the transactions between the Group on one hand and Nanjing Baohong on the other hand in connection with the provision of raw materials including building stones, sanitary wares and bricks and/or the related supplementary installation services (the "**Chen Baoshan Framework Purchase Agreement**"). Pursuant to the Chen Baoshan Framework Purchase Agreement, Nanjing Baohong has agreed, where it shall be selected following the relevant selection process, to provide raw materials including building stones, sanitary wares and bricks and/or the related supplementary installation services to the Group according to the purchase agreements to be signed by the Group with Nanjing Baohong from time to time. The Chen Baoshan Framework Purchase Agreement will take effect upon **[REDACTED]** and will be valid until December 31, 2020, renewable by mutual agreement of the parties, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pursuant to the Chen Baoshan Framework Purchase Agreement, the purchases of raw materials including building stones, sanitary wares and bricks and/or the related supplementary installation services from Nanjing Baohong will be subject to a selection process overseen by our evaluation committee and the final purchase prices/service fees cannot exceed the price cap to be determined by the Company. Please refer to the sub-section headed "— (C) Non-Exempt Continuing Connected Transactions — 5. Tender process after **[REDACTED]**" below for details with respect to the selection process and the determination of the price cap.

Annual caps

The following table sets forth the estimated maximum amount payable by us to Nanjing Baohong for each of the three years ending December 31, 2020 in relation to their provision of raw materials including building stones, sanitary wares and bricks and/or the related supplementary installation services to the Group:

No.	Name of the suppliers	Estimated maximum amounts payable by us for the year ending December 31,		
		2018	**2019**	**2020**
		(RMB in thousands)		
(1)	Nanjing Baohong	1,315	—	—
	TOTAL	1,315	—	—

The proposed annual caps for the three years ending December 31, 2020, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

(a) our estimation on the demand for the relevant construction services, projected with reference to the aggregate GFA under development of new phase of an existing property development project, for which we may need raw materials and construction services from Nanjing Baohong in 2018 according to our development schedule and in view of our goal to decrease the transaction amount with our Connected Family Suppliers;

(b) the historical purchase amounts paid to Nanjing Baohong by our Group for property projects during the Track Record Period; and

(c) a reasonable increment of the purchase price payable to Nanjing Baohong taking into account the expected inflation rate and increases in costs for the year ending December 31, 2018.

Implications under the Listing Rules

Since Nanjing Guangde, the Zeng Huandong Controlled Companies and Nanjing Baohong are all associates of Mr. Zeng, the transactions under the Zeng Suqing Framework Purchase Agreement, Zeng Huandong Framework Purchase Agreement, and Chen Baoshan Framework Purchase Agreement (together, the "**Connected Family Suppliers' Agreements**") have been aggregated pursuant to Rule 14A.81 of the Listing Rules. The aggregated annual caps under the Connected Family Suppliers' Agreements for each of the three years ending December 31, 2010 are set out below:

For the year ended December 31,		
2018	**2019**	**2020**
	RMB in thousands	
55,315	40,000	30,000

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed aggregated annual caps in respect of the purchase of raw materials and engagement for provision of construction services pursuant to the Connected Family Suppliers' Agreements exceed 0.1% but are all less than 5% on an annual basis, the transactions under the Connected Family Suppliers' Agreements will be subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reasons for and benefits of the transactions with the Connected Family Suppliers

We have engaged the Connected Family Suppliers for the provision of the raw materials and services as set out above prior to the commencement of the Track Record Period. Ms. Zeng Suqing, Mr. Zeng Huandong and Mr. Chen Baoshan are relatives of Mr. Zeng and we have continued procurement relationships with the Connected Family Suppliers primarily because of the familial relationship, which leads to greater mutual trust, and also in light of the relatively long business relationships that they have had. We believe that it is in the interest of the Company and our Shareholders as a whole to continue to carry out connected transactions with the Connected Family Suppliers upon **[REDACTED]** having considered the following factors: (1) each Connected Family Supplier has a well-established quality control system and research and development capability to meet our requirements; (2) the supply channel of each Connected Family Supplier allows it to meet our increase in demand in the case that we plan to expand our project portfolios; (3) each Connected Family Supplier provides high quality after-sales and maintenance services to ensure quality of products provided to us; (4) we have established a stable relationship with each Connected Family Supplier during the course of which the relevant Connected Family Supplier has provided us with a steady and reliable supply of high quality products and/or services in accordance with our specifications; and (5) the prices and terms of services offered by the Connected Family Suppliers have been no less favorable than those offered by Independent Third Parties.

In addition to the Connected Family Suppliers, we have also engaged alternative third parties suppliers for the provision of the similar raw materials/services during the Track Record Period. Though we purchased over 50% of these raw materials from Connected Family Suppliers during the Track Record Period, the purchase of these raw materials was not and will not be significantly affected by the availability of Connected Family Suppliers as building stones, sanitary wares and bricks are common raw materials with other comparable suppliers readily available in the market. Based on our experiences in identifying alternative suppliers and also the existing relationships with the suppliers other than the Connected Family Suppliers, we are and will be able to source these raw materials/ services from alternative suppliers at similar prices, quality and quantity within similar timeframe.

To ensure that we will not have any over-reliance on the Connected Family Suppliers after **[REDACTED]**, we have been highly determined to decrease our transactions with the Connected Family Suppliers and have already started lowering the transaction volume with the Connected Family Suppliers since 2018. We have already communicated with the Connected Family Suppliers in relation to the lowering of our purchases from the Connected Family Suppliers and understand that the Connected Family Suppliers would try to diversify their client bases by locating new customers and/or starting to engaging in other businesses.

5. Tender process after **[REDACTED]**

To ensure that the prices and terms of services offered by the Connected Family Suppliers and Nanjing Hongyang Property Management (together, the "**Connected Suppliers**") are fair and reasonable and no less favorable than those offered by Independent Third Parties, we will form an evaluation committee to oversee the selection of suppliers in our purchases of raw materials and services.

The evaluation committee will comprise 5 to 7 members, including the supervisor of our financial management department, supervisor of our auditing and legal department, the supervisor of our tender and procurement department, the supervisor of our cost management department, the supervisor of our design management department and an independent non-executive Director.

The fee quotes submitted by the Connected Suppliers will be subject to the tender process set out below.

After **[REDACTED]**, our Group will adopt an independent mechanism with the following features to govern and monitor the tender process and selection mechanism for our potential bidders:

- depending on the actual situations (such as the amount and size of the transaction), before purchasing raw materials or services, we shall publish a tender announcement on the newspaper and information network designated by the competent authorities to invite unspecified potential bidders or issue tender invitation to potential bidders, or the management of our project company will obtain supply proposals from a minimum of three potential suppliers based on our construction needs and the criteria set out by our design management department and tender and procurement department, at least three of whom should be Independent Third Parties;

- where the Connected Suppliers are among the potential suppliers, our design management department and tender and procurement department will conduct an in-depth evaluation using a scoring system on all potential suppliers (including suppliers who are Independent Third Parties) who will each be assessed on areas including product prices, organization structure, product quality, quality control system, maintenance and after-sales services, ability to meet delivery deadlines, cost control and technical knowledge of relevant personnel.

- The evaluation assessment report will then be submitted to our evaluation committee for review. Suppliers must receive scores beyond certain minimum thresholds to be eligible for selection and the supplier(s) with the highest score(s) will be selected. As such, the Connected Suppliers will only be selected if they are considered to have competitive advantages in the provision of the relevant raw materials and services.

With the comprehensive composition of our evaluation committee as well as the inclusion of an independent non-executive Director in the evaluation committee, we believe the members of the committee possess the knowledge and skills to thoroughly consider all offers and properly assess our potential suppliers to ensure that the prices and terms of services offered by the Connected Suppliers are fair and reasonable and no less favorable than those offered by Independent Third Parties and all transactions with the Connected Suppliers are conducted in the ordinary and usual course of our business, on normal commercial terms, in accordance with the relevant Framework Agreements and are fair and reasonable and in the interests of the Group and our Shareholders as a whole.

(D) APPLICATION FOR WAIVER

The transactions described under the subsection headed "— (C) Non-Exempt Continuing Connected Transactions" above constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. As such non-exempt continuing connected transactions are expected to be carried out on a continuing basis and to extend over a period of time, the Directors are of the view that strict compliance with the announcement requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Group.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver exempting us from strict compliance with the announcement requirement of the Listing Rules, subject to the condition that the aggregate values of the continuing connected transactions for each financial year not exceeding the relevant amounts set forth in the respective annual caps (as stated above). We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to the non-exempt continuing connected transaction.

(E) JOINT SPONSORS' AND DIRECTORS' VIEWS

OUR DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described above have been and shall be entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps for the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of the Shareholders as a whole.

The conflicted Directors shall be required to abstain from participation and abstain from voting in the Board meetings at which resolutions in relation to the above continuing connected transactions are discussed.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the non-exempt continuing connected transactions described above, have been and shall be entered into in the ordinary and usual course of business of the Company, are on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps (where applicable) are fair and reasonable and in the interests of the Shareholders as a whole.

BOARD OF DIRECTORS

Our Board is responsible for and has general powers over the management and conduct of our business. It consists of eight Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets forth certain information in respect of the members of our Board:

Name	Age	Time of joining our Group	Existing position in our Company	Date of appointment	Key role	Relationship with other Directors or senior management
ZENG Huansha (曾煥沙)	50	December 1999	Executive Director and chairman of our Board	December 21, 2017	Responsible for the overall development strategy and daily operations of our Group	None
HE Jie (何捷)	54	October 2012	Executive Director and president	March 15, 2018	Responsible for assisting the planning of corporate strategy of our Group	None
JIANG Daqiang (蔣達強)	41	March 2018	Non-executive Director	March 15, 2018	Responsible for providing strategic advice and recommendations on the operations and management of our Group	None
ZHANG Liang (張良)	44	November 2017	Non-executive Director	March 15, 2018	Responsible for providing strategic advice and recommendations on the operations and management of our Group	None

Name	Age	Time of joining our Group	Existing position in our Company	Date of appointment	Key role	Relationship with other Directors or senior management
ZHANG Hongwu (張宏武)	44	February 2009	Non-executive Director	March 15, 2018	Responsible for providing strategic advice and recommendations on the operations and management of our Group	None
LEE Kwok Tung Louis (李國棟)	50	[●]	Independent non-executive Director	[●]	Responsible for supervising and providing independent judgment to our Board	None
LEUNG Yau Wan John (梁又穩) ...	57	[●]	Independent non-executive Director	[●]	Responsible for supervising and providing independent judgment to our Board	None
AUYEUNG Po Fung (歐陽寶豐)	53	[●]	Independent non-executive Director	[●]	Responsible for supervising and providing independent judgment to our Board	None

Executive Directors

Mr. ZENG Huansha (曾煥沙), aged 50, is the founder of our Group and has been our chairman and Director since December 21, 2017. He was re-designated as the chairman of our Board and an executive Director on March 15, 2018. Additionally, Mr. Zeng is the director of Nanjing Redsun. Mr. Zeng is primarily responsible for the overall development strategy and daily operations of our Group.

Mr. Zeng established Nanjing Redsun Business World in 1995 and began his involvement in the business of construction and building materials. In December 1999, Mr. Zeng established Nanjing Redsun and began engaging in residential property development in Nanjing, Jiangsu province. Since establishing Hong Yang Group

Company in 2003, Mr. Zeng's businesses have mainly focused on real estate development, commercial operations and property services.

Mr. Zeng has served as the vice president of the China Overseas Chinese Entrepreneurs Investment Enterprise Association (中國僑商投資企業協會) since January 2008; the president of the Jiangsu Overseas Chinese Entrepreneurs Association (江蘇僑商總會會長) since March 2013; a member of the standing committee of the China Federation of Overseas Chinese (中國僑聯常務委員) since December 2013; the vice chairman of the Jiangsu Federation of Overseas Chinese (江蘇僑聯副主席) since August 2017; and a member of the standing committee of the Jiangsu Chinese People's Political Consultative Conference (江蘇政協委員) since January 2018. Additionally, in April 2001 he was selected as one of the Ten Young Entrepreneurs of Jiangsu province (江蘇省十大杰出青年); in September 2002, he was recognized as an Outstanding Individual of Provincial Returned Overseas Chinese (江蘇省全省歸僑僑眷先進個人); and in August 2017, he was awarded as an Outstanding Overseas Chinese Individual of Jiangsu province (江蘇省僑界杰出人物). Mr. Zeng received a master's degree in Economics from Shanghai Academy of Social Sciences (SACC) in August 2010.

Mr. HE Jie (何捷), aged 54, has been our executive Director and president since March 15, 2018. Additionally, Mr. He is the director of our subsidiaries, including Nanjing Redsun, Nanjing Hong Yang Real Estate, Nanjing Hong Yang Rui Shang, Nanjing Guo Gang Properties, Nanjing Lv Hong Real Estate, Nanjing Hong Yang Hengrui, Hong Yang Group Nantong, Wuxi Su Yuan Tan Xi Wan, Changzhou Hong Yang Plaza, Nanjing Hong Yang Yemao, Nanjing Yong Yang Zhong Rui, Nanjing Ping Hong Real Estate, Anhui Hong Lan Real Estate, Nanjing Hong Yang Properties and Ju Rong Zi Jin Real Estate.

Mr. He joined Hong Yang Group Company as a vice president in October 2012, and remained in position until March 15, 2018. He served as the president of Hong Yang Group Company's properties department from May 2017 to March 2018, during which he was responsible for the business operations of real estates. Prior to joining Hong Yang Group Company, Mr. He was the executive president of Tianzheng Group Nanjing Properties Co., Ltd. (天正集團南京置業有限公司), and was primarily in charge of the company's business and management, formulating properties development strategies and properties investment from 2005 to 2012. He served as the chief executive officer of Tianzheng Group Shanghai Investment Co., Ltd. (天正集團上海投資有限公司) from 2001 to 2005, during which his responsibilities included managing the company's business operations, formulating investment and management procedures, and articulating and implementing the company's investment plans.

Mr. He received a bachelor's degree from Zhejiang University in July 1985. He later obtained a master's degree in Engineering from the same university in June 1988. In April 2003, Mr. He obtained a Master of Business Administration degree from China Europe International Business School (CEIBS).

Non-executive Directors

Mr. JIANG Daqiang (蔣達強), aged 41, has been our non-executive Director since March 15, 2018. He joined Hong Yang Group Company in March 2018 as an executive president and has since been responsible for the strategic investment management and customer services of Hong Yang Group Company. Mr. Jiang has over 16 years of experience in real estates and commercial property development and business development. Prior to joining Hong Yang Group Company, Mr. Jiang was the vice president of CIFI Holdings (Group) Co., Ltd. (Stock Exchange stock code: 0884), a company that focuses on property development projects.

Mr. Jiang obtained a bachelor's degree in Civil Engineering from Tianjin Chengjian University in July 2000. He then acquired a master's degree in History of Science and Technology from Shanghai Jiaotong University in March 2003.

Mr. ZHANG Liang (張良), aged 44, has been our non-executive Director since March 15, 2018. Since November 2017, Mr. Zhang has served as the executive president of Hong Yang Group Company, where he is responsible for human resources, information flow and brand culture. In addition, Mr. Zhang has worked in CIFI Holdings (Group) Co., Ltd. (Stock Exchange stock code: 0884) as an independent non-executive director since August 2016.

Previously, Mr. Zhang worked in SPH Ke Yuan Xinhai Pharmaceutical Co., Ltd. (formerly known as CITIC Pharma Co., Ltd.) as the chief human resources officer from July 2010 to January 2012. He also worked in Tianjin Tasly Group Co., Ltd. as the assistant to the president and the director of the human resources center from April 2005 to July 2010. Mr. Zhang had worked in Motorola (China) Electronics Limited from December 1995 to April 2005 as the human resources manager of semi-conductor department and the Asia Pacific representative of the Global Performance Management Project.

Mr. Zhang received a bachelor's degree in English from Tianjin Foreign Studies University in October 2003. He graduated with a master's degree in Business Administration from China Europe International Business School (CEIBS) in September 2005.

Mr. ZHANG Hongwu (張宏武), aged 44, has been our non-executive Director since March 15, 2018. Since February 2009, he has served as an assistant to the president of Hong Yang Group Company and the general manager of its finance management center. His main responsibilities with these positions included the company's finances and tax. Mr. Zhang has over 10 years of experience in the PRC real estate industry. Mr. Zhang was the financial president of Suzhou Shengshi Real Estate Investment Group Company Limited (蘇州盛世地產投資集團有限公司) from May 2007 to February 2009, during which his chief responsibilities included the company's overall finance management and finance matters.

Mr. Zhang received a master's degree in Business Management from Nanjing University of Finance and Economics in March 2013. Mr. Zhang is a qualified accountant.

Independent Non-executive Directors

Mr. LEE Kwok Tung Louis (李國棟), aged 50, has been our independent non-executive Director since [●]. He is responsible for supervising and providing independent judgment to our Board.

Mr. Lee has possessed extensive experience with unlisted groups, listed groups and professional firms in finance, accounting and auditing since 1993. Prior to joining our Group, Mr. Lee worked at Deloitte Touche Tohmatsu ("**Deloitte**"), an international firm, from 1993 to 1999 and he was a senior accountant at the time of departure. From October 1999 to May 2003, Mr. Lee worked at Bright and Shine Corporate Finance Limited and he was a director at the time of departure. From 2003 to June 2008, Mr. Lee worked at Deloitte and he was a senior manager at the time of departure.

From July 2008 to June 2010, Mr. Lee served as the chief financial officer of Meadville Enterprise (HK) Limited, and he was a vice president at the time of departure.

Since September 2010, Mr. Lee has served as the vice president and financial controller of Lung Ming Mining Company Limited. In addition, Mr. Lee currently holds or had held directorships in a number of listed companies, including those set out below:

Name of entity	Principal Business	Place of listing and stock code	Position and duration of service
CGN Mining Company Limited (中廣核礦業有限公司)	Investment holding company principally engaged in the trading of natural uranium	Main Board of the Stock Exchange (stock code: 1164)	Independent non-executive director from August 2014 to present
Worldgate Global Logistics Limited (盛良物流有限公司)	Integrated logistics solution provider principally engaged in the provision of international freight services	Growth Enterprise Market of the Stock Exchange (stock code: 8292)	Independent non-executive director from June 2016 to present
Windmill Group Limited (海鑫集團有限公司)	Installation, maintenance, repairs and inspection of various fire services	Growth Enterprise Market of the Stock Exchange (stock code: 8409)	Independent non-executive director from March 2017 to present
China Singyes New Mterials Holdings Limited (中國興業鑫材料控股有限公司)	Supplier of ITO (Indium Tin Oxide) coating-Precision wet coating smart film	Growth Enterprise Market of the Stock Exchange (stock code: 8073)	Independent non-executive director from June 2017 to present
Zhong Ao Home Group (中奧到家集團有限公司)	Independent property management	Main Board of the Stock Exchange (stock code: 1538)	Independent non-executive director from November 2015 to July 2017
Winto Group (Holdings) Limited	Outdoor advertising and print media	Growth Enterprise Market of the Stock Exchange (stock code: 8238)	Independent non-executive director from January 2015 to May 2016

Mr. Lee expects that the time to be spent on his above roles will occupy approximately 20% of his working time. As such, he will have sufficient time to regularly attend the Board meetings and serve as the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Board. He will be able to fulfill his responsibilities and functions as an independent non-executive Director.

Mr. Lee was awarded the bachelor's degree in Economics from Macquarie University, Australia in April 1993. Mr. Lee has been a member of CPA Australia since June 1996 and a member of The Hong Kong Institute of Certified Public Accountants since October 1999.

Mr. LEUNG Yau Wan John (梁又穩), aged 58, has been our independent non-executive Director since [●]. He is responsible for supervising and providing independent judgment to our Board. Since January 2014, Mr. Leung has served as an executive director of Easternflair, where he is responsible for managing project developments and project finance. Mr. Leung has over 10 years of experience in the PRC real estate industry. Before joining our Group, Mr. Leung served as the chief financial officer of a number of listed real estate and commercial property development companies, including China Aoyuan Property Group Company Limited (Stock Exchange stock code: 3883) from May 2012 to October 2013; SPG Land (Holdings) Limited (currently known as Greenland Hong Kong Holdings Limited) (Stock Exchange stock code: 0337); South China Land Limited (currently known as South China Assets Holdings Limited) (Stock Exchange stock code: 8155) from May 2010 to February 2012; and K. Wah Group (Stock Exchange stock code: 0173). Previously, Mr. Leung had also served as the company secretary of China Aoyuan Property Group Company Limited and the company secretary and authorized representative of South China Assets Holdings Limited.

In addition, Mr. Leung was the chief executive officer of SMI Corporation Limited, a multi-media company, from November 2005 to February 2006; the financial controller and deputy general manager of Beijing Oriental Plaza Co., Ltd., a commercial property development company, from July 2003 to May 2005; and the deputy general manager of the finance department of GD Holdings, an investment holding company, as well as the director and chief financial officer of Guangdong Assets Management Ltd. from July 2000 to May 2003. From July 2002 to May 2003, Mr. Leung was also the director and chief financial officer of Guangdong Alliance Ltd.

Mr. Leung received a master's degree in Business Administration from the University of East Asia (currently known as the University of Macau) in October, 1988. In November 1995, Mr. Leung became a member of the Australian Society of Certified Practicing Accountants, and registered as a member with The Hong Kong Institute of Certified Public Accountants in February 1996. Additionally, he is a senior member of the Association of Taxation and Management Accountants, a senior member of the International Financial Management Association, a founding member of the Hong Kong Business Accountants Association and a founding associate member of The Hong Kong Independent Non-Executive Director Association.

Mr. AUYEUNG Po Fung (歐陽寶豐), aged 50, has been our independent non-executive Director since [●]. He is responsible for supervising and providing independent judgment to our Board.

Mr. Auyeung has extensive experience in the PRC real estate industry. He holds or had held senior management positions in a number of listed real estate companies, including those set out below:

Name of entity	Principal Business	Place of listing and stock code	Position and duration of service
GR Properties (國銳地產) . . .	Property management, property development and investment	Main Board of the Stock Exchange (stock code: 108)	Independent director, chairman of the remuneration committee and member of the audit committee and nomination committee since July 2017
Sansheng Holdings (Group) Company Limited (三盛控股(集團))	Property development and investment	Main Board of the Stock Exchange (stock code: 2183)	Vice president of Fujian Sansheng Real Estate Development Co., Ltd. (福建三盛房地產開發有限公司) and the chief financial officer and secretary of the board of Li Fu Real Estate Development Co., Ltd. (利福地產開發有限公司) since August 2017
South China Assets Holdings Limited (南華資產控股) . . .	Commercial property development	Main Board of the Stock Exchange (stock code: 8155)	Chief financial officer from July 2016 to August 2017
Fosun Property (復興地產控股集團)	Global real estate investment and management	Main Board of the Stock Exchange (stock code: 656)	Vice president and chief financial officer from February 2014 to September 2014
Sun Hung Kai Properties (新鴻基地產發展有限公司) . . .	Development of properties for sale and investment	Main Board of the Stock Exchange (stock code: 16)	Chief financial officer from October 2011 to December 2013
Powerlong Group (龍寶地產控股有限公司)	Real estate, commerce, hotel and tourism, culture and arts, and industry and information	Main Board of the Stock Exchange (stock code: 1238)	Vice president and chief financial officer from November 2007 to October 2011
Landsea Green Properties Company Limited (南京朗詩置業股份有限公司)	Green residential property development	Main Board of the Stock Exchange (stock code: 106)	Chief financial officer and company secretary from March 2005 to October 2005

In addition, Mr. Auyeung served as the chief financial officer of Fu Wah International Group Co., Ltd., a commercial property development and management company, from December 1996 to May 1998, during which he was in charge of managing the company's assets.

Mr. Auyeung also has extensive experience serving in other industries. Mr. Auyeung was an auditing assistant manager at Arthur Anderson from July 1990 to December 1996, during which he was responsible for matters related to audit and investigation. Mr. Auyeung had also held senior management positions in a number of listed companies, including those set out below:

Name of entity	Principal Business	Place of listing and stock code	Position and duration of service
China LNG Group Limited (中國天然氣集團)	Investment in and trading of assets and engaged in the development of new energy businesses	Main Board of the Stock Exchange (stock code: 931)	Independent director, chairman of the remuneration committee and member of the audit committee and nomination committee since July 2016
South China Holdings Company Limited (南華集團)	Trading and manufacturing, property investment and development, agriculture and forestry	Main Board of the Stock Exchange (stock code: 413)	Chief financial officer from July 2016 to August 2017
South China Financial Holdings Limited (南華金融集團)	All-rounded and comprehensive financial services	Main Board of the Stock Exchange (stock code: 619)	Chief financial officer from July 2016 to August 2017
Hong Kong Exchanges and Clearing Limited (香港交易及結算所)	Stock and futures operations	Main Board of the Stock Exchange (stock code: 388)	Senior manager from January 2001 to January 2005

Mr. Auyeung expects that the time to be spent on his abovementioned existing roles other than that as an independent non-executive Director will occupy approximately 20% of his working time. As such, he will have sufficient time to regularly attend the Board meetings and serve as a member of the audit committee, remuneration committee and nomination committee. He will be able to fulfill his responsibilities and functions as an independent non-executive Director.

Mr. Auyeung received a bachelor of Arts degree in Business Studies from The Hong Kong Polytechnic University in November 1990. Mr. Auyeung is a member of the Institute of Chartered Accountants in England and Wales and a Chartered Financial Analyst charterholder. Additionally, he is a senior member of The Association of Chartered Certified Accountant and a senior member of the Hong Kong Institute of Certified Public Accountants.

Mr. Auyeung was a director of Uniford Asia Limited, a company incorporated in Hong Kong and dissolved by striking off pursuant to section 291 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong which was in effect before March 3, 2014) as the company ceased operations on May 18, 2001. Mr. Auyeung confirms that such company had been inactive and was solvent at the time of dissolution. Mr. Auyeung further confirms that there is no fraudulent act or misfeasance on his part leading to the striking off of such company and he is not aware any actual or potential claim has been or will be made against him as a result of the striking off of such company.

Save as disclosed above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of this document.

Please refer to the section headed "Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders" in Appendix V to this document for details of our Directors' respective interests or short positions (if any) in our Shares, particulars of our Directors' service agreements.

Save as disclosed in this document, each of our Directors has confirmed that there are no other matters relating to his appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The following table sets forth certain information concerning our senior management personnel.

Name	Age	Time of joining our Group	Position in our Company	Key role	Relationship with other Directors or senior management
HE Jie (何捷)	50	December 1999	Executive Director and president	Responsible for assisting the planning of corporate strategy of our Group	None
LIU Zhong (劉中)	55	March, 2016	Vice chief executive officer	Responsible for formulating the company's overall strategies and implementing projects	None
GE Chunhua (葛春華) ...	52	January, 2004	Vice chief executive officer	Responsible for formulating the company's overall strategies and implementing projects	None
JIA Jie (賈杰)	34	July, 2017	Chief financial officer	Responsible for our Group's finance, budget and tax	None

Mr. HE Jie (何捷) is our executive Director and president. Please refer to the subsection headed "— Board of Directors" for details of his biography.

Mr. LIU Zhong (劉中), aged 55, has been our vice president since March 15, 2018. He also served as the vice president of Hong Yang Group Company's real estate division and the general manager of the operations division, where he assisted the president in daily operations between February 2016 and March 2018. Mr. Liu has extensive experience in the PRC real estate industry. Mr. Liu served in China Vanke Co., Ltd. (Stock Exchange stock code: 2202), a real estate company, as the vice president of the company's Chengdu and Jiangxi division, and the assistant to the general manager of the Qingdao division. In addition Mr. Liu had previously served as the regional general manager of Verdure International Holding Company Limited (翠屏國際控股有限公司), a real estate company, and the assistant to the president of Zhongnan City Construction Investment Co., Ltd. (中南城市建設投資有限公司), a real estate company.

Mr. Liu received a three-year college degree in Industrial and Civil Architecture from Nanjing Construction Staff and Workers University in July 1989.

Mr. GE Chunhua (葛春華), aged 52, has been our vice president since March 15, 2018. Additionally, Mr. Ge is the director of Nanjing Lv Hong Real Estate; the general manager of Nanjing Redsun, Nanjing Hong Yang Real Estate, Nanjing Guo Gang Properties and Ju Rong Zi Jin Real Estate; and the director and general manager of Nanjing Ping Hong Real Estate.

Mr. Ge has about 17 years of experience in the PRC real estate industry. Mr. Ge joined Hong Yang Group Company in January 2004, and successively served as the assistant of the general manager, vice general manager and general manager of Nanjing Redsun from January 2004 to December 2014, where he was responsible for formulating and supervising the company's overall strategies, daily operations management, and meeting the company's annual business objectives. He then served as the general manager of the properties development division of Hong Yang Group Company from January 2015 to March 2018, where his responsibilities remained the same. Mr. Ge served as the manager of Nanjing Redsun Business World from October 2001 to January 2004.

Mr. Ge obtained a degree from Chemical Industry Department Huainan Chemical Construction Installation School (化學工業部淮南化工建築安裝學校) in December 1992. He later obtained an advanced training course certificate in Engineering Management from Nanjing University in December 2008. Mr. Ge has been pursuing an executive master's degree in Business Administration in Nanjing University since November 2016. Mr. Ge is a National People's Congress deputy of Pukou district, Nanjing City.

Mr. JIA Jie (賈杰), aged 34, has been our chief financial officer since March 15, 2018, and was the vice general manager of Hong Yang Group Company's finance management department of its property development division from July 2017 to March 2018. Previously, Mr. Jia worked as the consultant of KPMG China from February 2008 to April 2010. From April 2010 to September 2012, Mr. Jia was the vice finance manager and finance manager of Taiyuan Wan Da Plaza Co., Ltd. (太原萬達廣場有限公司), a commercial property investment company, where he was responsible for the company's tax, audit, internal control, and assisting the general manager in completing financing tasks. He then served as the finance manager of Ningbo Longfor Real Estate Co., Ltd., a real estate development company, from September 2012 to February 2014, where he was responsible for the company's performance-planning management, internal control, and project finance management. From March 2014 to July 2017, Mr. Jia was the budget analysis officer of Xinyuan (China) Real Estate Co., Ltd., a company that engages in real estate development and property management, where he was primarily responsible for the company's performance planning and management, investment budget and evaluation, management of investor relationships and reporting to the directors.

Mr. Jia obtained a bachelor's degree in Economics from Dongbei University of Finance and Economics in June 2005. He then acquired a professional master's degree in Public Finance from the same university in December 2007. Since September 2015, Mr. Jia has been pursuing a Master of Business Administration degree from Guanghua School of Management, Peking University. Mr. Jia acquired an intermediate accountant license from the Bureau of Human Resources and Social Security of Dalian in May 2008. Mr. Jia became a registered member of The Chinese Institute of Certified Public Accountants in December 2009.

COMPANY SECRETARY

Ms. Ko Nga Kit (高雅潔) was appointed on March 15, 2018 as the company secretary of our Company. Ms. Ko currently serves as vice president of SW Corporate Services Group Limited, a professional services provider specializing in corporate services. She has over 25 years of experience in corporate services field.

Ms. Ko obtained a bachelor's degree in Laws from the University of London, and a postgraduate diploma in Corporate Compliance from the University of Hong Kong School of Professional and Continuing Education. Ms. Ko is a fellow member of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

AUDIT COMMITTEE

We have established an audit committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of five members, namely Mr. Leung Yau Wan John, Mr. Zhang Hongwu, Mr. Jiang Daqiang, Mr. Lee Kwok Tung Louis and Mr. Auyeung Po Fung. The chairman of the audit committee is Mr. Leung Yau Wan John.

REMUNERATION COMMITTEE

We have established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to establish, review and make recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each [executive Director and senior management] and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

The remuneration committee consists of five members, namely Lee Kwok Tung Louis, Mr. Zhang Liang, Mr. He Jie, Mr. Leung Yau Wan John and Mr. Auyeung Po Fung. The chairman of the remuneration committee is Mr. Lee Kwok Tung Louis.

NOMINATION COMMITTEE

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes, identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of five members, namely Mr. Zeng Huansha, Mr. Zhang Hongwu, Mr. Leung Yauwan, Mr. Lee Kwok Tung Louis and Mr. Auyeung Po Fung. The chairman of the nomination committee is Mr. Zeng Huansha.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans.

The remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Directors in aggregate for the three years ended December 31, 2015, 2016 and 2017 were approximately RMB3,404,000, RMB3,078,000 and RMB4,144,000, respectively.

The remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Group's five highest paid individuals in aggregate for the three years ended December 31, 2015, 2016 and 2017 were approximately RMB3,008,000, RMB3,685,000, and RMB4,081,000, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

None of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

Pursuant to the existing arrangements as of the date of this document, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2018 is estimated to be approximately RMB15,000,000 in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the **[REDACTED]**, receive recommendation from our remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Save as disclosed in this document, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period.

For additional information on our Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to "II. Notes to the Historical Financial Information — 8." in the accountants' report set out in Appendix I to this document.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Management presence

We have applied to the Stock Exchange for, [and the Stock Exchange has agreed to grant,] a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please refer to the section headed "Waivers from Strict Compliance with the Listing Rules — Management Presence in Hong Kong" in this document.]

COMPLIANCE ADVISER

Our Company has appointed ABCI Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules.

The material terms of the compliance adviser's agreement entered into between our Company and the compliance adviser are as follows:

(1) the compliance adviser shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;

(2) our Company may terminate the appointment of the compliance adviser by giving a 30 days' prior written notice to the compliance adviser. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance adviser will have the right to terminate its appointment as compliance adviser under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and

(3) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

    (a) before the publication of any regulatory announcement, circular or financial report;

    (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

    (c) where we propose to use the **[REDACTED]** of **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this document; and

    (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the **[REDACTED]** and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

So far as our Directors are aware, immediately following the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme), the following persons will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held as of the Latest Practicable Date		Shares held immediately following the [REDACTED] and completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		Shares held immediately following the [REDACTED] and completion of the [REDACTED] (assuming the [REDACTED] is exercised in full)	
Name of Shareholder	**Nature of interest**	**Number**	**Approximate percentage**	**Number**	**Approximate percentage**	**Number**	**Approximate percentage**
Redsun Properties Group (Holdings)	Beneficial owner	100	100%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**%
Hong Yang Group Company *(Note 1)*	Interest in controlled corporation	100	100%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**%
Hong Yang International *(Note 1)*	Interest in controlled corporation	100	100%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**%
Hong Yang Group (Holdings) *(Note 1)*	Interest in controlled corporation	100	100%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**%
Mr. Zeng *(Note 1)*	Interest in controlled corporation	100	100%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**%
Ms. Chen Sihong *(Note 2)*	Interest of spouse	100	100%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**%

Notes:

(1) Redsun Properties Group (Holdings) is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) (a company wholly owned by Mr. Zeng) and Mr. Zeng, respectively. Accordingly, each of Hong Yang Group Company, Hong Yang International, Hong Yang Group (Holdings) and Mr. Zeng is deemed to be interested in the Shares held by Redsun Properties Group (Holdings) by virtue of the SFO.

(2) Ms.Chen Sihong is the spouse of Mr. Zeng and is therefore deemed to be interested in the Shares in which Mr. Zeng is interested by virtue of the SFO.

Save as disclosed above and in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders" in Appendix V to this document, our Directors are not aware of any person who will, immediately following the **[REDACTED]** and completion of the **[REDACTED]** and assuming that the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme are not exercised, have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the **[REDACTED]** and completion of the **[REDACTED]**:

Authorized Share Capital	**Aggregate par value**
38,000,000 Shares of HK$0.01 each	HK$380,000

Issued and to be issued, fully paid or credited as fully paid:	**HK$**
100 Shares in issue as of the date of this document	1
[REDACTED] Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**
[REDACTED] Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**
[REDACTED] Total	**[REDACTED]**

ASSUMPTION

The above table assumes that the **[REDACTED]** has become unconditional. It takes no account of any Shares (a) which may be issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme; or (b) which may be allotted and repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

RANKING

The Shares are ordinary Shares in the share capital of our Company and rank pari passu in all respects with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid after the date of this document (save for entitlements to the **[REDACTED]**).

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of Shares, namely ordinary Shares, each of which ranks pari passu with the other Shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, our Company may from time to time by Shareholders' ordinary resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by Shareholders' special resolution. For more details, please see the section headed ["Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (iii) Alteration of capital"] in Appendix IV to this document.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares" in Appendix IV to this document.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted general unconditional mandates to issue and repurchase our Shares. For further details of these general mandates, please see "Statutory and General Information — A. Further Information About Our Group — 3. Resolutions in writing of our sole Shareholder passed on [●]" in Appendix V.

SHARE OPTION SCHEMES

Our Company has adopted the Pre-**[REDACTED]** Share Option Scheme and has conditionally adopted the Post-**[REDACTED]** Share Option Scheme. The principal terms of the Share Option Schemes are summarized in "Statutory and General Information — D. Other Information — 1. Pre-**[REDACTED]** Share Option Scheme" and "Statutory and General Information — D. Other Information — 2. Post-**[REDACTED]** Share Option Scheme" in Appendix V.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our combined financial information as of and for the years ended December 31, 2015, 2016 and 2017, together with the notes thereto, as set forth in Appendix I to this document. Our combined financial information has been prepared in accordance with IFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for the future. The following discussion and analysis contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the sections entitled "Risk Factors" and "Business".

OVERVIEW

We are a leading comprehensive property developer in Jiangsu Province, China, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. We have established a steady regional leading position in Jiangsu Province by taking root in Nanjing, Jiangsu and Yangtze River Delta. Since the incorporation of Nanjing Red Sun in 1999, we have worked in the sector of property development and sales for nearly 20 years, established the *Hong Yang* brand and received widespread recognition for our development capacity and industry position.

We focus our business activities across the Yangtze River Delta region, one of the most economically prosperous and vibrant regions in China. Our business operations consist of three principal segments: (i) property development and sales, (ii) commercial property investment and operations and (iii) hotel operations. During the Track Record Period and as of December 31, 2017, we had developed a diverse portfolio of 25 completed projects, 40 project under development and 21 projects held for future development. For the years ended December 31, 2015, 2016 and 2017, revenue generated from property development and sales contributed to a significant portion of our total revenue, amounting to RMB5,124.2 million, RMB8,549.0 million and RMB5,938.4 million, respectively representing 95.3%, 97.4% and 96.7% of our total revenue for the same periods, respectively.

In line with our business strategy, we own and operate a substantial portion of the commercial properties we developed. These commercial properties mainly include our Nanjing Hong Yang Plaza and certain other retail spaces accompanying our residential properties. We hold these commercial properties for long-term investment and capital appreciation purposes and lease them to generate rental income. In addition, we charge certain tenants with site use fees and advertising space use fees. For the years ended December 31, 2015, 2016 and 2017, revenue generated from commercial property investment and operations amounted to RMB226.7 million, RMB193.1 million and RMB166.4 million, respectively.

We also operate Hong Yang Hotel in Nanjing, Jiangsu Province and Lakefort Hotel in Wuxi, Jiangsu Province. For the years ended December 31, 2015, 2016 and 2017, revenue generated from our hotel operations amounted to RMB25.9 million, RMB33.4 million and RMB34.9 million, respectively.

BASIS OF PRESENTATION

Pursuant to the Reorganization as disclosed in "History, Reorganization and Group Structure — The Reorganization", the Company became the holding company of the companies now comprising the Group on February 27, 2018. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganization. Accordingly, the historical financial information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period.

The combined statements of comprehensive income, statements of changes in equity and statements of cash flows of our Group for the years ended December 31, 2015, 2016 and 2017 include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The combined statements of financial position of our Group as of December 31, 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group transactions and balances have been eliminated on combination in full.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our business, results of operations, financial condition and prospects are affected by a number of factors, many of which are beyond our control, including those set forth below. The following should be read in conjunction with the section headed "Risk Factors" in this document.

Economic growth, urbanization and demand for real estate properties in China, particularly in Nanjing, Suzhou and other major cities in Yangtze River Delta Region

Economic growth, urbanization and increasing purchasing power have been the main driving forces behind the increasing market demand for real estate properties in China. These factors are in turn affected by a number of macroeconomic factors, including changes in the global economy and world markets, as well as the fiscal and monetary policies of the PRC government. The paces of economic growth, urbanization and increasing purchasing power in China are expected to continue to significantly affect the number of potential property buyers and the pricing and profitability of residential properties, and, in turn, our performance and results of operations. Because we focus primarily on developing properties in Nanjing, Suzhou and other major cities in Yangtze River Delta Region, developments in markets in Nanjing, Suzhou and other major cities in Yangtze River Delta Region and other future target cities are especially important to its operations. If there is a downturn in the global economy, the PRC economy or in any of the property markets in which we have operations, or a decrease in the pace of urbanization, our financial condition and results of operations may be materially and adversely affected. See "Risk Factors — Risks Relating to Our Business — Our business and prospects are dependent on the economic conditions in the PRC and the performance of the PRC property market, and in particular on the performance of the markets in Nanjing and various major cities in the Yangtze River Delta, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities in this region, could have a material adverse effect on our business, financial condition, and results of operations."

The regulatory environment and measures affecting the property industry in China

PRC governmental policies and measures regarding property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among other things, the supply of land, pre-sales of properties, land usage, plot ratios, bank financing and taxation. In recent years, in response to rising property prices across the country, the PRC government has implemented a series of measures aimed at controlling prices in the real estate market. Various administrative bodies have introduced policies and measures to discourage speculation and impose more stringent requirements on property developers. These measures require, among other things, higher minimum down payments from purchasers, new restrictions on the purchase of properties, that a minimum portion of investment in property projects be devoted to affordable and commodity housing and increases in bank lending rates for mortgage financing. A substantial portion of our customers make down payments and rely on mortgage financing to purchase our properties. Accordingly, regulations or measures adopted by the PRC government that are intended to increase down payment requirements, restrict the ability of purchasers to obtain mortgages, limit their ability to resell their properties or increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our results of operations. Measures taken by the PRC government to control the money supply, credit availability and fixed asset investment also have a direct impact on our business and results of operations. Furthermore, the PRC government may introduce initiatives which may affect our access to capital and the means by which we can finance its property development. See "Risk Factors — Risks Relating to Our Industry — Our operations are subject to extensive government policies and regulations and we are particularly susceptible to adverse changes in policies relating to the PRC property industry in regions in which we operate."

Land acquisition and construction costs

Our success and continuing growth will largely depend on its ability to acquire quality land at prices that can generate reasonable returns. As the Chinese economy continues to grow rapidly and demand for residential properties remains strong, competition among property developers for land is likely to continue to intensify. In recent years, land premiums have increased notably in major cities in China and in the cities in which we operate, in particular. Construction costs have also increased in recent years mainly due to increases in labor costs and costs of raw materials. Historically, we mainly acquired state-owned land use rights through public tender, auction and listing-for-sale, cooperating with third-party business partners and acquisition of equity interests in other companies or property interests held by other companies. However, there can be no assurance that we will be able to continue to source land with favorable prices given the increasing competition for land for development. If our land acquisition costs significantly increase, we may incur substantial additional financing costs. If we cannot sell our properties at increased prices sufficient to offset increases in costs, our profitability will be adversely affected.

Access to capital and cost of financing

Bank loans and borrowings from financial institutions and trust financing are important funding sources for our property development. As of December 31, 2015, 2016 and 2017, the amount of our outstanding current and non-current bank loans was RMB3,765.8 million, RMB6,945.0 million and RMB8,034.6 million, respectively. Our access to capital and cost of financing will be affected by the prevailing interest rates on bank loans, which are linked to the PBOC benchmark lending rates, the restrictions imposed by the PRC government on bank lending for property development, and the general conditions of the domestic and global capital markets.

As of December 31, 2015, 2016 and 2017, our outstanding amount of other borrowings (including loans and trust and other financings) was RMB1,897.9 million, RMB745.8 million and RMB3,594.9 million, respectively. Compared with bank loans, trust financing offers greater flexibility in terms of availability, but financing costs under trust financing arrangements are generally higher than those under bank loans. If we are unable to enter into such trust financing arrangements on favorable terms in the future, or at all, our results of operations and financial condition may be materially and adversely affected.

Our total interest cost (including capitalized interest expenses) on bank loans and other borrowings amounted to RMB782.9 million, RMB632.2 million and RMB830.9 million for the years ended December 31, 2015, 2016 and 2017, respectively. For the same years, our effective interest rate was 8.38%, 7.72% and 7.52%, respectively. Any potential increase in interest rates may result in additional interest costs for us, especially in newly raised loans.

Timing of property development

The development of property projects requires significant time. It may take several months, years, or even longer, after the start of development before pre-sales of properties in that development are commenced. We do not recognize revenue until properties have been sold, completed and delivered to its customers. Due to fluctuations in market demand, the revenue that we recognize in a particular period may also be affected by market conditions at the time a particular property project is pre-sold or sold. Moreover, delays in construction, regulatory approval or other processes may adversely affect the completion timetable of our projects and, therefore, our recognition of revenue from our projects.

Pre-sales of properties

Pre-sales of properties constitute one of the most important sources of our operating cash flows during our project development process. PRC law allows us to pre-sell properties prior to their completion upon satisfaction of certain pre-conditions but requires that we use the pre-sales proceeds to finance the particular project that has been presold. See "Business — Property Development and Sales Process — Marketing and Sales". The amount and timing of cash inflows from pre-sales are affected by a number of factors, including the development schedules of our projects, restrictions on pre-sales imposed by the PRC government, the availability and affordability of mortgage financing for our purchasers, market demand for our properties and the number of our properties available for pre-sale. In addition, any reduction in cash flows from the pre-sales of our properties will likely increase our reliance on external financing, which may increase our costs and may impact our ability to finance our continuing property development.

Fair value of our investment properties

Changes in the fair value of our investment properties have had, and are expected to continue to have, a substantial effect on our results of operations. Investment properties are initially measured at their fair values based on valuations performed by our independent property valuer, and subsequent gains or losses arising from changes in these fair values are recorded as fair value gains or losses on investment properties. The property valuer has used methods of valuation which involve, *inter alia*, certain estimates including current market transaction prices for comparable properties, appropriate yield rates and expected current market rents. Favorable or unfavorable changes to the assumptions would result in changes in the estimated fair value of our investment properties and corresponding adjustments to the amount of gain or loss reported in the combined statements of comprehensive income. For the year ended December 31, 2015, our fair gains on investment properties was RMB614.1 million. For the years ended December 31, 2016 and 2017, our fair value losses on investment properties were RMB109.8 million and RMB287.4 million, respectively. The amounts of valuation adjustments are likely to continue to be significant as a result of market fluctuations and have a significant impact on our results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability".

LAT

Our property development is subject to LAT in respect of the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors engaged in real estate development in China and is levied on properties sold at progressive rates ranging from 30% to 60% on the appreciation of land value. We paid RMB147.1 million, RMB331.9 million and RMB349.2 million for LAT for the years ended December 31, 2015, 2016 and 2017, respectively. The fluctuation in the amount of LAT paid during these periods was mainly due to the delivery timetables of our projects and differences in the sales prices of the properties in its various developments. We make provisions for LAT based on our recognized sales and in accordance with our estimates of the LAT rate which will be applicable under relevant PRC laws and regulations. For the years ended December 31, 2015, 2016 and 2017, we made LAT provisions of RMB388.2 million, RMB373.8 million and RMB 401.1 million, respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially recorded. Any such differences may impact our profits after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. For further information on PRC regulations relating to LAT, see "Regulatory Overview — Regulations on Taxation — Land Appreciation Tax".

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The relevant estimates or underlying assumptions that we have made in the past have been generally in line with our actual results during the Track Record Period.

Judgments made by our management in the application of IFRS that have significant effect on our financial statements and major sources of estimation uncertainty are discussed in Note 2 to section B of the Accountants' Report included in Appendix I to this document.

The selection of critical accounting policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our financial statements. The following critical accounting policies involve the most significant judgments and estimates used in the preparation of our combined financial statements.

Revenue recognition

Revenue is recognized in profit or loss when it is probable that the economic benefits will flow to us and the revenue and costs, if applicable, can be measured reliably on the following basis:

Sale of Properties

Revenue from the sale of properties in the ordinary course of business is recognized when all the following criteria are met:

(a) the significant risks and rewards of ownership of the properties are transferred to purchasers;

(b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria for the sale of properties are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the combined statements of financial position under current liabilities.

Rental income

Rental income is recognized on a time proportion basis over the lease terms.

Service income

Service income derived from hotel operation and the provision of property maintenance and management services is recognized when the relevant services are rendered.

Investment income

Interest income is recognized, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Revenue of the sale of other goods

Revenue of the sale of other goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value.

Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realizable, less estimated costs to be incurred in selling the properties.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with IAS 16 Property, Plant and Equipment up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

Transfer to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Estimate of fair value of investment properties

Investment properties under construction carried at fair value, were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalization rates and expected profit margin. The fair value of investment properties at December 31, 2015, 2016 and 2017 were RMB8,288.7 million, RMB8,319.9 million, and RMB8,722.9 million, respectively.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to shareholders, amounts due to related companies and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

For more details of our accounting policies and judgments, see "Appendix I — Accountants Report".

RESULTS OF OPERATIONS

The following tables set forth a summary of our combined results of operations for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

Combined statements of comprehensive income

	For the Year Ended December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	5,376,799	8,775,465	6,139,672
Cost of sales	(3,125,008)	(6,219,879)	(3,648,023)
Gross profit	**2,251,791**	**2,555,586**	**2,491,649**
Other income and gains	98,096	94,597	282,946
Selling and distribution expenses	(159,503)	(222,844)	(240,256)
Administrative expenses	(186,481)	(228,085)	(305,204)
Other expenses	(26,479)	(41,234)	(17,478)
Fair value gains/(losses) on investment properties	614,065	(109,822)	(287,414)
Finance costs	(358,084)	(354,428)	(441,537)
Share of losses of associates	(4,978)	(14,810)	(68,485)
Share of gains / (losses) of joint vetures	(10,200)	(17,106)	486,563
Profit before tax	**2,218,227**	**1,661,854**	**1,900,784**
Income tax expense	(889,573)	(730,774)	(705,301)
Profit and total comprehensive income for the year	**1,328,654**	**931,080**	**1,195,483**
Attributable to:			
Owners of the parent	1,328,654	931,080	1,220,728
Non-controlling interests	—	—	(25,245)
Profit for the year	**1,328,654**	**931,080**	**1,195,483**

DESCRIPTION OF SELECTED LINE ITEMS OF STATEMENTS OF PROFIT OR LOSS

Revenue

We derive our revenue from property development and sales, commercial property investment and operations and hotel operations. The following table sets forth our revenue by segment and the percentage of total revenue for the periods indicated.

	For the Year Ended December 31,					
	2015		2016		2017	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Revenue						
Property development and sales						
Sale of residential property	4,936,775	91.8	8,015,019	91.3	4,956,239	80.7
Sale of commercial property (including office and ancillary properties)	149,007	2.8	350,556	4.0	757,432	12.3
Parking lots	38,378	0.7	183,432	2.1	224,720	3.7
Sub-total	**5,124,160**	**95.3**	**8,549,007**	**97.4**	**5,938,391**	**96.7**
Commercial property investment and operations						
Rent and property management fees	187,280	3.5	165,697	1.9	165,670	2,7
Revenue generated from the theme park	39,447	0.7	27,373	0.3	750	0.0
Sub-total	**226,727**	**4.2**	**193,070**	**2.2**	**166,420**	**2.7**
Hotel operations	25,912	0.5	33,388	0.4	34,861	0.6
Total	**5,376,799**	**100.0**	**8,775,465**	**100.0**	**6,139,672**	**100.0**

Property development and sales

Revenue from property development and sales is recognized only after properties have been sold to purchasers and after satisfying the requirements for delivery as stipulated in the sale and purchase agreements.

Consistent with industry practice, we typically enter into sales contracts with purchasers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. See "Business — Property Development and Sales Process — Marketing and Sales". Before the criteria for the recognition of sales of properties are met, payments received from purchasers are recorded as "advances from customers" in our combined financial statements.

There is a time difference between the pre-sales of properties in projects under development and the completion of construction. Because the timing of completion of our properties varies according to the construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between pre-sales and completion and delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate a correspondingly high level of revenue if the properties pre-sold are not completed and delivered within the same period. As a result, our revenue from property development and sales may fluctuate due to factors such as the schedule of our property development and the timing of property sales.

The recognized ASP of properties sold also fluctuated from year to year depending on the selling prices for properties in cities and regions where we developed and sold property projects as well as the types of properties delivered in the relevant years. The following table sets forth our revenue recognized from sale of properties, the recognized GFA and the recognized ASP per sq.m. for the periods indicated.

	For the Year Ended December 31,								
	2015			2016			2017		
	Revenue after business tax and surcharges	Recognized GFA	Recognized ASP	Revenue after business tax and surcharges	Recognized GFA	Recognized ASP	Revenue after business tax and surcharges	Recognized GFA	Recognized ASP
	(RMB'000)	(sq.m.)	(RMB sq.m.)	(RMB'000)	(sq.m.)	(RMB sq.m.)	(RMB'000)	(sq.m.)	(RMB sq.m.)
Nanjing . . .	4,207,543	438,282	9,600	5,288,698	467,095	11,323	4,916,801	408,418	12,039
Suzhou	—	—	—	949,500	95,170	9,977	606,782	58,806	10,318
Changzhou	706,080	118,915	5,938	607,813	100,596	6,042	171,139	21,834	7,838
Wuxi	48,630	2,905	16,740	31,413	2,364	13,288	93,700	5,814	16,116
Nantong . . .	161,169	21,732	7,416	738,732	100,833	7,326	81,923	11,792	6,947
Changshu . .	738	250[(1)]	2,952	932,851	59,727	15,619	68,046	5,697	11,944
Total	**5,124,160**	**582,084**	**8,803**	**8,549,007**	**825,785**	**10,353**	**5,938,391**	**512,361**	**11,590**

Note:

(1) Consists entirely of car parks delivered in 2015.

The table below sets forth a sensitivity analysis for our recognized ASP, illustrating, for the periods indicated, their impact on our profit before taxation if our recognized ASP had been 5% higher or lower, assuming all other variables remained constant.

	For the Year Ended December 31		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Increase/(decrease) in profit before taxation			
If recognized ASP had been 5% higher	256,208	427,450	296,920
As a percentage of profit before taxation	12%	26%	16%
If recognized ASP had been 5% lower	(256,208)	(427,450)	296,920
As a percentage of profit before taxation	-12%	-26%	-16%

Commercial property investment and operations

We also generate rental income from our lease of commercial properties, office space and car parks and fee income from operation of our amusement park. Our commercial properties include Nanjing Hong Yang Plaza (including the amusement park) and certain other retail spaces accompanying our residential properties. We hold these commercial properties for capital appreciation and lease them to generate rental income or operate them to generate fee income. In addition, we charge certain tenants with site use fees and advertising space use fees.

The following table sets forth a breakdown of the revenue generated by our commercial properties by project for the periods indicated.

	For the Year Ended December 31,					
	2015		2016		2017	
	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties
	(RMB'000)	(%)	(RMB'000)		(RMB'000)	(%)
Nanjing Hong Yang Plaza						
Rent and property management fees	185,224	81.7%	163,825	84.9%	163,695	98.4%
Revenue generated from the theme park	39,447	17.4%	27,373	14.1%	750	0.4%
Subtotal	**224,671**	**99.1%**	**191,198**	**99.0%**	**164,445**	**98.8%**
Other retail spaces[(1)]	2,056	0.9%	1,872	1.0%	1,975	1.2%
Total	226,727	100.0%	193,070	100.0%	166,420	100.0%

Note:

(1) Include spaces accompanying our projects that generate rental income for us, such as Nanjing Jing Cheng retail spaces.

The fair value of completed investment properties is determined by the income capitalization method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalization rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The following table demonstrates the sensitivity of the fair value of completed investment properties during the Track Record Period to hypothetical changes in rental and capitalization rate:

Hypothetical changes in the input	Fair value of completed commercial properties					
	Year ended December 31,					
	2015		2016		2017	
	(RMB'000, except for percentages)					
Rent						
5%	8,468,000	5%	8,553,000	5%	8,237,000	5%
0%	8,072,000	0%	8,160,000	0%	7,867,000	0%
-5%	7,678,000	-5%	7,766,000	-5%	7,481,000	-5%
Capitalization rate						
5%	7,860,000	-3%	7,945,000	-3%	7,668,000	-3%
0%	8,072,000	0%	8,160,000	0%	7,867,000	0%
-5%	8,295,000	3%	8,382,000	3%	8,076,000	3%

The following table demonstrates the sensitivity of the fair value of investment properties under construction during the Track Record Period to hypothetical changes in estimation construction cost:

Hypothetical changes in the input	Fair value of commercial properties under construction					
	Year ended December 31,					
	2015[(1)]		2016		2017	
	(RMB'000, except for percentages)					
Estimated construction cost						
10%	N/A	N/A	245,300	1%	464,900	4%
0%	N/A	N/A	243,200	0%	448,100	0%
-10%	N/A	N/A	241,100	-1%	431,300	-4%

Note:

(1) The sensitivity analysis is not applicable for the year ended December 31, 2015, since there was no investment properties under development in the same year.

Hotel Operations

Our revenue from hotel operations mainly represents hotel room rent, dining fees and meeting venue booking fees generated from Nanjing Hong Yang Hotel and Wuxi Lakefort Hotel. This revenue is recognized over the period when such services are rendered.

The following table sets forth a breakdown of the revenue generated by our hotels for the periods indicated.

	For the Year Ended December 31,					
	2015		2016		2017	
	Revenue	% of total revenue from the hotel	Revenue	% of total revenue from the hotel	Revenue	% of total revenue from the hotel
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Nanjing Hong Yang Hotel	18,329	70.7%	20,200	60.5%	22,825	66.5%
Wuxi Lakefort Hotel	7,583	29.3%	13,188	39.5%	12,036	34.5%
Total	**25,912**	**100.0%**	**33,388**	**100.0%**	**34,861**	**100.0%**

Cost of Sales

For the years ended December 31, 2015, 2016 and 2017, our cost of sales was RMB3,125.0 million, RMB6,219.9 million and RMB3,648.0 million, respectively, equivalent to approximately 58.1%, 70.9% and 59.4% of our revenue for the respective periods.

The following table sets forth a breakdown of our cost of sales for the periods indicated.

	For the Year Ended December 31,					
	2015		2016		2017	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Cost of property development and sales						
Construction costs	2,253,728	72.1%	3,112,740	49.3%	2,099,210	57.5%
Land acquisition costs	595,775	19.1%	2,398,111	38.7%	1,133,361	31.1%
Capitalized interest	136,866	4.4%	573,605	9.8%	308,378	8.5%
Sub-total	**2,986,369**	**95.6%**	**6,084,456**	**97.8%**	**3,540,949**	**97.1%**
Cost of commercial property investment and operations	95,230	3.0%	92,741	1.5%	59,305	1.6%
Cost of hotel operations	43,409	1.4%	42,682	0.7%	47,769	1.3%
Total	**3,125,008**	**100.0%**	**6,219,879**	**100.0%**	**3,648,023**	**100.0%**

The following table sets forth certain other data regarding our cost of sales for the periods indicated.

	For the Year Ended December 31,		
	2015	2016	2017
Total recognized GFA (sq.m.)	582,084	825,785	512,361
Average cost per sq.m. sold (RMB)	5,130.5	7,368.1	6,911.0
Average cost as % of ASP	58.3%	71.2%	59.6%
Average land acquisition cost per sq.m. sold (RMB)	1,023.3	2,904.0	2,212.0
Average land acquisition cost as % of ASP	11.6%	28.1%	19.1%

Cost of property development and sales

Cost of property development and sales mainly includes construction costs, land acquisition costs, and capitalized interest. We recognize the cost of property sales for a given period to the extent that revenue from such properties has been recognized in such period.

Construction costs

Construction costs represent costs for the design and construction of a project, primarily consisting of payments to our contractors, including those responsible for civil engineering, construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction costs and design costs. Our construction costs are affected by a number of factors, such as changes in the price of construction materials, the location and type of properties under construction and investments in ancillary facilities.

The table below sets forth a sensitivity analysis for our construction costs illustrating, for the periods indicated, their impact on our profit before taxation if our construction costs had been 5% higher or lower, assuming all other variables remained constant.

	For the Year Ended December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Increase/(decrease) in profit before taxation			
If construction costs per sq.m. had been 5% lower	114,905	161,587	101,546
As a percentage of profit before taxation	5.18%	9.72%	5.34%
If construction costs per sq.m. had been 5% higher	(114,905)	(161,587)	(101,546)
As a percentage of profit before taxation	-5.18%	-9.72%	-5.34%

Land acquisition cost

Land acquisition costs represent costs relating to acquisition of the rights to occupy, use and develop land, and primarily include land premium paid in connection with land grants from the PRC government or land obtained by urban redevelopment, transfers, cooperative arrangements, corporate acquisitions or otherwise. Our land acquisition costs are affected by a number of factors, such as the method of acquisition, the location of the underlying property, market conditions, the project's plot ratios, the designated use of the underlying property and changes in PRC policies and regulations. We may also be required to pay demolition and resettlement costs as part of our land acquisition costs.

The table below sets forth a sensitivity analysis for our land acquisition costs, illustrating, for the periods indicated, the impact on our profit before taxation if our land acquisition costs had been 5% higher or lower, assuming all other variables were held constant.

	For the Year Ended December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Increase/(decrease) in profit before taxation			
If land acquisition costs per sq.m. had been 5% lower	30,375	124,490	54,825
As a percentage of profit before taxation	1.37%	7.49%	2.88%
If land acquisition costs per sq.m. had been 5% higher	(30,375)	(124,490)	(54,825)
As a percentage of profit before taxation	-1.37%	-7.49%	-2.88%

As land acquisition costs vary by location and as we recognize land acquisition costs only when properties satisfy the requirements for delivery, our total land acquisition costs per sq.m. vary from period to period due to differences in the composition of the total GFA delivered by each project. For example, a significant proportion of our total properties delivered in a certain period may be in locations with relatively low land acquisition costs, resulting in relatively low total land acquisition costs per sq.m. for that period, while, in another period, a significant proportion of our total GFA delivered may be in locations with relatively high land acquisition costs, resulting in relatively high total land acquisition costs per sq.m. for that period. As the location of our properties completed and delivered in future periods will vary from past periods, the above sensitivity analysis is for reference only and should not be unduly relied upon.

Our average land acquisition cost per sq.m. for the years ended December 31, 2015, 2016 and 2017 was RMB1,023.5, RMB2,904.0, and RMB2,212.0 respectively. The average land acquisition cost per square meter has been calculated by dividing the land acquisition cost for the period by the recognized GFA for the period. The average land acquisition cost in 2016 was higher than that in 2015 and 2017 because we delivered certain projects located in Suzhou, Changzhou and Jiangning District, Nanjing that have high land acquisition costs in 2016.

Capitalized Interest

We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the construction of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our combined income statements in the period in which they are incurred.

Cost of Commercial Property Investment and Operations

Our cost of commercial property investment and operations primarily includes depreciation costs, amortization, utilities and cleaning fees.

Cost of Hotel Operations

Our cost of hotel operations primarily includes staff costs, utility costs, depreciation expenses of the hotel building and amortization of decoration expenses.

Gross Profit and Gross Profit Margin

Our gross profit represents revenue less cost of sales. Our gross profit for the years ended December 31, 2015, 2016 and 2017 was RMB2,251.8 million, RMB2,555.6 million and RMB2,491.6 million, respectively. Our gross profit margin for the years ended December 31, 2015, 2016 and 2017 was 41.9%, 29.1% and 40.6%, respectively.

The following table sets forth our gross profit and gross profit margin by segment for the years indicated.

	For the Year Ended December 31,					
	2015		2016		2017	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB in millions)	(%)	(RMB in millions)	(%)	(RMB in millions)	(%)
Property development and sales	2,137.8	41.7%	2,464.6	28.8%	2,397.4	40.4%
Commercial property investment and operations	131.5	58.0%	100.3	52.0%	107.1	64.4%
Hotel operations	(17.5)	(67.5)%	(9.3)	(27.8)%	(12.9)	(37.0)%
Total	**2,251.8**	**41.9%**	**2,555.6**	**29.1%**	**2,491.6**	**40.6%**

Other Income and Gains

Our other income and gains consists of interest income, financial guarantees contracts gain, service income, government grants and others. Interest income primarily consists of interest income on bank deposits, short-term wealth management products and advances to joint ventures and associated companies. For the years ended December 31, 2015, 2016 and 2017, we received discretionary government grants of RMB1.2 million, RMB1.5 million, and RMB1.2 million, respectively, in recognition of our achievements in energy saving and environmental protection.

The following table sets forth a breakdown of our other income and gains for the periods indicated.

	For the Year Ended December 31,					
	2015		2016		2017	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Other income and gains						
Interest income	93,782	95.6%	89,789	94.9%	237,983	84.1%
Financial guarantees contracts gain	—	—	—	—	29,621	10.5%
Government grants	1,208	1.2%	1,499	1.6%	1,190	0.4%
Forfeiture of deposit	1,744	1.8%	880	0.9%	792	0.3%
Others[(1)]	1,362	1.4%	2,429	2.6%	13,360	4.7%
Total	**98,096**	**100.0%**	**94,597**	**100.0%**	**282,946**	**100.0%**

Note:

(1) "Others" include refund of personal income tax, and revenue generated from sales of decoration.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of advertising and business development expenses, labor cost and property management expenses. For the years ended December 31, 2015, 2016 and 2017, our selling and distribution expenses were RMB159.5 million, RMB222.8 million and RMB240.3 million, respectively.

The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated.

	For the Year Ended					
	2015		2016		2017	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Selling and distribution expenses						
Advertising and business development expenses	74,302	46.6%	85,663	38.4%	110,923	46.2%
Labor cost	46,735	29.3%	82,828	37.2%	65,069	27.1%
Property management expenses	16,590	10.4%	26,446	11.9%	29,135	12.1%
Commission	4,957	3.1%	8,806	4.0%	17,036	7.1%
Office expenses	4,081	2.6%	4,274	1.9%	4,552	1.9%
Depreciation	3,640	2.3%	3,508	1.6%	4,113	1.7%
Others	9,198	5.7%	11,319	5.0%	9,428	3.9%
Total	**159,503**	**100.0%**	**222,844**	**100.0%**	**240,256**	**100.0%**

Administrative Expenses

Our administrative expenses primarily consist of labor costs, depreciation and amortization, professional fee, entertainment expenses and tax. For the years ended December 31, 2015, 2016 and 2017, our administrative expenses were RMB186.5 million, RMB228.1 million and RMB305.2 million, respectively.

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	For the Year Ended December 31,					
	2015		2016		2017	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Administrative expenses						
Labor costs	91,946	49.3%	96,915	42.4%	148,876	48.8%
Depreciation and amortization	13,955	7.5%	9,549	4.2%	30,242	9.9%
Professional fee	11,432	6.1%	36,853	16.2%	29,882	9.8%
Entertainment expenses	7,541	4.0%	15,709	6.9%	24,295	8.0%
Tax	25,266	13.5%	26,887	11.8%	24,119	7.9%
Office expenses	9,086	4.9%	12,113	5.3%	12,543	4.1%
Traveling expenses	8,064	4.3%	8,614	3.8%	11,731	3.8%
Rental cost	629	0.3%	179	0.1%	2,365	0.8%
Bank charges	3,727	2.0%	3,321	1.5%	1,429	0.5%
Other cost	14,835	8.1%	17,945	7.8%	19,722	6.4%
Total	**186,481**	**100.0%**	**228,085**	**100.0%**	**305,204**	**100.0%**

Other Expenses

Our other expenses mainly comprise (i) the compensation paid to certain tenants of Hong Yang Plaza Hall B1 in connection with its renovation and upgrading work (ii) loss on disposal of plant, property and equipment and (iii) donations. For the years ended December 31, 2015, 2016 and 2017, our other expenses were RMB26.5 million, RMB41.2 million and RMB17.5 million, respectively.

Fair Value Gains/(Losses) on Investment Properties

Fair value gains on investment properties represent the excess of the current estimated value over the carrying value of the investment properties. Upward fair value adjustments are unrealized capital gains on an investment property as of the relevant reporting date. The amount of the increase in fair value attributable to an investment property depends on the prevailing property market and such increase is a non-cash gain which does not generate any cash inflow as long as we hold the relevant investment property.

The fair value gains on investment properties for the year ended December 31, 2015 was RMB614.1 million. The fair value loss on investment properties was RMB109.8 million and RMB287.4 million in 2016 and 2017, respectively.

Finance Costs

Our finance costs mainly consist of interest on bank loans and other borrowings less interest capitalized.

The following table sets forth our finance costs for the periods indicated.

	For the Year Ended December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Interest on bank loans and other borrowings	782,935	632,232	830,858
Interest on bank loans	612,947	344,235	516,157
Interest on other borrowings	169,988	287,997	314,701
Less: Interest capitalized	(424,851)	(277,804)	(389,321)
Total	**358,084**	**354,428**	**441,537**

Share of Gains/(Losses) on Joint Ventures and Associates

Our share of gains/(losses) on joint ventures and associates represents our share of profit and loss in our joint ventures and associate companies, most of which were set up with partners for joint land acquisition and collaborative property development. We generally expect not to receive gains from such joint ventures and associated companies until their respective development of property projects are completed and delivered. We had a portfolio of 35 joint ventures and associate companies during the Track Record Period and as of December 31, 2017. For the years ended December 31, 2015 and 2016, our share of loss on joint ventures and associates was RMB15.2 million and RMB31.9 million, respectively. For the year ended December 31, 2017, our share of gains on joint ventures and associates was RMB418.1 million.

Income Tax Expenses

Our income tax expenses for a given period include payments and provisions made for corporate income tax and LAT. The following table sets forth a breakdown of our income tax expenses for the periods indicated.

	For the Year Ended December 31,		
	2015	2016	2017
	(RMB'000, except for percentages)		
Current tax:			
PRC corporate income tax	254,666	506,188	465,348
PRC LAT	388,249	373,784	401,082
Deferred tax	246,658	(149,198)	(161,129)
Total tax charge for the year	**889,573**	**730,774**	**705,301**
Effective tax rate(1)	27.2%	27.0%	28.1%

Note:

(1) Calculated effective corporate income tax rate (deducting the tax effect from LAT) by using the quotient of (a) result of PRC corporate income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT eliminating share of profits of investments accounted for using the equity method.

Corporate income tax

Our PRC subsidiaries are subject to a corporate income tax at the rate of 25% according to the EIT Law. For the years ended December 31, 2015, 2016 and 2017, we paid RMB254.7 million, RMB506.2 million and

RMB465.3 million of PRC corporate income tax. For the same periods, our effective corporate income tax rate was 27.2%, 27.0% and 28.1%, respectively.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the BVI Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax. Hong Kong Profits Tax was calculated at 16.5% of the assessable profit during the Track Record Period. No provision for Hong Kong Profits Tax was made as our Group did not have any assessable profit during the Track Record Period subject to Hong Kong Profits Tax.

LAT

Under PRC laws and regulations, our property development and sales are subject to LAT in respect of the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors in real estate development in the PRC and is levied on properties for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value. Certain exemptions are available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Whether a property qualifies for the ordinary residential property exemption is determined by the local government. Historically, sales of higher-end properties and commercial properties have had higher appreciation values, and have been therefore generally subject to higher LAT rates. On December 28, 2006, the SAT issued the Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which took effect on February 1, 2007. Such notice provides further clarification regarding the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local conditions. On May 12, 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration (《土地增值稅清算管理規程》), effective on June 1, 2009, which further clarifies the specific conditions and procedures for the settlement of LAT. We make provisions for LAT by reference to our recognized sales and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations, but only prepay 2% to 3% of the pre-sales or sales proceeds after the pre-sales or sales, as the case may be, as required by the local tax authorities under prevailing market practice. During the years ended December 31, 2015, 2016 and 2017, we paid RMB147.1 million, RMB331.9 million and RMB349.2 million for LAT for those periods and made LAT provisions of RMB388.2 million, RMB373.8 million and RMB401.1 million, respectively. See "Regulatory Overview — Regulations on Taxation — Land Appreciation Tax" for more details on the PRC regulations on LAT.

Profit and Total Comprehensive Income for the Year

For the years ended December 31, 2015, 2016 and 2017, we had profit and total comprehensive income of RMB1,328.7 million, RMB931.1 million and RMB1,195.5 million, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Year ended December 31, 2017 compared to Year ended December 31, 2016

Our revenue decreased by 30.0% from RMB8,775.5 million in 2016 to RMB6,139.7 million in 2017 mainly attributable to a decrease in revenue derived from our property development and sales.

The table below sets forth a summary of revenue derived from each of our business segments:

	For the Year Ended December 31			
	2016		2017	
	RMB'000	%	RMB'000	%
Property development and sales	8,549,007	97.4%	5,938,391	96.7%
Commercial property investment and operations	193,070	2.2%	166,420	2.7%
Hotel operations	33,388	0.4%	34,861	0.6%
Total	**8,775,465**	**100.0%**	**6,139,672**	**100.0%**

Revenue derived from property development and sales decreased by 30.5% from RMB8,549.0 million in 2016 to RMB5,938.4 million in 2017, which was mainly due to a decrease in the total GFA sold, partially offset by an increase in the average selling price per GFA for property development projects. The total GFA sold decreased from 825,785 sq.m in 2016 to 512,361 sq.m in 2017, which was mainly due to an increased proportion of joint development projects in which we held non-controlling interests and the GFA sold from such projects were not counted to the GFA sold by our Group. The average selling price increased from RMB10,353 per sq.m. in 2016 to RMB11,590 per sq.m in 2017, which was mainly attributable to our sales in relation to Solaris Loving City • Section V (旭日愛上城五區) in Nanjing and Wuxi Sanwan Qing (無錫三萬頃) in Wuxi that had relatively high sales prices.

Our revenue from commercial property investment and operations decreased by 13.8% from RMB193.1 million in 2016 to RMB166.4 million in 2017 mainly due to a decreased fee income from the amusement park in Nanjing Hong Yang Plaza as a result of its upgrading work since October 2016.

Our revenue from hotel operations increased by 4.5% from RMB33.4 million in 2016 to RMB34.9 million in 2017 primarily due to increases in average room rate and occupancy rate in Nanjing Hong Yang Hotel beneficial from our enhanced marketing activities.

Cost of sales

Our cost of sales decreased significantly by 41.3% from RMB6,219.9 million in 2016 to RMB3,648.0 million in 2017 primarily due to a decrease in cost of property development and sales, which was in line with the decrease in our total GFA sold in 2017.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 2.5% from RMB2,555.6 million in 2016 to RMB2,491.6 million in 2017. Our gross profit margin increased from 29.1% in 2016 to 40.6% in 2017 mainly due to an increase in gross profit margin of property development and sales from 28.8% in 2016 to 40.4% in 2017. Such increase was mainly because certain projects with lower gross margin were delivered in 2016.

Other income and gains

Our other income and gains increased significantly from RMB94.6 million in 2016 to RMB282.9 million in 2017 mainly due to an increase in interest income as a result of our increased idle capital and more efficient wealth management.

Selling and distribution expenses

Our selling and distribution expenses increased by 7.8% from RMB222.8 million in 2016 to RMB240.3 million in 2017 mainly due to increases in advertising and business development expenses and commission, which were in line with the increase in the number of our properties being sold.

Administrative expenses

Our administrative expenses increased by 33.8% from RMB228.1 million in 2016 to RMB305.2 million in 2017 mainly due to increases in (i) labor cost, as a result of increased average salary and mid-to-senior level administrative staff, (ii) depreciation and amortization and (iii) entertainment expenses, partially offset by a decrease in professional fees.

Other expenses

Our other expenses decreased significantly from RMB41.2 million in 2016 to RMB17.5 million in 2017 primarily due to decreases in (i) the compensation paid to certain tenants of Hong Yang Plaza Hall B1 in connection with its renovation and upgrading work and (ii) loss on disposal of plant, property and equipment.

Fair value loss on investment properties

The fair value loss on our investment properties increased significantly from RMB109.8 million in 2016 to RMB287.4 million in 2017 mainly because rental income from Nanjing Hong Yang Plaza Zone A decreased as we rented it as a whole as opposed to separately for cost control and operational efficiency.

Finance costs

Our finance costs increased by 24.6% from RMB354.4 million in 2016 to RMB441.5 million in 2017 mainly due to an increase in the total amount of our loans.

Share of (losses)/gain on joint ventures and associates

Our share of losses of joint ventures and associates in 2016 was RMB31.9 million, and our share of gains of joint ventures and associates in 2017 was RMB 418.1 million mainly because certain of our jointly developed projects were delivered in 2017.

Income tax expense

Our income tax expense decreased by 3.5% from RMB730.8 million in 2016 to RMB705.3 million in 2017 mainly due to a decrease in PRC corporate income tax as a result of a decrease in our taxable income in 2017, which was partially offset by an increase in PRC LAT in 2017.

Profit and total comprehensive income for the year

As a result of the foregoing reasons, our profit and total comprehensive income for the year increased by 28.4% from RMB931.1 million in 2016 to RMB1,195.5 million in 2017.

Year ended December 31, 2016 compared to Year ended December 31, 2015

Revenue

Our revenue increased by 63.2% from RMB5,376.8 million in 2015 to RMB8,775.5 million in 2016 mainly attributable to an increase in revenue derived from property development and sales.

The table below sets forth a summary of revenue derived from each of our business segments:

	For the Year Ended December 31			
	2015		2016	
	RMB'000	%	RMB'000	%
Property development and sales	5,124,160	95.3	8,549,007	97.4
Commercial property investment and operations	226,727	4.2	193,070	2.2
Hotel operations	25,912	0.5	33,388	0.4
Total	**5,376,799**	**100.0**	**8,775,465**	**100.0**

Revenue derived from property development and sales increased by 66.8% from RMB5,124.2 million in 2015 to RMB8,549.0 million in 2016, which was mainly due to (i) an increase in the total GFA sold and (ii) an increase in the average selling prices per GFA for property development projects. The total GFA sold increased from 582,084 sq.m. in 2015 to 825,785 sq.m. in 2016, which was mainly attributable to an increase in numbers of completed and delivered projects, including Solaris City • Section II and Hong Yang Upper Yard in Nanjing, and Hong Yang Upper City • Phase II in Changzhou, Hong Yang Upper Garden and Upper Lake Garden in Suzhou and Hong Yang Upper City in Nantong in 2016. The average selling price increased from RMB8,803 per sq.m. in 2015 to RMB10,353 per sq.m. in 2016, which was mainly attributable to Solaris City • Section III, Solaris Loving City • Section V, Hong Yang Solaris Loving City • Section VI, Solaris Loving City • Colorful Wings Garden, and Hong Yang Upper Garden in Nanjing that have relatively higher sales prices in 2016.

Revenue derived from commercial property investment and operations decreased by 14.8% from RMB226.7 million in 2015 to RMB193.1 million in 2016 mainly due to (i) a decreased rental income from Nanjing Hong Yang Plaza Hall A1 caused by its renovation and upgrade in 2016 and (ii) a decreased fee income from the amusement park in Nanjing Hong Yang Plaza as a result of its upgrading work since October 2016.

Revenue derived from hotel operations increased by 28.9% from RMB25.9 million in 2015 to RMB33.4 million in 2016 primarily due to increases in (i) occupancy rates in Nanjing Hong Yang Hotel, (ii) the average rate per night in Wuxi Lakefort Hotel and (iii) revenue from dining in our hotels, all of which were brought about by our enhanced marketing activities.

Cost of sales

Our cost of sales increased significantly from RMB3,125.0 million in 2015 to RMB6,219.9 million in 2016 primarily due to an increase in our average cost per sq.m. sold of the properties developed by us from RMB5,130.5 in 2015 to RMB7,368.1 in 2016, which was in turn attributable to (i) an increase in our cost for land acquisition because of an increase in market prices for land acquisition and our entry into new markets with relatively high land prices, such as Changshu and (ii) an increase in our construction cost as we launched more high-end residential projects, such as Wuxi Sanwan Qing (無錫三萬頃) in Wuxi and Solaris Institution in Nanjing.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 13.5% from RMB2,251.8 million in 2015 to RMB2,555.6 million in 2016. Our gross profit margin decreased from 41.9% in 2015 to 29.1% in 2016 mainly due to a decrease in gross profit margin of property development and sales from 41.7% in 2015 to 28.8% in 2016. Such decrease was mainly due to certain projects with lower gross margin were delivered in 2016.

Other income and gains

Our other income and gains decreased by 3.6% from RMB98.1 million in 2015 to RMB94.6 million in 2016 mainly due to (i) a decrease in interest income, partially offset by an increase in others, which include refund of personal income tax, and revenue generated from sales of decoration.

Selling and distribution expenses

Our selling and distribution expenses increased by 39.7% from RMB159.5 million in 2015 to RMB222.8 million in 2016 mainly due to increases in labor cost and advertising and business development expenses, which were in line with the increases in the number of our sales staff and sales agents, as well as the number of our properties being sold.

Administrative expenses

Our administrative expenses increased by 22.3% from RMB186.5 million in 2015 to RMB228.1 million in 2016 mainly due (i) an increase in professional fee as we engaged in professionals for our LAT liquidations and financing activities and (ii) an increase in entertainment expenses, partially offset by a decrease in depreciation and amortization.

Other expenses

Our other expenses increased significantly from RMB26.5 million in 2015 to RMB41.2 million in 2016 primarily due to (i) the compensation paid to certain owners of Hong Yang Plaza Hall B1 in connection with its renovation and upgrading work and (ii) loss on disposal of plant, property and equipment as a result of the upgrading of the theme park.

Fair value gains on investment properties

The fair value gains on our investment properties in 2015 were mainly due to (i) the increase in average rent of commercial properties in Nanjing in 2015 and (ii) the expansion of Nanjing Hong Yang Plaza in 2015, whereas the fair value loss in 2016 on our investment properties was mainly due to the reclassification of Nanjing Hong Yang Plaza Hall B1 from completed properties to properties under development as its renovation and upgrading work began at the end of 2016.

Finance costs

Our finance costs decreased by 1% from RMB358.1 million in 2015 to RMB354.4 million in 2016 mainly due to (i) a decrease in average borrowing cost of new loans in 2016 referencing the PBOC benchmark interest rate at the end of 2015 after consecutive interest rate cuts and (ii) our refinancings of existing loans with new loans with lower interest rates in 2016.

Share of losses of joint ventures and associates

Our share of losses of joint ventures and associates increased significantly from RMB15.2 million in 2015 to RMB31.9 million in 2016 mainly due to an increase in jointly developed projects that incurred substantial development costs but had not been delivered to the customers in the same year.

Income tax expense

Our income tax expense decreased by 17.9% from RMB889.6 million in 2015 to RMB730.8 million in 2016 mainly due to decreases in PRC LAT and deferred tax, which was partially offset by an increase in PRC corporate income tax as a result of an increase in our taxable income.

Profit and total comprehensive income for the year

As a result of the foregoing reasons, our profit and total comprehensive income for the year decreased by 30% from RMB1,328.7 million in 2015 to RMB931.1 million in 2016.

CERTAIN ITEMS OF STATEMENT OF FINANCIAL POSITION

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale. Our properties under development increased from RMB9,586.3 million as of December 31, 2015 to RMB10,260.8 million as of December 31, 2016 and further increased to RMB16,957.9 million as of December 31, 2017 primarily due to the expansion of our property development activities over the same periods.

Completed Properties Held for Sale

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable selling expenses, or by management estimates of the estimated selling prices based on prevailing market conditions. As of December 31, 2015, 2016 and 2017, we had completed properties held for sale of RMB1,853.2 million, RMB1,845.0 million and RMB1,842.5 million, respectively.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Savills, an independent property valuer of us, valued our investment properties at RMB8,288.7 million, RMB8,319.9 million and RMB8,722.9 million as of December 31, 2015, 2016 and 2017 respectively.

The increases in the fair value of our investment properties were mainly due to (i) the continuing addition and expansion of our investment properties such as Changzhou Hong Yang Plaza and (ii) the renovation and upgrade of our Nanjing Hong Yang Plaza.

Trade and Bills Receivables

Trade and bills receivables mainly represent the outstanding purchase amounts due from purchasers of our properties and car parks, as well as outstanding invoice amounts due from our rental customers.

Our trade and bills receivables decreased significantly from RMB5.1 million as of December 31, 2015 to RMB2.9 million as of December 31, 2016 mainly because we collected receivables in connection with our rents. Our trade and bills receivables decreased to RMB1.5 million as of December 31, 2017 because we collected most receivables in connection with installment payments of car parks.

Based on our past experience, no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. During the Track Record Period, our trade receivables only accounted for an insignificant portion of our total revenue in each reporting period. In addition, considering the nature of our business and past experience, we only encountered a very limited number of incidents of default by our purchasers. As such, we believe that we are not exposed to significant credit risk of trade receivables. As of February 28, 2018, we had collected RMB0.64 million, representing 42.3% of the outstanding balance of trade and bills receivables as of December 31, 2017.

Our trade and bills receivables turnover days were 0.4 day, 0.2 day, and 0.1 day in 2015, 2016 and 2017, respectively. Our trade and bills receivables turnover days are calculated by dividing the average of trade and bills receivables at the beginning and the end of the year or period by revenue and multiply the resulting value by 365 days for the years ended December 31, 2015, 2016 and 2017.

The table below sets forth an aging analysis of our net trade receivables as of the dates indicated.

	As of December 31,		
	2015	**2016**	**2017**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Less than one year	4,335	2,889	1,514
one year and above	737	—	—
Total	**5,072**	**2,889**	**1,514**

Prepayments, deposits and other receivables

The following table sets forth our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2015	**2016**	**2017**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Loans to counterparties for acquisition of land use right	138,300	272,868	1,011,041
Prepayments for acquisition of land use rights	334,980	—	519,232
Other tax recoverable	416,208	397,659	366,634
Due from non-controlling shareholders	—	150,000	298,018
Other deposits	63,495	109,064	163,106
Prepayments for construction cost	43,546	41,610	110,887
Other receivables	43,991	48,077	67,632
Due from third parties	186,196	67,421	67,421
Deposits for land use right	—	149,112	11,471
Interest receivables	10,287	1,771	11,259
Impairment	(79,852)	(79,852)	(79,852)
Total	**1,157,151**	**1,157,730**	**2,546,849**

Our prepayments, deposits and other receivables amounted to RMB1,157.2 million, RMB1,157.7 million and RMB2,546.8 million as of December 31, 2015, 2016 and 2017, respectively.

Our loans to counterparties for acquisition of land use right was RMB138.3 million, RMB272.9 million and RMB1,011.0 million as of December 31, 2015, 2016 and 2017, respectively. The significant increases in our loans to counterparties for acquisition of land use right were due to our increasing joint land acquisitions such as Glory Residence in Chuzhou, Wuxi Land Lot XDG-2012-54 in Wuxi, and Oriental Cloud Garden in Nantong.

Our prepayments for acquisition of land use rights decreased from RMB335.0 million as of December 31, 2015 to nil as of December 31, 2016, primarily due to the reclassification of the balance as of December 31, 2015 to properties under development as we obtained the land use right certificates for, and commenced development of, certain new projects in 2016. Our prepayments for acquisition of land use rights increased to RMB519.2 million as of December 31, 2017 as a result of the increase in acquisition of land use rights.

Our other tax recoverable includes business tax and VAT recoverable. Our other tax recoverable decreased from RMB416.2 million as of December 31, 2015 to RMB397.7 million as of December 31, 2016, and further decreased to RMB366.6 million as of December 31, 2017 due to the decrease in the tax rate as a result of changing business tax to VAT.

Our prepayments for construction cost decreased slightly from RMB43.5 million as of December 31, 2015 to RMB41.6 million as of December 31, 2016, and increased to RMB110.9 million as of December 31, 2017 primarily due to an increase in our property development projects.

Our deposits for land use right was nil, RMB149.1 million and RMB11.5 million as of December 31, 2015, 2016 and 2017, respectively. Our deposits for land use right in 2016 was mainly related to deposit paid for the public tender, auction and listing-for-sale of two parcels of land in Nantong, Jiangsu Province.

Amounts due from Related Companies

Amounts due from related companies represent funds we advanced to our Controlling Shareholders, associates and subsidiaries of the Controlling Shareholders and joint ventures and associates of our Company to finance their funding needs. Such amounts are unsecured and have no fixed terms of repayment. As of December 31, 2017, our amounts due from related companies other than joint ventures and associated companies was RMB2,321.4 million, of which RMB2,317.7 million was non-trade in nature. We and the Controlling Shareholders have agreed to settle the non-trade portion due from related companies other than joint ventures and associated companies prior to the **[REDACTED]**.

Cash and Cash Equivalents, Restricted Cash and Pledged Deposits

As of December 31, 2015, 2016 and 2017, our cash and cash equivalents amounted to RMB1,146.7 million, RMB2,398.7 million and RMB2,478.1 million, respectively. The continued increase in cash and cash equivalents from December 31, 2015 to December 31, 2016 and to December 31, 2017 was mainly due to the increases in proceeds from sales of properties and cash inflows from financing activities.

We are required to deposit certain percentage of presale proceeds to the designated regulatory account and such proceeds can only be used for construction of the relevant projects. As of December 31, 2015, 2016 and 2017, our restricted cash amounted to RMB122.1 million, RMB223.6 million and RMB741.6 million, respectively. The increases in restricted cash during the Track Record Period were due to the increases in our presale proceeds in the relevant years.

As of December 31, 2015, 2016 and 2017, our pledged deposits amounted to RMB710.9 million, RMB140.0 million and RMB991.2 million, respectively. Pledged deposits mainly consist of (i) bank deposits pledged as security for bank and other borrowings and (ii) bank deposits pledged as security for purchasers' mortgage loans, construction of projects, or issuance of bank acceptance notes. The decrease in pledged deposits from December 31, 2015 to December 31, 2016 was mainly due to a decrease in pledged deposits for guaranteed bank loans, which was indicative of our optimized capital structure. The increase in pledged deposits from December 31, 2016 to December 31, 2017 was mainly due to an increase in our bank deposits pledged as security for bank and other borrowings.

Advances from Customers

Advances from customers mainly represent the deposits and pre-sales proceeds received from customers for properties sold but not yet recognized. Our advances from customers were RMB8,514.4 million, RMB9,713.5 million and RMB10,290.1 million as of December 31, 2015, 2016 and 2017, respectively. The increases in our advances from customers as of December 31, 2015 to December 31, 2017 was in line with the increase in our contracted sales.

Trade and Bills Payables

Our trade and bills payables mainly represent payables to third party construction contractors and suppliers. Our trade and bills payables were RMB2,790.2 million, RMB1,866.5 million and RMB2,080.7 million as of December 31, 2015, 2016 and 2017. Our trade and bills payables decreased from RMB2,790.2 million as of December 31, 2015 to RMB1,866.5 million as of December 31, 2016 mainly due to our accelerated settlement with third party construction contractors and suppliers in 2016. Our trade and bills payables increased to RMB2,080.7 million as of December 31, 2017 in line with the expansion of our property development activities.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we had not defaulted on payment of trade and bills payables.

As of February 28, 2018, we had settled RMB256.9 million, representing 12.6% of the outstanding balance of trade and bills payables as of December 31, 2017.

Our trade payable turnover days were 223.1 days, 136.6 days and 197.5 days, respectively, in 2015, 2016 and 2017. Our trade payable turnover days are calculated by dividing the average of trade payables at the beginning and the end of the year by cost of sales and multiply the resulting value by 365 days for the years ended December 31, 2015, 2016 and 2017. The decrease in our trade payable turnover days from 2015 to 2016 was because we accelerated settlement with third party construction contractors and suppliers in 2016. The increase in our trade payable turnover days from 2016 to 2017 was primarily due to increase in our trade and bills payable in 2017.

The table below sets forth an aging analysis of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Less than one year	2,787,914	1,864,620	2,021,539
One year and above	2,250	1,873	59,178
Total	**2,790,164**	**1,866,493**	**2,080,717**

Other payables, deposits received and accruals

The following table sets forth our other payables, deposits received and accruals as of the dates indicated.

	As of December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Advances from non-controlling shareholders of subsidiaries	—	—	2,298,038
Advances related to land use right of third parties	—	—	472,414
Advances from third parties	170,000	—	—
Retention deposits related to construction	31,728	54,284	160,590
Payroll and welfare payable	44,685	64,458	87,592
Interest payable.	24,021	17,774	42,432
Business tax and surcharges	4,015	22,926	34,187
Maintenance fund	5,271	19,707	8,781
Deposits related to sales of properties	7,450	10,296	5,755
Other	5,960	13,422	17,599
Total	**293,130**	**202,867**	**3,127,388**

Our advances from non-controlling shareholders of subsidiaries mainly represent investments made by the non-controlling shareholders in connection with the development of our projects. Our advances from non-controlling shareholders of subsidiaries was nil, nil and RMB2,298.0 million as of December 31, 2015, 2016 and 2017, respectively. Our advances from non-controlling shareholders of subsidiaries increased from nil as of December 31, 2016 to RMB2,298.0 million as of December 31, 2017 was mainly due to the funding of development cost from our joint development partners for Sunrise Joy Garden in Hefei and Golden Seal and Heaven Shire in Changzhou.

Our advances related to land use right of third parties was nil, nil and RMB472.4 million as of December 31, 2015, 2016 and 2017, respectively. Our advances related to land use right of third parties as of December 31, 2017 represented the funding of land acquisition from our joint development partners for Taixing Land Lot No. TX2017-20 in Taixing and Garden with Art Atmosphere in Chuzhou.

Our retention deposits related to construction comprise mainly the quality deposit payable to our construction contractors. We generally settle up to 95% of the total contract price within two months of the completion of construction, and retain the remaining 5% as quality deposit for one to five years. Our retention deposits related to construction increased from RMB31.7 million as of December 31, 2015 to RMB54.3 million as of December 31, 2016 and further increased to RMB160.6 million as of December 31, 2017, which was in line with the increase in our completed projects.

Amount due to related companies

Our amount due to related companies increased from RMB1,275.6 million as of December 31, 2015 to RMB2,108.7 million as of December 31, 2016 and further increased to RMB2,835.5 million as of December 31, 2017 primarily due to continued increases in return on our jointly developed projects in the same years. As of December 31, 2017, our amount due to related companies other than our joint ventures and associated companies was RMB45.7 million, of which RMB6.9 million was non-trade in nature and we intend to settle such outstanding amount due to related companies before the **[REDACTED]**.

LIQUIDITY AND CAPITAL RESOURCES

Property development requires substantial capital investment for land acquisition and construction. To date, we have funded our operations principally from cash generated from its operations, mainly including proceeds from pre-sales and sales of our properties, receipt of rental income, as well as bank loans and borrowings from financial institutions.

Net Current Assets

The following table sets forth a breakdown of our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of February 28,
	2015	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (unaudited)
Current assets				
Properties under development	9,586,255	10,260,818	16,957,888	18,288,952
Completed properties held for sale	1,853,176	1,845,045	1,842,510	1,087,011
Trade and bills receivables	5,072	2,889	1,514	16,418
Due from related companies	1,231,087	2,938,809	2,321,358	2,544,034
Due from a shareholder	430,678	—	—	—
Prepayments, deposits and other receivables	1,157,151	1,157,730	2,546,849	6,356,069
Tax recoverable	83,577	209,290	244,358	283,395
Available-for-sale investments	547,894	1,620,174	2,006,659	823,928
Other current assets	—	—	32,027	—
Inventories	1,733	1,479	1,594	1,562
Restricted cash	122,118	223,639	741,573	190,600
Pledged deposits	710,926	140,039	991,238	119,000
Cash and cash equivalents	1,146,749	2,398,674	2,478,063	4,135,089
Total current assets	**16,876,416**	**20,798,586**	**30,165,631**	**33,846,058**
Current liabilities				
Trade and bill payables	2,790,164	1,866,493	2,080,717	1,156,080
Other payables, deposits received and accruals	293,130	202,867	3,127,388	6,481,916
Advances from customers	8,514,365	9,713,510	10,290,051	10,688,370
Due to related companies	1,275,614	2,108,699	2,835,539	4,646,566
Interest-bearing bank and other borrowings	2,397,782	2,496,016	4,636,517	3,813,795
Tax payable	661,268	989,450	981,573	933,398
Financial guarantee contracts	831	1,429	1,614	—
Total current liabilities	**15,933,154**	**17,378,464**	**23,953,399**	**27,720,125**
Net current (liabilities)/ assets	**943,262**	**3,420,122**	**6,212,232**	**6,125,933**

Our net current assets increased significantly from RMB943.3 million as of December 31, 2015 to RMB3,420.1 million as of December 31, 2016 mainly due to (i) a significant increase in amount due from related companies as a result of the increase projects developed by joint ventures or associates, (ii) a significant increase in cash and cash equivalents in line with the increased sales of our properties and (iii) an increase in available-for-sale investments due to an increase in our idle capital available for investment, which were partially offset by (i) a significant increase in advances from customers in line with the increase in our contracted sales and (ii) a significant increase in amount due to related companies as a result of an increase in the return from our jointly-developed projects.

Our net current assets increased significantly from RMB3,420.1 million as of December 31, 2016 to RMB6,212.2 million as of December 31, 2017 mainly due to (i) a significant increase in properties under development in line with the expansion of our property development activities and (ii) a significant increase in prepayments, deposits and other receivables mainly attributable to an increase in prepayments related to land use right of third parties, partially offset by (i) a significantly increase in interest-bearing bank loans and other borrowings in line with our business expansion, and (ii) an increase in other payables, deposits received and accruals mainly attributable to an increase in advance from non-controlling shareholders of subsidiaries as a result of increased funding from our partners into jointly-developed projects.

Our net current assets decreased slightly to RMB6,125.9 million as of February 28, 2018.

Cash Flow

The following table sets forth a summary of our combined cash flow statements for the years indicated.

	For the Year Ended December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Selected cash flow statement data			
Net cash generated from/(used in) operating activities	2,389,980	891,231	(3,497,953)
Net cash (used in) investing activities	(127,366)	(1,579,694)	(1,178,588)
Net cash generated from/(used in) financing activities	(1,844,409)	1,940,388	2,398,754
Net increase/(decrease) in cash and cash equivalents	418,205	1,251,925	79,389
Cash and cash equivalent at the beginning of the year	728,544	1,146,749	2,398,674
Cash and cash equivalents at the end of the year	1,146,749	2,398,674	2,478,063

Net cash generated from/(used in) operating activities

Our primary source of cash generated from operating activities is proceeds we receive from the sales of our properties, including pre-sales of properties under development, as well as rental income from our property leasing business and property management income from our commercial property management business. Our primary uses of cash in operating activities are amounts that we pay for our property development activities, including land acquisitions.

For the year ended December 31, 2017, our net cash used in operating activities was RMB3,498.0 million, which was the result of cash used in operations of RMB1,982.8 million, adjusted by (i) interest received of

RMB228.5 million, (ii) tax paid of RMB912.6 million and (iii) interest paid of RMB831.1 million. Net cash used in operations was primarily attributable to the profit before taxation of RMB1,900.8 million, adjusted by the following items: (i) increase in properties for development and for sale of RMB4,884.0 million due to an increase in property development activities and (ii) increase in prepayments, deposits and other receivables of RMB1,328.8 million due to an increase in prepayments for land use rights, partially offset by increase in other payables, deposits received and accruals of RMB2,895.1 million due to an increase in advance from non-controlling shareholders of subsidiaries as a result of an increased funding from our partners of jointly-developed projects.

For the year ended December 31, 2016, our net cash generated from operating activities was RMB891.2 million, which was the result of cash generated from operations of RMB2,089.9 million, adjusted by (i) interest received of RMB98.3 million, (ii) tax paid of RMB677.5 million and (ii) interest paid of RMB619.5 million. Net cash generated from operations was primarily attributable to the profit before taxation of RMB1,661.9 million, adjusted by the following items: (i) increase in advances from customers of RMB1,199.1 million in line with the increase in our contracted sales, partially offset by (i) decrease in trade and bill payables of RMB923.7 million due to our accelerated settlement with third party construction contractors and suppliers, (ii) impairment losses write-off of RMB193.4 million in relation to the delivery of certain projects in Suzhou that were expected to incur loss and impaired in the previous years and (iii) increase in restricted cash of RMB101.5 million as a result of an increase in pre-sales.

For the year ended December 31, 2015, our net cash generated from operating activities was RMB2,390.0 million, which was the result of cash generated from operations of RMB3,427.4 million, adjusted by (i) interest paid of RMB809.7 million, (ii) tax paid of RMB323.1 million and (iii) interested received of RMB95.4 million. Net cash generated from operations was primarily attributable to the profit before taxation of RMB2,218.2 million, adjusted by the following items: (i) increase in advances from customers of RMB2,003.4 million in line with the increase in our contracted sales and (ii) increase in trade and bills payables of RMB1,760.1 million in line with our business expansion, partially offset by (i) increase in properties for development and for sale of RMB2,183.4 million due to an increase in property development activities and (ii) fair value gains of investment properties of RMB614.1 million.

Net cash generated from (used in) investing activities

Net cash flows from our investing activities is primarily related to cash inflow in connection with repayment of advances to joint ventures and associates and repayment of advance to related companies. Net cash used in our investing activities is primarily related to cash outflow in connection with advance to joint ventures and associates and advance to related companies.

Net cash generated from investing activities in 2017 was RMB1,178.6 million, primarily attributable to (i) repayment of advance to related companies of RMB2,654.3 million and (ii) decrease in loans to joint ventures and associates of RMB1,812.1 million in relation to our funding and return on jointly-developed projects, partially offset by (i) advance to related companies of RMB1,341.9 million and (ii) acquisition of joint ventures and associates of RMB815.3 million.

Net cash used in investing activities in 2016 was RMB1,579.7 million, primarily attributable to (i) increase in available-for-sales investments of RMB1,072.3 million as we used our idle capital to invest in short-term wealth management products (ii) increase in loans to joint ventures and associates of RMB924.5 million in relation to our funding on jointly-developed projects and (iii) advance to related companies of RMB894.0 million, partially offset by (i) repayment of advance to related companies of RMB1,529.9 million and (ii) repayment of advance to a shareholder of 1,088.0 million.

Net cash used in investing activities in 2015 was RMB127.4 million, primarily attributable to (i) advance to related companies of RMB2,034.9 million, (ii) advance to a shareholder of 616.1 million and (iii) increase in loans to joint ventures and associates of RMB407.5 million in relation to our funding on jointly-developed projects, partially offset by (i) repayment of advance to related companies of RMB2,641.1 million and (ii) repayment of advance to a shareholder of 477.8 million.

Net cash generated from/(used in) financing activities

Cash generated from financing activities is primarily related to advance from related companies. Cash used in financing activities is primarily related to repayment of advances from related companies.

Net cash generated from financing activities in 2017 was RMB2,398.8 million, which was primarily attributable to (i) advance from related companies of RMB12,504.1 million and (ii) proceeds from interest-bearing bank borrowings of RMB7,483.1 million, partially offset by (i) repayment of advances from related companies of RMB14,291.8 million and (ii) repayment of interest-bearing bank and other borrowings of RMB3,918.9 million.

Net cash generated from financing activities in 2016 was RMB1,940.4 million, which was primarily attributable to (i) advance from related companies of RMB13,125.2 million and (ii) proceeds from interest-bearing bank borrowings of RMB9,657.5 million, partially offset by (i) repayment of advances from related companies of RMB13,718.6 million and (ii) repayment of interest-bearing bank borrowings of RMB7,649.4 million.

Net cash used in financing activities in 2015 was RMB1,844.4 million, which was primarily attributable to (i) repayment of advances from related companies of RMB9,317.3 million and (ii) repayment of interest-bearing bank and other borrowings of RMB4,573.9 million, partially offset by (i) advance from related companies of RMB8,367.7 million and (ii) proceeds from interest-bearing bank and other borrowings of RMB3,034.3 million.

Working Capital

We have historically financed and will continue to finance our working capital through proceeds from the pre-sales and sales of properties, receipt of rental income, borrowings from banks and other financial institutions shareholder's capital injection and bonds. Taking into account our business prospects, the cash generated from our operations, presently available banking facilities and other financial resources available to us and our presence in the offshore debt capital markets, our Directors are satisfied, after due and careful inquiry, that we will have sufficient available working capital for our present requirements for at least 12 months following the date of this document.

As of December 31, 2017, we had capital commitments of RMB5,712.2 million. As of the same date, we had aggregate bank and other borrowings of approximately RMB6,981.1 million to be repaid within the two years ending December 31, 2019. As confirmed by the Directors, we plan to satisfy such repayment obligations principally through proceeds from pre-sales and sales of properties, new bank borrowings or refinancings and issuance of bonds. Our Directors expect that we will have significant cash inflow from pre-sales and sales of properties which are currently under development. As of February 28, 2018, we had total bank facilities of RMB14,354.0 million, with unused bank facilities of RMB3,354.3 million. Our Directors are of the view that we have sufficient unused banking facilities and internal resources to fund repay our indebtedness as it becomes due, to meet our capital commitments, including for both existing and future development projects. For details regarding our fund and working capital management measures, see "Business — Fund Management".

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily represented expenditures incurred in relation to purchase of property, plant and equipment and acquisition of intangible assets such as certain software. For the years ended December 31, 2015, 2016 and 2017, we incurred capital expenditures of RMB52.7 million, RMB185.5 million, and RMB299.8 million, respectively. Our Directors estimate that our capital expenditure for the years ending December 31, 2018 and 2019 will be approximately RMB44.6 million and RMB125.2 million, respectively. Such estimate represents the total capital expenditure that we expect to incur in the relevant period based on our existing business plans.

We may adjust our business plans from time to time and the estimated total capital expenditure may also change.

CAPITAL COMMITMENTS

The table below sets forth our commitments as of the dates indicated.

	As of December 31,		
	2015	**2016**	**2017**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Contracted, but not provided for:			
Property development activities	2,150,058	1,376,453	3,337,595
Acquisition of land use rights	709,020	—	657,500
Property, plant and equipment	3,872	2,888	68,891
Investment properties	86,954	957	14,752
Capital contributions to acquisition	—	—	1,130,127
Capital contributions to associates and joint ventures	20,000	250,840	503,368
Total	**2,969,904**	**1,631,138**	**5,712,233**

OPERATING LEASE COMMITMENTS

The following table sets forth the total future minimum lease payments receivable by us under non-cancellable operating leases as of the dates indicated.

	As of December 31,		
	2015	2016	2017
	(RMB'000)	(RMB'000)	(RMB'000)
Within one year	62,495	50,307	42,858
In the second to fifth years, inclusive	169,207	150,833	134,853
After five years	268,087	236,153	209,276
Total	**499,789**	**437,293**	**386,987**

The following table sets forth the total future minimum lease payments payable by us under non-cancellable operating leases as of the dates indicated.

	As of December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Within one year	614	1,134	2,267
In the second to fifth years, inclusive	2,114	4,950	4,204
After five years	750	250	250
Total	**3,478**	**6,334**	**6,721**

INDEBTEDNESS

The following table sets forth a breakdown of our loans and borrowings as of the dates indicated.

	As of December 31,			As of February 28,
	2015	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (unaudited)
Current				
Bank loans - pledged	1,164,732	857,490	1,211,000	1,286,500
Bank loans - guaranteed	—	—	—	—
Bank loans - pledged and guaranteed	—	—	—	—
Bank loans - unsecured	—	—	—	—
Other loans - secured	150,000	—	850,000	50,000
Other loans - unsecured	—	—	50,000	50,000
Current portion of long term bank loans - pledged	524,441	347,141	330,000	378,803
Current portion of long term bank loans - guaranteed	—	—	20,000	—
Current portion of long term bank loans - pledged and guaranteed	63,750	1,073,526	819,627	816,555
Current portion of long term bank loans - unsecured	—	—	—	—
Current portion of long term other loans - secured[(1)]	494,859	217,859	1,108,220	1,104,268
Current portion of long term other loans - unsecured[(1)]	—	—	247,670	177,669
	2,397,782	2,496,016	4,636,517	3,813,795
Non-current				
Bank loans - pledged	910,302	2,298,874	2,222,533	2,734,159
Bank loans - guaranteed	—	320,000	305,000	345,267
Bank loans - pledged and guaranteed	1,102,582	2,047,922	3,126,477	3,886,467
Bank loans - unsecured	—	—	—	—
Other loans - secured[(1)]	1,253,058	528,025	1,338,972	1,383,257
Other loans - unsecured[(1)]	—	—	—	—
	3,265,942	5,194,821	6,992,982	8,349,150
Total	**5,663,724**	**7,690,837**	**11,629,499**	**12,162,945**

Notes:

(1) Our other loans include trust and other financing arrangements.

Our outstanding current and non-current secured bank loans, guaranteed bank loans and secured other borrowings in aggregate amounted to RMB5,663.7 million, RMB7,690.8 million and RMB11,331.8 million as of December 31, 2015, 2016 and 2017, respectively.

The weighted average effective interest rates on our total borrowings, which represent actual borrowing cost incurred during the period divided by weighted average borrowings that are outstanding during the period, as of December 31, 2015, 2016 and 2017 were 8.38%, 7.72% and 7.52%, respectively. The decrease in average effective interest rates on our borrowings during the Track Record Period was primarily due to the decrease of the PBOC bench mark interest rate in 2016 and our optimized capital structure.

Certain of our bank loans and other borrowings are secured by pledged bank deposits, properties and inventories. As of December 31, 2017, our borrowings were secured by our asset portfolio which includes investment properties, prepaid land lease payments, properties under development, completed properties held for sale, restricted cash, and property plant and equipment.

In addition, our Controlling Shareholders and their associates have pledged or guaranteed certain of our borrowings up to RMB3,064.2 million, RMB3,867.3 million and RMB5,788.3 million as of December 31, 2015, 2016 and 2017, respectively. Such pledges and guarantees by our Controlling Shareholders and their associates will be released prior to the **[REDACTED]**.

Our joint ventures and associated companies did not pledge or guarantee any of our borrowings during the Track Record Period.

The table below sets forth aging analysis of our interest-bearing borrowings as of the dates indicated.

	As of December 31,			As of February 28,
	2015	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (unaudited)
Repayable within one year	2,397,782	2,496,016	4,636,517	4,513,795
Repayable in the second year	2,374,725	1,928,343	2,344,621	2,697,519
Repayable within two to five years	785,505	2,333,350	3,924,984	4,883,891
Repayable in more than five years	105,712	933,128	723,377	767,741
Total	**5,663,724**	**7,690,837**	**11,629,499**	**12,792,945**

Certain of our loan and other borrowing agreements contain restrictive covenants which include, among other things,

- that the borrower must obtain consent from the lender prior to creating encumbrances on any part of its property or assets or dealing with its assets in a way that may adversely affect the borrower's ability to repay its loans;
- that the borrower must not apply for substantial debt financings, grant guarantees in favor of any third parties and offer debt relief to any third parties over a definite percentage of its net assets, unless with the consent of the lender;
- that the borrower must not make any major changes to its management systems, corporate structures, ownership and shareholding structures, including but not limited to any joint venture, associates, mergers, acquisitions, reorganizations, spin-off, sale, division, dissolution, liquidation, suspension of business, trusteeship, contracting, lease management, transfer of ownership, reduction in registered share capital and any other material events, before obtaining consent from the lender;

- that the borrower must obtain consent from the lender to sell, grant, lease, lend, transfer, mortgage, pledge or dispose of material assets, which amount to a predetermined percentage of its net assets;

- that the borrower must not change the use of the borrowings without the lender's prior consent;

- that the borrower must provide timely notice to the lender with regard to its connected transactions which amount to a fixed percentage of its net assets, including the relationship among the parties of the connected transactions, transaction project, transaction nature, transaction amount and the corresponding proportion rate and pricing policies;

- that the borrower must obtain consent from the lender prior to altering the nature or scope of its business operations in any material aspect;

- that the borrower must not transfer part or all of its liabilities under the loans to a third party unless with the consent of the lender;

- that the borrower must not declare or pay dividends more than a certain percentage of net profit after taxation or more than a certain percentage of all undistributed profits, without the lender's prior consent;

- that the borrower must dispose of assets that would not affect the borrower's ability to repay its loans;

- that the borrower must provide timely notice to the lender prior to making any changes to its Articles of Association, scope of business, registered share capital and the statutory representative;

- that the borrower must provide information to the lenders as to our relevant projects, financial activities, the use of proceeds upon request; and

- that the borrower is prohibited from incurring other indebtedness that may adversely affect the borrower's ability to repay its loans.

These restrictions may limit our ability to pay dividends or make other distributions to the Company in the future. As confirmed by the Directors, none of the dividend declarations and/or payments made by us during the Track Record Period and up to the Latest Practicable Date violated the terms of any relevant loan or borrowing agreement. Our Directors do not expect that such covenants would materially restrict our ability to undertake additional debt or equity financing necessary to carry out our current business plans.

During the Track Record Period and up to the Latest Practicable Date, we did not (a) experience any difficulty in obtaining credit facilities, (b) experience any withdrawal of banking facilities by a bank or receive any request to make early repayment, or (c) default in the payment or breach of the financial covenants of its bank borrowings.

As of February 28, 2018, being the latest practicable date for the purpose of this indebtedness statement, we had total bank facilities of RMB14,354.0 million, with unused bank facilities of RMB3,354.3 million. Except as disclosed in "Financial Information — Indebtedness", we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits. We experienced no material change in its indebtedness position from February 28, 2018 up to the Latest Practicable Date for the purposes of this indebtedness statement. Our Directors have confirmed that, other than the **[REDACTED]** and the potential financing plans contemplated by us as disclosed under the section entitled "Summary — Recent Developments," and "Business — Project Funding — Corporate Bonds", we do not currently have any concrete and material external financing plans outside our ordinary course of business.

Trust and Other Financing Arrangements

As with many other property developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial partners in the ordinary course of business to finance our property development and other related operations. As of December 31, 2017, the total outstanding amount of trust and other financing arrangements accounted for 30.9% of our total borrowings as of the same date. For further details on trust financing arrangements, see "Business — Project Funding — Trust and Other Financing Arrangements".

CONTINGENT LIABILITIES

The following table sets forth our total guarantees as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	2,454,625	6,333,146	5,046,916
Guarantees given to banks and other institutions in connection with facilities granted to related companies and third parties	3,746,010	9,513,210	7,448,050
Total	**6,200,635**	**15,846,356**	**12,494,966**

We provide guarantees to banks to secure the mortgage arrangements of purchasers of its properties. As of December 31, 2015, 2016 and 2017 the maximum amount of guarantees given by us to the banks for mortgage facilities amounted to RMB2,454.6 million, RMB6,333.1 million and RMB5,046.9 million, respectively. These include guarantees which will be terminated upon the completion of the transfer procedures with the purchasers in respect of the legal title of the properties, and guarantees which will be terminated upon the full repayment of mortgage loans by the purchasers to the banks.

We do not consider it probable that it will sustain a loss under these guarantees as the banks have the right to sell the property and recover the outstanding loan balances from the sale proceeds if the property purchasers default on these payment obligations. We have not recognized any deferred income in respect of these guarantees as their fair value is considered to be minimal by us.

We provided guarantees to banks and other institutions in connection with financial facilities granted to related companies and third parties. As of December 31, 2017, guarantees provided by us for related companies amounted to RMB4,687.1 million. Certain of the Group's property, plant and equipment, completed properties held for sale, properties under development and investment properties were pledged to secure bank and other borrowings granted to our related companies. We plan to release and discharge all the guarantees and pledges to related companies other than our joint ventures and associated companies prior to the **[REDACTED]**.

Legal Contingencies

In the normal course of business, we may be involved in lawsuits and other proceedings. While the outcomes of such contingences, lawsuits or other proceedings cannot be determined at present, we believe that any resulting liabilities will not, individually or in the aggregate, have a material adverse effect on its financial position or results of operations.

As of the Latest Practicable Date, we had no other material contingent liabilities other than those disclosed in this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities described above, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engage in leasing or hedging or research and development services with us.

MARKET RISKS

We are exposed to various types of market risks from its use of financial instruments, in the normal course of our operations, mainly including credit risk, liquidity risk, interest rate risk and foreign currency risk. Our risk management strategy aims to safeguard our ability to continue in order to provide returns for our shareholders and to minimize our risk exposure.

Credit Risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations.

We have no concentrations of credit risk in view of its large number of customers. We did not record any significant bad debt losses during the Track Record Period.

The credit risk of our other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Our Directors do not expect any losses from default of such counterparties.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of our financial liabilities as at the end of the Track Record Period, based on contractual undiscounted payments, is as follows:

	As of December 31, 2017				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Interest-bearing bank and other borrowings	—	1,316,572	3,944,137	8,378,453	13,639,162
Trade and bills payables	2,080,717	—	—	—	2,080,717
Other payables	2,821,665	—	—	—	2,821,665
Financial guarantees contracts	49,500	—	801,889	3,415,351	4,266,740
Due to related companies	2,835,539	—	—	—	2,835,539
Total	**7,787,421**	**1,316,572**	**4,746,026**	**11,793,804**	**25,643,823**

	As of December 31, 2016				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Interest-bearing bank and other borrowings	—	262,456	2,612,268	6,465,485	9,340,209
Trade and bills payables	1,866,493	—	—	—	1,866,493
Other payables	37,481	—	—	—	37,481
Financial guarantees contracts	—	50,000	541,400	5,210,424	5,801,824
Due to related companies	2,108,699	—	—	—	2,108,699
Total	**4,012,673**	**312,456**	**3,153,668**	**11,675,909**	**19,154,706**

	As of December 31, 2015				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Interest-bearing bank and other borrowings	—	431,292	2,249,061	3,632,826	6,313,179
Trade and bills payables	2,790,164	—	—	—	2,790,164
Other payables	199,292	—	—	—	199,292
Financial guarantees contracts	4,000	58,000	201,800	1,489,246	1,753,046
Due to related companies	1,275,614	—	—	—	1,275,614
Total	**4,269,070**	**489,292**	**2,450,861**	**5,122,072**	**12,331,295**

The amounts included above for financial guarantee contracts were the maximum amounts our Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, our Group 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 our guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Interest Rate Risk

Our exposure to risk for changes in market interest rates relates primarily to our interest-bearing bank and other borrowings. We do not use derivative financial instruments to hedge interest rate risk. We manage our interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, our profit before tax, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB1.5 million, RMB2.9 million and RMB4.3 million for the years ended December 31, 2015, 2016 and 2017, respectively.

The sensitivity analysis above assumes that the changes in interest rates would have occurred as of the dates indicated and had been applied to all of our floating rate loans and borrowings from financial institutions, without taking into account the impact of interest capitalization.

Currency Risk

Our business is principally conducted in RMB and most of our monetary assets and liabilities are denominated in RMB. Accordingly, we consider our exposure to currency risk to be insignificant.

[REDACTED] EXPENSES

The **[REDACTED]** expenses in connection with the **[REDACTED]** consist primarily of **[REDACTED]** commissions and professional fees. During the Track Record Period, we incurred **[REDACTED]** expenses of approximately RMB**[REDACTED]**, of which RMB**[REDACTED]** million were charged to our administrative expenses for the years ended December 31, 2015 and 2016 and 2017.

We currently expect to incur further expenses amounting to RMB**[REDACTED]** subsequent to the end of the Track Record Period, of which RMB**[REDACTED]** will be charged to our income statement and RMB**[REDACTED]** will be charged to our equity. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2018.

DIVIDEND AND DISTRIBUTABLE RESERVES

Our distributable reserves as of December 31, 2015, 2016 and 2017 were RMB4,388.2 million, RMB5,319.3 million and RMB6,315.3 million, respectively.

We did not declared any dividends during the Track Record Period. We have no fixed dividend policy and, subject to compliance with the relevant laws of the Cayman Islands and the Articles, the Board has absolute discretion in determining whether to recommend a declaration of any dividend for any period, and the amount of dividend to be paid. In determining any dividend payment, the Board will evaluate the Company's earnings, cash flow, financial condition, capital requirements, prevailing economic conditions and any other factors that the Directors deem relevant. There can be no assurance that dividends will be paid in any amount in the future, or at all.

Certain of our Subsidiaries are subject to restrictions on dividend payment under certain outstanding loan agreements. As confirmed by the Directors, none of the dividend declarations and/or payments made by us during the Track Record Period and up to the Latest Practicable Date were in violation of any restrictions in its loan agreements.

KEY FINANCIAL RATIOS

	For the Years Ended and as of December 31,		
	2015	2016	2017
Gross profit margin (%)(1)	41.9	29.1	40.6
Net profit margin (%)(2)	24.7	10.6	19.5
Return on equity (%)(3)	28.0	16.5	14.7
Current ratio (times)(4)	1.06	1.20	1.26
Gearing ratio (%)(5)	119.4	136.0	137.5
Interest coverage ratio (times)(6)	7.19	5.69	5.30

Notes:

(1) Gross profit margin for the years ended December 31, 2015, 2016 and 2017 was calculated based on our gross profit of respective periods divided by our revenue of respective periods and multiplied by 100%.

(2) Net profit margin for the years ended December 31, 2015, 2016 and 2017 was calculated based on our net profit of respective periods divided by our revenue of respective periods and multiplied by 100%.

(3) Return on equity for each of the year ended December 31, 2015, 2016 and 2017 was calculated based on our net profit attributable to owners of the parent of the respective periods divided by the equity attributable to owners of the parent as of the end of the respective periods and multiplied by 100%.

(4) Current ratios as of December 31, 2015, 2016 and 2017 were calculated based on our total current assets as of the respective dates divided by our total current liabilities as of the respective dates.

(5) Gearing ratios as of December 31, 2015, 2016 and 2017 was calculated as total debt divided by total equity of us as of the respective date. The total debt was calculated as total loans and borrowings of us as of the respective dates.

(6) Interest coverage ratio for each of the years ended December 31, 2015, 2016 and 2017 was calculated based on our profit before tax, adding interest expenses which does not include capitalized interest in our combined financial statements, divided by our interest on interest-bearing borrowings which does not include capitalized interest as of the respective periods.

Gross Profit Margin

Our gross profit margin was 41.9%, 29.1% and 40.6% in the years ended December 31, 2015, 2016 and 2017, respectively. See "— Management's Discussion and Analysis of Results of Operations" in this section for a detailed discussion.

Net Profit Margin

Our net profit margin was 24.7%, 10.6% and 19.5% for the years ended December 31, 2015, 2016 and 2017 respectively. The significant decrease in our net profit margin from 2015 to 2016 was primarily due to (i) a decrease in our net profit as a result of fair value loss of investment properties and increased share of losses on joint ventures and associates and (ii) a substantial increase in our revenue in line with our business expansion. The increase in our net profit margin from 2016 to 2017 was primarily due to (i) an increase in our net profit as a result of an increase in other income and gains; turnaround of share of losses to gains on joint ventures and (ii) a decrease in our revenue.

Return on Equity

Our return on equity was 28.0%, 16.5% and 14.7% for the years ended December 31, 2015, 2016 and 2017, respectively. The significant decrease in our return on equity from 2015 to 2016 was primarily due to (i) a decrease in our net profit for the year primarily as a result of fair value loss of investment properties; an increase in share of losses on joint ventures and associates; and (ii) an increase in equity. The slight decrease in our return on equity from 2016 to 2017 was primarily due to an increase in equity, partially offset by an increase in net profit to a lesser extent.

Current Ratio

Our current ratio was 1.06, 1.20 and 1.26 as of December 31, 2015, 2016 and 2017, respectively. The continued increases of our current ratio were mainly driven by the continued increases in current assets, which were attributable to the increases in properties under development, available-for-sale investments, restricted cash, cash and cash equivalents from December 31, 2015 to December 31, 2017.

Gearing Ratio

Our gearing ratio was 119.4%, 136.0%, and 137.5% as of December 31, 2015, 2016 and 2017, respectively. The increase in the gearing ratio from December 31, 2015 to December 31, 2017 was primarily due to the overall increase in total loan and borrowing level in the same years.

Interest coverage ratio

Our interest coverage ratio was 7.19, 5.69 and 5.30 for the year ended December 31, 2015, 2016 and 2017, respectively. The decrease in our interest coverage ratio from 2015 to 2016 was mainly due to a decrease in profit before interest and tax. The decrease in our interest coverage ratio from 2016 to 2017 was primarily because our profit before interest and tax increased to a lesser extent than the increase in our interest on interest bearing borrowings in the same year.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As of the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules in respect of us.

SUBSEQUENT EVENT

There is no material subsequent event undertaken by our Group after December 31, 2017, being the date on which our latest audited combined financial statements were prepared, up to the date of this document.

NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that, since December 31, 2017 and up to the date of this document, there had been no material adverse change in our financial position or prospects and no event had occurred that would materially and adversely affect the information shown in the accountants' report in Appendix I to this document.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had carried out transactions with related parties as set forth in Note 38 in the Accountant's Report in Appendix I.

Our non-trade amounts due from/(to) related parties other than our joint ventures and associated companies mainly represented fund transfers to/(from) related parties, payments made by us on behalf of related parties or vice versa for convenience purpose. Our Directors are of the view that all the related party transactions were conducted on an arm's length basis and on fair and reasonable terms.

During the Track Record, we recorded amounts due from our Shareholder, Mr. Zeng, of RMB 430.7 million, nil, and nil as of December 31, 2015,2016 and 2017, respectively. Amounts due to our Shareholder, Mr. Zeng, amounted to nil, nil, and nil as of December 31, 2015, 2016 and 2017, respectively. We recorded repayment of advances from our shareholder, Mr. Zeng, of nil, nil, and nil as of December 31, 2015, 2016 and 2017, respectively. Repayment of advances to our shareholder, Mr. Zeng, amounted to RMB 477.8 million, RMB 1,088.0 million, and nil as of December 31, 2015, 2016 and 2017, respectively.

During the Track Record Period, we recorded amounts due from related parties other than Mr. Zeng of RMB1,231.1 million, RMB2,938.8 million, and RMB2,321.4 million as of December 31, 2015, 2016 and 2017, respectively. Amounts due to related companies amounted to RMB1,275.6 million, RMB2,108.7 million, and RMB2,835.5 million as of December 31, 2015, 2016 and 2017, respectively. We recorded repayment of advances from our related companies (excluding joint venture and associates) of RMB11,523.6 million, RMB22,814.7 million, and RMB25,411.3 million as of December 31, 2015, 2016 and 2017, respectively. Repayment of advances to our related companies (excluding joint ventures and associates) amounted to RMB6,086.9 million, RMB1,773.9 million, and RMB5,510.5 million as of December 31, 2015, 2016 and 2017, respectively.

The advances to our related parties involved the lending of money which may not be incompliance with the General Lending Provisions (《貸款通則》), a regulation promulgated by the PBOC in 1996. According to the General Lending Provisions, only financial institutions may legally engage in the business of extending loans, and loans as between companies that are not financial institutions are prohibited. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from loan advancing activities. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《(最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "Provisions") promulgated on June 23, 2015 and effective on September 1, 2015, loans among companies are legal if extended for purposes of financing production or business operations. PRC courts will also support a company's claim for interest in respect of such a loan as long as the annual interest rate does not exceed 24%. Pursuant to the Notice of the Supreme People's Court on Conscientiously Studying, Implementing and Applying the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於認真學習貫徹適用《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》的通知) published on August 25, 2015, the Provisions shall apply to loans entered into prior to the implementation of the Provisions that are invalid under the former judicial interpretations but valid under the Provisions.

As confirmed by the Directors, all the advances to and from our Company are for the purposes of business operations and we did not generate any gain from the intra-group financing arrangements. As of the Latest Practicable Date, we had not received any notice of claim or penalty relating to the loans. We are advised by our PRC Legal Advisor that under normal circumstances, the possibility that the PBOC would impose a fine amounting to one to five times of the illegal income on the companies in respect of the intra-group financing arrangement pursuant to the Provisions is low.

In addition, our Directors further confirm that all amounts due to or from related parties other than our joint ventures and associated companies of non-trade nature, and loans or guarantees provided by our Controlling Shareholders and their respective close associates, will be fully repaid or released before **[REDACTED]**. See "Relationship with Controlling Shareholders — Financial Independence"

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is prepared to show the effect on the net tangible assets of our Group as of December 31, 2017 as if the **[REDACTED]** had occurred on December 31, 2017 and is based on the net assets derived from the audited financial information of our Group as of December 31, 2017, as set out in the Accountants' Report in Appendix I to this document and adjusted as follows:

	Audited Net Tangible Assets of Our Group as of December 31, 2017(1)	Estimated Net [REDACTED] from the [REDACTED](2)	Unaudited Pro Forma Adjusted Net Tangible Assets of Our Group(3)	Unaudited Pro Forma Adjusted Net Tangible Assets per Share(4) (5)	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB)	(HKD)
Based on an **[REDACTED]** of HK$**[REDACTED]** per Share	[8,283,923]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of HK$**[REDACTED]** per Share	[8,283,923]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The net tangible assets of our Group as of December 31, 2017 is extracted from the Accountant's Report as set out in Appendix I to this document, which is based on the audited net assets of our Group attributable to owners of our Company as of December 31, 2017 of RMB[8,298.1] million.

(2) The estimated net **[REDACTED]** from the **[REDACTED]** are based on **[REDACTED]** and the **[REDACTED]** of lower limit and upper limit of HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**, respectively, after deduction of the **[REDACTED]** fees and other related expenses paid or payable by our Group and takes no account of any Shares which may be issued upon the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and options which may be granted under the Post-**[REDACTED]** Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Group pursuant to the general mandates granted to our Directors as described in "Share Capital".

(3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2017.

(4) The unaudited pro forma adjusted net tangible assets per Share are arrived at after adjustments referred to in the preceding paragraphs and on the basis that **[REDACTED]** Shares are expected to be in issue pursuant to the **[REDACTED]**. It does not take into account any Shares which may be issued upon the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and options which may be granted under the Post-**[REDACTED]** Share Option Scheme or any Shares which may be allotted and repurchased by our Group pursuant to the general mandates granted to our Directors as described in "Share Capital".

(5) The unaudited pro forma adjusted net tangible assets per Share amount is converted into Hong Kong dollars and RMB at an exchange rate of HK[●] to RMB[●]. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or *vice versa*, at that rate or at all.

PROPERTY INTERESTS AND PROPERTY VALUATION

Savills has valued our property interests and is of the opinion that the aggregate value of our property interests as of such date was RMB45,589.3 million as of December 31, 2017. The full text of the letter and summary disclosure of values with regard to such property interests are set forth in the property valuation report contained in Appendix III to this document.

Note:

(1) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

[REDACTED]

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

The table below sets for the estimate of the net **[REDACTED]** of the **[REDACTED]** which we will receive after deduction of **[REDACTED]** fees and commissions and estimated expenses payable by us in connection with the **[REDACTED]**:

	Assuming the [REDACTED] is not exercised	**Assuming the [REDACTED] is exercised in full**
Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the **[REDACTED]** range stated in this document)	Approximately HK$**[REDACTED]**	Approximately HK$**[REDACTED]**
Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the high end of the **[REDACTED]** range stated in this document)	Approximately HK$**[REDACTED]**	Approximately HK$**[REDACTED]**
Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the low end of the **[REDACTED]** range stated in this document)	Approximately HK$**[REDACTED]**	Approximately HK$**[REDACTED]**

We intend to use the **[REDACTED]** of the **[REDACTED]** for the following purposes (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** range stated in this document, after deduction of **[REDACTED]** fees and commissions and other estimated expenses in connection with the **[REDACTED]**, and the **[REDACTED]** is not exercised):

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used as the construction costs for the development of our property projects or project phases, namely Solaris Loving City . Section VIII, Nanjing, Land Lot No. 2017G57, Taixing Land lot No. TX2017-20, Wuxi Land Lot No. 2017-C-20(A)&(B), Wuxi Land Lot XDG-2012-54, and a new project in Chongqing. See "Business — Our Project Portfolio — Our Property Development Projects" and "Business — Property Development and Sales Process—Investment — Land Acquisition" for further details of our projects;

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for repayment of certain existing interest-bearing bank and other borrowings, including without limitation (i) a two-year borrowing of **[REDACTED]** with a fixed interest rate of **[REDACTED]** per annum and maturity date of **[REDACTED]**, (ii) a one-year bank borrowing of **[REDACTED]** with a fixed interest rate of **[REDACTED]** per annum and maturity date of **[REDACTED]** and (iii) a two-year bank borrowing of **[REDACTED]** with a fixed interest rate of **[REDACTED]** per annum and maturity date of **[REDACTED]** all of which are working capital loans for our project companies;

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for general working capital purposes.

To the extent that the net **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net **[REDACTED]** into demand deposits with licensed banks or financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of **[REDACTED]**.

[REDACTED]

[REDACTED] ARRANGEMENTS AND EXPENSES

[REDACTED]

Grounds for Termination

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by our Company

[REDACTED]

(B) Undertakings by our Controlling Shareholders

[REDACTED]

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings Pursuant to the **[REDACTED]**

Undertakings by Our Company

[REDACTED]

[REDACTED]

Indemnity

[REDACTED]

[REDACTED] ***Interests in Our Company***

[REDACTED]

[REDACTED]

Commissions and Expenses

The **[REDACTED]** (on behalf of the **[REDACTED]**) will receive a gross **[REDACTED]** commission (including incentive fee) equal to **[REDACTED]**% of the aggregate **[REDACTED]** in respect of all the **[REDACTED]** (excluding any **[REDACTED]** reallocated to and from the **[REDACTED]**).

For unsubscribed **[REDACTED]** reallocated to the **[REDACTED]** (in such proportion as the **[REDACTED]** in their sole discretion consider appropriate), the **[REDACTED]** commission regarding such **[REDACTED]** shall be reallocated to the **[REDACTED]** (in such proportion as the **[REDACTED]** in their sole discretion consider appropriate).

Assuming the **[REDACTED]** is not exercised, the aggregate commissions and fees, together with Stock Exchange **[REDACTED]** fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the **[REDACTED]**, which are currently estimated to amount in aggregate to approximately HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range stated in this document), are payable and borne by our Company.

MINIMUM [REDACTED]

Our Directors and the **[REDACTED]** will ensure that there will be a minimum of **[REDACTED]**% of the total issued Shares held in **[REDACTED]** in accordance with Rule 8.08 of the Listing Rules after completion of the **[REDACTED]**.

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report on 【 】, prepared for the purpose of incorporation in this document received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

The Directors
Redsun Properties Group Limited
[CCB International Capital Limited]
[Huatai Financial Holdings (Hong Kong) Limited]
[ABCI Capital Limited]

Dear Sirs,

We report on the historical financial information of Redsun Properties Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-3] to [I-9], which comprises the combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2015, 2016 and 2017 (the "Relevant Periods"), and the combined statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2017, and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-10] to [I-103] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●, 2018] (the "Document") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at December 31, 2015, 2016 and 2017 of the financial performance and the Company as at December 31, 2017 and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
[REDACTED] 2018

I HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2015	2016	2017
		RMB'000	RMB'000	RMB'000
REVENUE	5	5,376,799	8,775,465	6,139,672
Cost of sales		(3,125,008)	(6,219,879)	(3,648,023)
GROSS PROFIT		2,251,791	2,555,586	2,491,649
Other income and gains	5	98,096	94,597	282,946
Selling and distribution expenses		(159,503)	(222,844)	(240,256)
Administrative expenses		(186,481)	(228,085)	(305,204)
Other expenses		(26,479)	(41,234)	(17,478)
Fair value gains(losses) on investment properties	14	614,065	(109,822)	(287,414)
Finance costs	7	(358,084)	(354,428)	(441,537)
Share of (losses)/gains of:				
Associates	6	(4,978)	(14,810)	(68,485)
Joint ventures	6	(10,200)	(17,106)	486,563
PROFIT BEFORE TAX	6	2,218,227	1,661,854	1,900,784
Income tax expense	10	(889,573)	(730,774)	(705,301)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,328,654	931,080	1,195,483
Attributable to:				
Owners of the parent		1,328,654	931,080	1,220,728
Non-controlling interests		—	—	(25,245)
		1,328,654	931,080	1,195,483
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted		N/A	N/A	N/A

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31, 2015	2016	2017
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	604,682	634,137	746,991
Investment properties	14	8,288,700	8,319,900	8,722,859
Prepaid land lease payments	15	10,928	11,792	29,696
Intangible assets	16	5,767	7,402	14,224
Investments in associates	17	518	59,088	805,871
Investments in joint ventures	18	—	152,894	639,458
Deferred tax assets	19	52,629	103,530	185,813
Other long-term assets		—	—	14,800
Total non-current assets		8,963,224	9,288,743	11,159,712
CURRENT ASSETS				
Properties under development	21	9,586,255	10,260,818	16,957,888
Completed properties held for sale	22	1,853,176	1,845,045	1,842,510
Trade and bills receivables	23	5,072	2,889	1,514
Due from related parties	38	1,231,087	2,938,809	2,321,358
Due from a shareholder	38	430,678	—	—
Prepayments, deposits and other receivables	24	1,157,151	1,157,730	2,546,849
Tax recoverable		83,577	209,290	244,358
Available-for-sale investments	20	547,894	1,620,174	2,006,659
Other current assets		—	—	32,027
Inventories		1,733	1,479	1,594
Restricted cash	25	122,118	223,639	741,573
Pledged deposits	25	710,926	140,039	991,238
Cash and cash equivalents	25	1,146,749	2,398,674	2,478,063
Total current assets		16,876,416	20,798,586	30,165,631
CURRENT LIABILITIES				
Trade and bills payables	26	2,790,164	1,866,493	2,080,717
Other payables, deposits received and accruals	27	293,130	202,867	3,127,388
Advances from customers	28	8,514,365	9,713,510	10,290,051
Due to related parties	38	1,275,614	2,108,699	2,835,539
Interest-bearing bank loans and other borrowings	29	2,397,782	2,496,016	4,636,517
Tax payable	10	661,268	989,450	981,573
Financial guarantee contracts	30	831	1,429	1,614
Total current liabilities		15,933,154	17,378,464	23,953,399
NET CURRENT ASSETS		**943,262**	**3,420,122**	**6,212,232**
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,906,486**	**12,708,865**	**17,371,944**
NON-CURRENT LIABILITIES				
Interest-bearing bank loans and other borrowings	29	3,265,942	5,194,821	6,992,982
Deferred tax liabilities	19	1,873,674	1,816,977	1,911,027
Financial guarantee contracts	30	22,258	40,874	11,069
Total non-current liabilities		5,161,874	7,052,672	8,915,078
NET ASSETS		**4,744,612**	**5,656,193**	**8,456,866**
EQUITY				
Equity attributable to owners of the parent				
Share capital	31	—	—	—
Reserves	32	4,744,612	5,656,193	8,298,147
		4,744,612	**5,656,193**	**8,298,147**
Non-controlling interests		—	—	158,719
TOTAL EQUITY	12	**4,744,612**	**5,656,193**	**8,456,866**

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	Merger reserve	Statutory surplus reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *Note 31*	RMB'000 *Note 32(b)*	RMB'000 *Note 32(a)*	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2015	—	165,378	106,258	3,059,574	3,331,210	—	3,331,210
Total comprehensive income for the year	—	—	—	1,328,654	1,328,654	—	1,328,654
Consideration distributed upon the Reorganization (note a)	—	(175,250)	—	—	(175,250)	—	(175,250)
Capital contribution upon the Reorganization (note b)	—	260,000	—	—	260,000	—	260,000
As at December 31, 2015 and January 1, 2016	—	250,128*	106,258	4,388,228*	4,744,614	—	4,744,614
Total comprehensive income for the year	—	—	—	931,078	931,078	—	931,078
Distribution to the then equity shareholders	—	139,500	—	(155,000)	(15,500)	—	(15,500)
Distribution upon the Reorganization (note c)	—	(4,000)	—	—	(4,000)	—	(4,000)
Appropriations to statutory surplus reserves	—	—	69,750	(69,750)	—	—	—
As at December 31, 2016 and January 1, 2017	—	385,628*	176,008*	5,094,556*	5,656,192	—	5,656,192
Total comprehensive income for the year	—	—	—	1,220,728	1,220,728	(25,245)	1,195,483
Capital contribution from the Controlling Shareholder	—	2,059,910	—	—	2,059,910	—	2,059,910
Capital contribution from non-controlling shareholders	—	—	—	—	—	63,964	63,964
Acquisition of subsidiaries (note 33)	—	—	—	—	—	120,000	120,000
Distribution upon the Reorganization	—	(338,683)	—	—	(338,683)	—	(338,683)
Appropriations to statutory surplus reserve	—	—	543,594	(543,594)	—	—	—
Distribution to the then equity shareholders	—	—	—	(300,000)	(300,000)	—	(300,000)
As at December 31, 2017	—	2,106,855*	719,602*	5,471,690*	8,298,147	158,719	8,456,866

*These reserve accounts comprise the combined reserves of RMB4,744,614,000, RMB5,656,192,000 and RMB8,298,147,000, respectively, in the combined statement of financial position.

Note:

As further described in note 2.1 below, the combined statements of profit or loss and other comprehensive income, combined statements of financial position, combined statements of changes in equity and combined statements of cash flows of the Group have been prepared as if the Reorganization had been completed at the beginning of the Relevant Periods. The company: a) acquired a 51.27% interest in Nanjing Guo Gang Properties.Development Co.Ltd from the Controlling Shareholder at a cash consideration of RMB175,250,000, b) disposed of 100% interest in Wuxi Su Yuan Tan Xi Wan Properties Co., Ltd for a cash consideration of RMB260,000,000 from the Controlling Shareholder and acquired back 100% of Wuxi Su Yuan Tan Xi Wan Properties Co., Ltd. at cash consideration cash consideration of RMB338,683,000. c) acquired a 100% interest in Nanjing Rong Mo Trade Co., Ltd. and Nanjing Ying Sha Rui Trade Co., Ltd. Which were under common control of the Controlling Shareholder, at cash consideration of RMB2,000,000, RMB2,000, 000, respectively.

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2015	2016	2017
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		2,218,227	1,661,854	1,900,784
Adjustments for:				
Depreciation of items of property, plant and equipment	13	73,511	68,565	58,469
Amortization of prepaid land lease payments	15	410	409	499
Amortization of intangible assets	16	979	2,028	4,388
Loss on disposal of items of property plant and equipment	6	82	6,086	312
Share of losses/(gains) of joint ventures and associates	6	15,178	31,916	(418,078)
Fair value gains on investment properties	6/14	(614,065)	109,822	287,414
Changes in fair value of financial guarantee liabilities	6/30	21,769	19,214	(29,620)
Impairment losses recognized	6/21/22	41,254	4,230	163,674
Impairment losses reversed	6/21/22	(57,407)	(43,471)	—
Impairment losses written-off	6/22	(42,646)	(193,374)	(48,505)
Finance costs	7	358,084	354,428	441,537
Interest income	5	(93,782)	(89,789)	(237,983)
(Increase)/decrease in properties for development and for sale		(2,183,407)	52,532	(4,883,951)
Increase in inventories		61	254	(115)
Decrease/(increase) in restricted cash		54,062	(101,521)	(517,934)
(Increase)/decrease in pledged deposits		(70,621)	25,704	11,801
Decrease in trade receivables		363	2,183	1,375
Increase in prepayments, deposits and other receivables		(144,340)	(9,094)	(1,328,777)
Increase/(decrease) in trade and bills payables		1,760,068	(923,671)	(234,640)
Increase/(decrease) in other payables, deposits received and accruals		73,491	(94,884)	2,895,065
Increase/(decrease) in advances from customers		2,003,359	1,199,145	(55,926)
Increase in amounts due to related parties		12,439	7,337	7,458
Cash generated from/ (used in) operations		**3,427,429**	**2,089,903**	**(1,982,754)**
Interest received		95,372	98,305	228,495
Interest paid		(809,735)	(619,474)	(831,124)
Tax paid		(323,086)	(677,503)	(912,570)
Net cash flows generated from / (used in) operating activities		**2,389,980**	**891,231**	**(3,497,953_**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		132	607	750
Additions in a prepaid land lease payment	15	—	—	(12,085)
Purchases of items of property, plant and equipment	13	(16,155)	(20,986)	(96,337)
Purchase of intangible assets	16	(4,541)	(3,663)	(11,209)
Purchase of other long-term assets		—	—	(14,800)

Continued/...

	Notes	Year ended December 31, 2015	2016	2017
		RMB'000	RMB'000	RMB'000
Purchase of investment properties	14	(32,035)	(226,022)	(302,014)
Acquisition of subsidiaries		—	(156,078)	(276,433)
Acquisition of joint ventures and associates		(15,696)	(243,379)	(815,267)
Increase in available-for-sale investments		(119,468)	(1,072,280)	(386,485)
Increase in other current assets		—	—	(32,027)
Advance to a shareholder		(616,081)	(657,300)	—
Repayment of advances to a shareholder		477,781	1,087,978	—
Advance to related companies		(2,034,918)	(894,010)	(1,341,908)
Repayment of advances torelated companies		2,641,120	1,529,923	2,654,268
Decrease/(increase) in loans to joint ventures and associate		(407,505)	(924,484)	1,812,135
Net cash flows (used in)/generated from investing activities		**(127,366)**	**(1,579,694)**	**1,178,588**
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution upon the Reorganization		260,000	—	—
Payments for distribution upon the Reorganization		(175,250)	—	(338,683)
Distribution upon the Reorganization		—	(4,000)	—
Capital contribution by the Controlling Shareholder		—		2,059,910
Distributions to the then equity shareholders		—	(15,500)	(300,000)
Capital contribution by the non-controlling shareholders		—	—	63,964
Advance from related companies		8,367,732	13,125,160	12,504,106
Repayment of advances from related companies		(9,317,282)	(13,718,563)	(14,291,772)
Decrease/(increase) in pledged deposits		559,959	545,183	(863,000)
Proceeds from interest-bearing bank borrowings		3,034,282	9,657,490	7,483,149
Repayment of interest-bearing bank borrowings and other borrowings		(4,573,850)	(7,649,382)	(3,918,920)
Net cash flows (used in) from financing activities		**(1,844,409)**	**1,940,388**	**2,398,754**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**418,205**	**1,251,925**	**79,389**
Cash and cash equivalents at beginning of year		728,544	1,146,749	2,398,674
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,146,749**	**2,398,674**	**2,478,063**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		1,979,793	2,762,352	4,210,874
Less: Restricted cash		122,118	223,639	741,573
Pledged deposits		710,926	140,039	991,238
CASH AND CASH EQUIVALENTS AS STATED IN THE COMBINED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS		**1,146,749**	**2,398,674**	**2,478,063**

STATEMENTS OF FINANCIAL POSITION

	31 December 2017
	RMB'000
CURRENT ASSETS	
Cash and cash equivalents	—
Total current assets	—
NET CURRENT ASSETS	—
TOTAL ASSETS LESS CURRENT LIABILITIES	—
NET ASSETS	—
EQUITY	
Equity attributable to owners of the parent	
Share capital	—
Reserves	—
TOTAL EQUITY	—

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, Cayman Corporate Center, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development, property leasing, commercial property investment and operation, and hotel operation. The immediate holding company of the Company is Redsun Properties Group (Holdings) Limited. The controlling shareholder of the Group is Mr Zeng Huansha (the "Controlling Shareholder").

The Company and its subsidiaries now comprising the Group underwent the reorganization which was completed as set out in the paragraph headed "The Corporate Restructuring" and "The Reorganization" in the section headed "Our History and Reorganization" in the Document (the "Reorganization").

The group has completed at Reorganization on February 27, 2018, after completion of the Reorganization, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:					
Redsun Properties Investment (Holdings) Limited*	(1)	British Virgin Island December 22, 2017	USD1	100%	Investment holding
Indirectly held:					
Hong Yang Properties Investment Limited*	(1)	Hong Kong January 22, 2018	HKD1	100%	Investment holding
南京紅太陽房地產開發有限公司 Nanjing Red Sun Real Estate Development Co., Ltd ("Nanjing Red Sun")**	(2)	PRC/Mainland China December 30, 1999	RMB1,990,446,211	100%	Property development and property leasing
南京國港置業發展有限公司 Nanjing Guo Gang Properties. Development Co., Ltd ("Nanjing Guo Gang Properties")**	(1)	PRC/Mainland China June 24, 2004	RMB66,214,329	100%	Property development and property leasing
南京弘陽房地產開發有限公司 Nanjing Hong Yang Real Estate Development Co., Ltd. ("Nanjing Hong Yang Real Estate")**	(2)	PRC/Mainland China September 27, 2009	RMB50,000,000	100%	Property development

Continued/...

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
南京弘洋置業有限公司 Nanjing Hong Yang Properties Co., Ltd. ("Nanjing Hong Yang Properties")**	(2)	PRC/Mainland China September 28, 2009	RMB10,000,000	100%	Property development
南京弘陽瑞尚房地產開發有限公司 Nanjing Hong Yang Rui Shang Real Estate Development Co., Ltd. ("Nanjing Hong Yang Rui Shang Real Estate")**	(4)	PRC/Mainland China January 12, 2015	RMB20,000,000	100%	Property development
南京弘陽商業管理有限公司 Nanjing Hong Yang Business Management Co., Ltd. ("Nanjing Hong Yang Business Management")**	(2)	PRC/Mainland China March 17, 2008	RMB5,000,000	100%	Commercial property management
南京弘陽酒店有限公司 Nanjing Hong Yang Hotel Co., Ltd. ("Nanjing Hong Yang Hotel")**	(1)	PRC/Mainland China September 29, 2012	RMB10,000,000	100%	Hotel operation
南京弘陽業茂房地產開發有限公司 Nanjing Hong Yang Yemao Real Estate Development Co., Ltd. ("Nanjing Hong Yang Yemao Real Estate")**	(3)(4)	PRC/Mainland China December 6, 2013	RMB50,000,000	100%	Property development
常熟弘陽房地產開發有限公司 Changshu Hong Yang Real Estate Development Co., Ltd. ("Changshu Hong Yang Real Estate")**	(1)	PRC/Mainland China August 17, 2010	RMB50,000,000	100%	Property development
蘇州弘陽房地產開發有限公司 Suzhou Hong Yang Real Estate Development Co., Ltd. ("Suzhou Hong Yang Real Estate")**	(1)	PRC/Mainland China July 12, 2013	RMB850,000,000	100%	Property development
無錫蘇源檀溪灣置業有限公司 Wuxi Su Yuan Tan Xi Wan Properties Co., Ltd. ("Wuxi Su Yuan Tan Xi Wan Properties")**	(2)	PRC/Mainland China March 19, 2003	RMB50,000,000	100%	Property development
無錫弘陽洛克菲花園酒店 管理有限公司 Wuxi Lakefort Hotel Co., Ltd. ("Wuxi Lakefort Hotel)**	(2)	PRC/Mainland China April 17, 2014	RMB10,000,000	100%	Hotel operation

Continued/...

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
常州弘陽廣場置業有限公司 Changzhou Hong Yang Plaza Properties Co., Ltd. ("Changzhou Hong Yang Plaza Properties")**	(3)	PRC/Mainland China September 14, 2012	RMB50,000,000	100%	Property development and property leasing
常州弘陽商業管理有限公司 Changzhou Hong Yang Business Management Co., Ltd. ("Changzhou Hong Yang Business Management")**	(1)	PRC/Mainland China August 15, 2017	RMB5,000,000	100%	Commercial property management
安徽弘嵐房地產開發有限公司 Anhui Hong Lan Real Estate Development Co., Ltd. ("Anhui Hong Lan Real Estate")**	(1)	PRC/Mainland China November 9, 2016	RMB406,000,000	100%	Property development
安徽弘鵬置業有限公司 Anhui Hong Peng Properties Co., Ltd. ("Anhui Hong Peng Properties")**	(1)	PRC/Mainland China December 14, 2016	RMB10,000,000	80%	Property development
江蘇茂弘企業管理有限公司 Jiangsu Mao Hong Corporate Management Co., Ltd. ("Jiangsu Mao Hong")	(1)	PRC/Mainland China June 16, 2017	RMB400,000,000	100%	Commercial property management
來安金弘新房地產有限公司 Laian Jin Hong Xin Real Estate Co., Ltd. ("Laian Jin Hong Xin Real Estate")	(1)	PRC/Mainland China June 7, 2017	RMB10,000,000	33%	Property development
南京弘陽恒瑞房地產開發有限公司 Nanjing Hong Yang Heng Rui Real Estate Development Co., Ltd. ("Nanjing Hong Yang Heng Rui Real Estate")**	(4)	PRC/Mainland China April 28, 2015	RMB25,000,000	100%	Property development
句容紫金房地產開發有限公司 Ju Rong Zi Jin Real Estate Development Co., Ltd. ("Ju Rong Zi Jin Real Estate")**	(4)	PRC/Mainland China March 18, 2010	RMB100,000,000	100%	Property development
來安弘嘉房地產開發有限公司 Laian Hong Jia Real Estate Development Co., Ltd. ("Laian Hong Jia Real Estate")**	(1)	PRC/Mainland China June 8, 2017	RMB1,740,000	100%	Property development

Continued/...

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
滁州弘陽房地產開發有限公司 Chuzhou Hong Yang Real Estate Development Co., Ltd. ("Chuzhou Hong Yang Real Estate")**	(1)	PRC/Mainland China August 1, 2017	RMB20,000,000	100%	Property development
南京容摩貿易有限公司 Nanjing Rong Mo Trade Co., Ltd. ("Nanjing Rong Mo Trade")***	(2)	PRC/Mainland China January 4, 2012	RMB2,000,000	100%	Sale of construction materials
南京英莎瑞貿易有限公司 Nanjing Ying Sha Rui Trade Co., Ltd ("Nanjing Ying Sha Rui Trade")***	(2)	PRC/Mainland China January 4, 2012	RMB2,000,000	100%	Sale of construction materials
南京弘阳中瑞房地產開发有限公司 Nanjing Hong Yang Zhong Rui Real Estate Development Co., Ltd. ("Nanjing Hong Yang Zhong Rui")**	(3)(4)	PRC/Mainland China September 23, 2015	RMB20,000,000	100%	Property development
南京泓澈房地產有限公司 Nanjing Hong Che Real Estate Co., Ltd. ("Nanjing Hong Che Real Estate")**	(1)	PRC/Mainland China February 6, 2017	RMB1,000,000	100%	Property development
蘇州弘陽置業有限公司 Suzhou Hong Yang Properties Co., Ltd ("Suzhou Hong Yang Properties")	(1)	PRC/Mainland China December 18, 2015	RMB300,000,000	100%	Property development
蘇州弘陽投資有限公司 Suzhou Hong Yang Investment Co., Ltd. ("Suzhou Hong Yang Investment")**	(1)	PRC/Mainland China October 8, 2016	RMB100,000,000	100%	Property development
蘇州弘陽置地有限公司 Suzhou Hong Yang Land Co., Ltd. ("Suzhou Hong Yang Land")**	(1)	PRC/Mainland China April 21, 2016	RMB120,000,000	100%	Property development
弘陽集團南通房地產有限公司 Hong Yang Group Nantong Real Estate Co., Ltd. ("Hong Yang Group Nantong Real Estate")**	(1)	PRC/Mainland China October 9, 2010	RMB301,000,000	100%	Property development
南京弘寓生活服務有限責任公司 Nanjing Hong Yu Life Services Co., Ltd. ("Nanjing Hong Yu Life Services")	(1)	PRC/Mainland China May 27, 2017	RMB50,000,000	100%	Housekeeping, leasing and hotel management

Continued/...

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
南京鋭晟房地產開發有限公司 Nanjing Rui Sheng Real Estate Development Co.,Ltd. ("Nanjing Rui Sheng Real Estate")	(1)	PRC/Mainland China November 8, 2017	RMB10,000,000	100%	Property development
南京德軒置業有限公司 Nanjing De Xuan Properties Co., Ltd. ("Nanjing De Xuan Properties")	(1)	PRC/Mainland China July 21, 2017	RMB20,000,000	100%	Property development
南京麟瑞置業有限公司 Nanjing Lin Rui Properties Co., Ltd. ("Nanjing Lin Rui Properties")	(1)	PRC/Mainland China March 9, 2017	RMB500,0000	100%	Property development
江蘇潤弘智慧生態產業研究院有限公司 Jiangsu Run Hong Smart Ecology Research Center Co., Ltd ("Jiangsu Run Hong")	(1)	PRC/Mainland China October 30, 2017	RMB10,000,000	51%	Not yet commence operation
常州桑麻文化博覽園有限公司 Changzhou Sang Ma Culture Expo Park Co., Ltd. ("Changzhou Sang Ma Culture Expo Park")	(5)	PRC/Mainland China March 12, 2012	research RMB400,000,000	70%	Property leasing
常州桑麻置業有限公司 Changzhou Sang Ma Properties Co., Ltd. ("Changzhou Sang Ma Properties")	(5)	PRC/Mainland China June 18, 2012	RMB150,000,000	70%	Property development and property leasing
江陰嘉鴻房地產開發有限公司 Jiangyin Jia Hong Real Estate Development Co., Ltd. ("Jiangyin Jia Hong Real Estate")	(1)	PRC/Mainland China November 7, 2017	RMB20,000,000	100%	Property development
無錫煦陽房地產開發有限公司 Wuxi Xu Yang Real Estate Development Co., Ltd. ("Wuxi Xu Yang Real Estate")	(1)	PRC/Mainland China November 21, 2017	RMB20,000,000	100%	Property development
武漢弘陽金黃置業有限公司 Wuhan Hong Yang Jin Huang Properties Co., Ltd. ("Wuhan Hong Yang Jin Huang Properties")	(1)	PRC/Mainland China November 17, 2017	RMB20,000,000	70%	Property development

Continued/...

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
武漢弘陽漢都房地產開發有限公司 Wuhan Hong Yang Han Du Real Estate Development Co., Ltd. ("Wuhan Hong Yang Han Du Real Estate")	(1)	PRC/Mainland China September 22, 2017	RMB20,000,000	100%	Property development
張家港弘晨置業有限公司 Zhang Jia Gang Hong Chen Co., Ltd. ("Zhang Jiang Gang Hong Chen")	(1)	PRC/Mainland China October 20, 2017	RMB20,000,000	70%	Property development
中山市弘鼎房地產開發有限公司 Zhongshan Hong Ding Real Estate Development Co., Ltd. ("Zhongshan Hong Ding Real Estate")	(1)	PRC/Mainland China November 10, 2017	RMB10,000,000	100%	Property development
中山市弘隆房地產開發有限公司 Zhongshan Hong Long Real Estate Development Co., Ltd. ("Zhongshan Hong Long Real Estate")	(1)	PRC/Mainland China December 21, 2017	RMB8,980,000	80%	Property development
西藏思德瑞工程管理有限公司 Xizang Si De Rui Construction Management Co., Ltd. ("Xizang Si De Rui Construction Management")	(1)	PRC/Mainland China October 20, 2017	RMB10,000,000	100%	Engineering consulting and management service
江蘇拓思樂建材有限公司 Jiangsu Tuo Si Le Construction Material Co., Ltd. ("Jiangsu Tuo Si Le Construction Material")	(1)	PRC/Mainland China September 29, 2017	RMB10,000,000	100%	Sale of construction materials
江蘇君科工程科技有限公司 Jiangsu Jun Ke Engineering Technology Co., Ltd. ("Jiangsu Jun Ke Engineering Technology")	(1)	PRC/Mainland China February 28, 2017	RMB100,000,000	100%	Engineering service and engineering development
常州旭景置業有限公司 Changzhou Xu Jing Properties Co., Ltd. ("Changzhou Xu Jing Properties")	(1)	PRC/Mainland China February 21, 2017	RMB40,000,000	50%	Property development
常州市金壇旭潤置業有限公司 Changzhou Jin Tan Xu Run Properties Co., Ltd. ("Changzhou Jin Tan Xu Run Properties")	(1)	PRC/Mainland China June 9, 2017	RMB20,000,000	50%	Property development

Continued/...

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
蘇州全卓置業有限公司 Suzhou Quan Zhuo Properties Co., Ltd. ("Suzhou Quan Zhuo Properties")	(1)	PRC/Mainland China February 16, 2017	RMB50,000,000	50%	Property development
張家港鋭誠置業有限公司 Zhangjiagang Rui Cheng Properties Co., Ltd. ("Zhangjiagang Rui Cheng Properties")	(1)	PRC/Mainland China September 22, 2017	RMB50,000,000	50%	Property development
泰興市瑞尚房地產開發有限公司 Taixing Rui Shang Real Estate Development Co., Ltd. ("Taixing Rui Shang Real Estate")	(1)	PRC/Mainland China October 17, 2017	RMB20,000,000	100%	Property development
蘇州金涵澤投資諮詢有限公司 Suzhou Jin Han Ze Investment Consulting Co., Ltd. ("Suzhou Jin Han Ze")	(6)	PRC/Mainland China March 22, 2016	RMB10,000,000	33%	Consulting
南通錦力置業有限公司 Nantong Jin Li Properties Co., Ltd. ("Nantong Jin Li Properties")**	(1)	PRC/Mainland China June 5, 2017	RMB8,000,000	33%	Property development

People's Republic of China is hereafter referred to as the ("PRC")
The Renminbi Yuan are hereafter referred to as the ("RMB")
The Hong Kong Dollars are hereafter referred to as the ("HKD")
The United States dollars are hereafter referred to as the ("USD")

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* These companies are wholly-owned subsidiaries of the Company.

** These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiary by virtue of the Company having control over it.

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(1) No audited financial statements have been prepared and issued for these entities for the years ended December 31, 2015 and 2016 as these companies are not subject to any statutory audit requirement under the relevant rules and regulations.

(2) The statutory financial statements for the years ended December 31, 2015 and 2016 prepared in accordance with Chinese accounting standards have been audited by Grant Thornton Certified Public Accountants Co., Ltd. (致同會計師事務所（特殊普通合夥）), a certified public accounting firm registered in the PRC.

(3) The statutory financial statements for the years ended December 31, 2015 and 2016 prepared in accordance with Chinese accounting standards have been audited by Jiangsu Huaihai Certified Public Accountants Co., Ltd. (江蘇淮海會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(4) The statutory financial statements for the years ended December 31, 2015 and 2016 prepared in accordance with Chinese accounting standards have been audited by Jiangsu Haitian Certified Public Accountants Co., Ltd. (江蘇海天會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(5) The statutory financial statements for the years ended December 31, 2015 and 2016 prepared in accordance with Chinese accounting standards have been audited by Changzhou Yongcheng United Certified Public Accountants (常州永誠聯合會計師事務所), a certified public accounting firm registered in the PRC.

(6) The statutory financial statements for the year ended December 31, 2016 prepared in accordance with Chinese accounting standards have been audited by Suzhou Dongrui Certified Public Accountants Co., Ltd. (蘇州東瑞會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(7) The statutory financial statements for the year ended December 31, 2015 prepared in accordance with Chinese accounting standards have been audited by Jiangyin Jiyang Certified Public Accountants Co., Ltd. (江陰暨陽會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(8) The statutory financial statements for the year ended December 31, 2017 prepared in accordance with Chinese accounting standards have been audited by Shanghai Certified Public Accountants（Special General Partnership) Jiangsu Branch (上會會計師事務所（特殊普通合夥）江蘇分所), a certified public accounting firm registered in the PRC.

2.1 BASIS OF PRESENTATION

Pursuant to the Corporate Restructuring and the Reorganization as more fully explained in the paragraph headed "The Corporate Restructuring" and "The Reorganization" in the section headed "Our History and Reorganization" in the Document, the Company became the holding company of the companies now comprising the Group on March 27, 2018. The companies now comprising the Group were under the common control of the controlling shareholder before and after the Corporate Restructuring and the Reorganization. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Corporate Restructuring and the Reorganization had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period. The combined statements of financial position of the Group as at December 31, 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Corporate Restructuring and the Reorganization.

Equity interests in subsidiaries held by parties other than the controlling shareholder, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on combination in full.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from January 1, 2017, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties and available-for-sale investments which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or settlement*[2]
IFRS 17	*Insurance Contract*[3]
IAS 28	*Amendments long-term Interests in Associates and Joint Ventures*[2]
Annual Improvements to 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*
Annual Improvements to 2014-2016 Cycle	*Amendments to IFRS 1 and IAS 28*[1]

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

2 Effective for annual periods beginning on or after January 1, 2019

3 Effective for annual periods beginning on or after January 1, 2021

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the complete version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyzes or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarized as follows:

(a) **Classification and measurement**

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) **Impairment**

IFRS 9 requires an impairment on debt instruments recorded at amortized cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9. The Group does not expect that the adoption of IFRS 9 will have a significant impact on the Group's financial performance and financial position, including the measurement of financial assets and disclosures.

IFRS 15, issued in May 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognizing revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in IFRS 15 to recognize the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at January 1, 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before January 1, 2018.

During 2017, the Group has performed an assessment on the impact of the adoption of IFRS 15 including the assessments on (i) time of revenue recognition, (ii) sales commission, and (iii) financial component for sale of completed properties. The Group expects that the transitional adjustment to be made on January 1, 2018 upon initial adoption of IFRS 15 will not be material.

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40 *Investment Property*. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments.

Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The Group does not expect the adoption of IFRS 16 will have significant effect on the financial performance of the Group in 2019.

Amendments to IAS 40 issued in December 2016 clarify the requirements when an entity should transfer a property, including property under construction development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are applied prospectively to change in use that occur on or after the beginning of the annual reporting period in when the entity first applied the amendments. The Group will reassess the classification of property held at January 1, 2018 and, if applicable, reclassify property to reflect the condition that exist at that date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations other than common control combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in an associate and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investment in an associate is stated in the combined statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate and joint ventures are included in the combined statements of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the combined statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its investment properties and available-for-sale investment at fair value at the end of each Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, properties under development, completed properties held for sale and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%-5%
Hotel properties	5%
Plant and machinery	10%-19%
Motor vehicles	24%
Furniture and fixtures	19%-32%
Leasehold improvements	5%-43%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with IAS 16 *Property, Plant and Equipment* up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

Transfer to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value.

Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land cost.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortized on the straight-line basis over its estimated useful life of 3 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight-line basis over the lease terms.

Prepaid land lease payments

Prepaid land lease payments, representing prepayments for leasehold land for development for future sale in the ordinary course of business, are stated at lower of cost and net realizable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognized in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of their fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in other income and gains in profit or loss. The loss arising from impairment is recognized in profit or loss in finance cost for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognized in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each Relevant Periods whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is removed from other comprehensive income and recognized in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss — is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognized directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of comprehensive income if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to shareholders, amounts due to related companies and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognized less, when appropriate, cumulative amortization.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from the sale of properties in the ordinary course of business is recognized when all the following criteria are met:

(a) the significant risks and rewards of ownership of the properties are transferred to purchasers;

(b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria for the sale of properties are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the combined statements of financial position under current liabilities.

Rental income is recognized on a time proportion basis over the lease terms.

Property management service income derived from the provision of property maintenance and management services is recognized when the relevant services are rendered.

Interest income is recognized, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Revenue of the sale of other goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Other employee retirement benefits

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in Mainland China. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Provision of properties under development and completed properties held for sale

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

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

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgment based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realize.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalized its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realize.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties under construction carried at fair value, were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

The principal assumptions for the Group's estimation of the fair value of completed investment properties include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalization rates and expected profit margin. The carrying amounts of investment properties at December 31, 2015, 2016 and 2017 were RMB9,013,067,000, RMB9,310,858,000,and RMB10,313,012,000, respectively.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development, commercial property investment and operation, and hotel operation by project location for the purpose of making decisions about resource allocation and performance assessment, while no revenue, net profit or total assets from a single location exceeds 10% of the Group's combined revenue, net profit or total assets. As all locations have similar economic characteristics with similar nature of property development and leasing and management, nature of the aforementioned business processes, type or class of customer for the aforementioned businesses and methods used to distribute the properties or provide the services, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, commercial property investment and operation and hotel operations during the Relevant Periods.

An analysis of revenue and other income and gains is as follows:

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Revenue			
Sale of properties	5,124,160	8,549,007	5,938,391
Commercial property investment and operation	226,727	193,070	166,420
Hotel operations	25,912	33,388	34,861
	5,376,799	8,775,465	6,139,672

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Other income and gains			
Interest income	93,782	89,789	237,983
Forfeiture of deposit	1,744	880	792
Government grants	1,208	1,499	1,190
Financial guarantee contract gains	0	0	29,620
Others	1,362	2,429	13,361
	98,096	94,597	282,946

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31, 2015 RMB'000	2016 RMB'000	2017 RMB'000
Cost of inventories sold		3,045,168	6,317,071	3,425,780
Impairment loss write-off for completed properties held for sale	22	(42,646)	(193,374)	(48,505)
Impairment losses recognized for property under development and completed properties held for sale	21&22	41,254	4,230	163,674
Impairment losses reversed for properties under development and completed properties held for sale	21&22	(57,407)	(43,471)	—
Financial guarantee contract losses/(gains)—net	30	21,769	19,214	(29,620)
Depreciation of property, plant and equipment	13	73,511	68,565	58,469
Amortization of other intangible assets	16	979	2,028	4,388
Loss on disposal of items of property plant and equipment		82	6,086	312
Share of losses/(gains) of:				
associates		4,978	14,810	68,485
joint ventures		10,200	17,106	(486,563)
Auditors' remuneration		2,663	3,264	3,216
Employee benefit expense (including directors' and chief executives' remuneration (note 8):				
Wages and salaries (including bonus)		115,921	158,635	183,612
Pension scheme contributions and social welfare		13,987	14,391	17,174
Fair value losses (gains) on investment properties, net	14	(614,065)	109,822	287,414

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31, 2015 RMB'000	2016 RMB'000	2017 RMB'000
Interest on bank and other borrowings	782,935	632,232	830,858
Less: Interest capitalized	(424,851)	(277,804)	(389,321)
	358,084	354,428	441,537

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors at any time during the Relevant Periods since the Company was only incorporated on December 21, 2017.

Subsequent to the end of the Relevant Periods, Mr. Zeng Huansha and Mr. He Jie were appointed as executive directors of the Company on March 15, 2017, respectively, Mr. Zhang Liang, Mr. Jiang Daqiang and Mr. Zhang Hongwu were appointed as non-executive directors of the Company on March 15, 2017. Mr. Auyeung Po Fung, Mr. Leung Yauwan and Mr. Lee Kwok Tung were appointed as independent non-executive directors of the Company on March 15, 2017, respectively, and Mr. Zeng Huansha was appointed as the chief executive of the Company on March 15, 2017.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	2,766	2,766	3,542
Performance-related bonuses*	454	131	380
Pension scheme contributions and social welfare	184	181	222
Total	3,404	3,078	4,144

(a) Independent non-executive directors

Mr. Auyeung Po Fung, Mr. Leung Yauwan and Mr. Lee Kwok Tung Louis were appointed as independent non-executive directors of the Company on March 15, 2017. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

Year ended December 31, 2015

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
- Mr. Zeng Huansha	—	156	—	61	217
- Mr. He Jie	—	2,100	—	61	2,161
	—	2,256	—	122	2,378
Non-executive directors:					
- Mr. Zhang Liang	—	—	—	—	—
- Mr. Jiang Daqiang	—	—	—	—	—
- Mr. Zhang Hongwu	—	510	454	61	1,025
	—	2,766	454	183	3,403

Year ended December 31, 2016

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
- Mr. Zeng Huansha	—	156	—	60	216
- Mr. He Jie	—	2,100	—	60	2160
	—	2,256	—	120	2376
Non-executive directors:					
- Mr. Zhang Liang	—	—	—	—	—
- Mr. Jiang Daqiang	—	—	—	—	—
- Mr. Zhang Hongwu	—	510	131	60	701
	—	2,766	131	180	3077

Year ended December 31, 2017

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
- Mr. Zeng Huansha	—	156	—	65	221
- Mr. He Jie	—	2,100	—	65	2,165
	—	2,256	—	130	2,386
Non-executive directors:					
- Mr. Zhang Liang	—	397	—	27	424
- Mr. Jiang Daqiang	—	—	—	—	—
- Mr. Zhang Hongwu	—	714	375	64	1,153
	—	3,367	375	221	3,963

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended December 31, 2015 and 2016 and 2017 included one director each year, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended December 31, 2015 and 2016 and 2017 of the remaining four, four, and four highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,436	2,868	3,120
Performance-related bonuses	327	576	702
Pension scheme contributions and social welfare	245	241	259
Total	3,008	3,685	4,081

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Nill to HK$500,000	—	—	—
HK$500,001 to HK$1,000,000	4	3	2
HK$1,000,001 to HK$2,000,000	—	1	2
Total	4	4	4

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits currently arising in Hong Kong during the Relevant Periods.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax rate of 25% for the Relevant Periods.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant the PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Current tax:			
PRC corporate income tax	254,666	506,188	465,348
PRC LAT	388,249	373,784	401,082
Deferred tax (note 19)	246,658	(149,198)	(161,129)
Total tax charge for the year	889,573	730,774	705,301

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Profit before tax	2,218,227	1,661,854	1,900,784
At the statutory income tax rate	554,557	415,464	475,196
Share of profits and losses attributable to jointly-controlled entities and associates	3,794	7,979	(104,520)
Expenses not deductible for tax	3,876	4,732	5,284
Deductible temporary differences utilized from previous years	(815)	(45,674)	(12,089)
Tax losses utilized from previous periods	(3,057)	(1,958)	(20,044)
Deductible temporary differences not recognized	817	1,058	31,574
Tax losses not recognized	39,214	68,835	29,089
Provision for LAT	388,249	373,784	401,082
Tax effect on LAT	(97,062)	(93,446)	(100,271)
Tax charge at the Group's effective rate	889,573	730,774	705,301

Tax payable in the combined statements of financial position represents:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Tax payable			
PRC corporate income tax	332,695	500,842	399,062
PRC LAT	328,573	488,608	582,511
	661,268	989,450	981,573

Provision for land appreciation tax

	RMB'000
At January 1, 2015	61,824
Charged to the statement of profit or loss during the year	388,249
Payment during the year	(147,142)
Transfer from prepaid tax	25,642
At December 31, 2015 and January 1, 2016	328,573
Charged to the statement of profit or loss during the year	373,784
Payment during the year	(331,921)
Transfer from prepaid tax	118,172
At December 31, 2016 and January 1, 2017	488,608
Charged to the statement of profit or loss during the year	401,082
Payment during the year	(349,203)
Transfer from prepaid tax	42,024
At December 31, 2017	582,511

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 January 1, 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 January 27, 1995, all income arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption for the sale 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.

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 2% to 5% on the pre-sales and sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out 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. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

11. DIVIDENDS

No dividends have been paid or declared by the Company, as the Company was incorporated on December 21, 2017 and the Reorganization has not completed during the tracking period.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Corporate Restructuring and the Reorganization completed on February [27], 2018 and the basis of presentation of the Historical Financial Information for the Relevant Periods as further explained in note 2.1.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Hotel properties	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in process	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2015								
At December 31, 2014 and January 1, 2015:								
Cost	231,276	296,229	165,061	32,247	41,953	74,453	—	841,219
Accumulated depreciation	(41,574)	(9,594)	(64,331)	(21,943)	(28,146)	(13,379)	—	(178,967)
Net carrying amount	189,702	286,635	100,730	10,304	13,807	61,074	—	662,252
At January 1, 2015, net of accumulated depreciation	189,702	286,635	100,730	10,304	13,807	61,074	—	662,252
Additions	995	—	1,440	1,473	5,624	6,623	—	16,155
Disposals		—	(175)	—	(39)		—	(214)
Depreciation provided during the year (note 6)	(13,276)	(14,944)	(16,239)	(5,611)	(6,549)	(16,892)	—	(73,511)
At December 31, 2015,net of accumulated depreciation	177,421	271,691	85,756	6,166	12,843	50,805	—	604,682
At December 31, 2015:								
Cost	232,108	296,229	164,638	33,720	47,495	81,077	—	855,267
Accumulated depreciation	(54,687)	(24,538)	(78,882)	(27,554)	(34,652)	(30,272)	—	(250,585)
Net carrying amount	177,421	271,691	85,756	6,166	12,843	50,805	—	604,682

	Buildings	Hotel properties	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in process	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2016								
At December 31, 2015 and January 1, 2016:								
Cost	232,108	296,229	164,638	33,720	47,495	81,077	—	855,267
Accumulated depreciation	(54,687)	(24,538)	(78,882)	(27,554)	(34,652)	(30,272)	—	(250,585)
Net carrying amount	177,421	271,691	85,756	6,166	12,843	50,805	—	604,682
At January 1, 2016, net of accumulated depreciation	177,421	271,691	85,756	6,166	12,843	50,805	—	604,682
Additions	698	—	2,150	834	9,357	—	7,947	20,986
Transferred from investment properties (note 14)	83,727	—	—	—	—	—	—	83,727
Transfer to construction in process	(140,760)	—	—	—	—	—	140,760	—
Disposals	—	—	(5,650)	(27)	(1,016)	—	—	(6,693)
Depreciation provided during the year (note 6)	(13,462)	(14,933)	(18,028)	(2,513)	(8,222)	(11,407)	—	(68,565)
At December 31, 2016, net of accumulated depreciation	107,624	256,758	64,228	4,460	12,962	39,398	148,707	634,137
At December 31, 2016:								
Cost	178,531	296,229	153,519	34,023	41,904	81,076	148,707	933,989
Accumulated depreciation	(70,907)	(39,471)	(89,291)	(29,563)	(28,942)	(41,678)	—	(299,852)
Net carrying amount	107,624	256,758	64,228	4,460	12,962	39,398	148,707	634,137

	Buildings	Hotel properties	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Contruction in process	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2017								
At December 31, 2016 and January 1, 2017:			—				—	
Cost	178,531	296,229	153,519	34,023	41,904	81,076	148,707	933,989
Accumulated depreciation	(70,907)	(39,471)	(89,291)	(29,563)	(28,942)	(41,678)	—	(299,852)
Net carrying amount	107,624	256,758	64,228	4,460	12,962	39,398	148,707	634,137
At January 1, 2017, net of accumulated depreciation	107,624	256,758	64,228	4,460	12,962	39,398	148,707	634,137
Additions	16,855	—	3,022	5,399	12,406	960	57,695	96,337
Acquisition of a subsidiary (note 33)	—	—	—	84	383	—	—	467
Transfer from properties hold for sale (note 22)	—	75,582	—	—	—	—	—	75,582
Disposals	—	—	(242)	(136)	(685)	—	—	(1,063)
Depreciation provided during the year (note 6)	(7,701)	(19,371)	(14,365)	(2,096)	(6,394)	(8,542)	—	(58,469)
At December 31, 2017, net of accumulated depreciation	116,778	312,969	52,643	7,711	18,672	31,816	206,402	746,991
At December 31, 2017:								
Cost	200,025	371,811	154,255	36,896	50,800	82,037	206,402	1,102,226
Accumulated depreciation	(83,247)	(58,842)	(101,612)	(29,185)	(32,128)	(50,221)	—	(355,235)
Net carrying amount	116,778	312,969	52,643	7,711	18,672	31,816	206,402	746,991

Certain of the Group's properties, plant and equipment with aggregate carrying amounts of approximately RMB202,114,000, RMB189,068,000, RMB329,309,000 as at December 31, 2015 and 2016 and 2017, respectively, have been pledged to only secure bank and other borrowings granted to related parties (note 38).

Certain of the Group's properties, plant and equipment with aggregate carrying amounts of approximately RMB238,550,000, RMB 306,574,000 and RMB 176,224,000 as at December 31, 2015 and 2016 and 2017 respectively, have been pledged to only secure bank and other borrowings granted to the Group (note 29).

Certain of the Group's properties, plant and equipment with aggregate carrying amounts of approximately RMB78,313,000 as at December 31, 2017, respectively, have been pledged to secure bank and other borrowings granted to both related parties (note 38) and the Group (note 29).

14. INVESTMENT PROPERTIES

	Under construction	Completed	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1, 2015	414,100	7,228,500	7,642,600
Additions	30,971	1,064	32,035
Net gain from a fair value adjustment (note 6)	61,929	552,136	614,065
Carrying amount at December 31, 2015 and January 1, 2016	507,000	7,781,700	8,288,700
Additions	107,390	118,632	226,022
Investment properties under construction transferred to investment properties completed	(379,954)	379,954	—
Transferred to property, plant and equipment (note 13)	—	(83,727)	(83,727)
Transferred to prepaid land lease prepayment	—	(1,273)	(1,273)
Net gain from a fair value adjustment (note 6)	8,764	(118,586)	(109,822)
Carrying amount at December 31, 2016 and January 1, 2017	243,200	8,076,700	8,319,900
Acquisition of subsidiaries (note 33)	388,359	—	388,359
Additions	141,611	160,403	302,014
Net gain from a fair value adjustment (note 6)	63,289	(350,703)	(287,414)
Carrying amount at December 31, 2017	836,459	7,886,400	8,722,859

The Group's investment properties are situated in the PRC. The Group's investment properties were revalued on December 31, 2015 and 2016 and 2017 based on valuations performed by Savills Beijing Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer, at RMB8,288,700,000, RMB8,319,900,000, RMB8,722,859,000 respectively. The Group's senior finance manager and the chief financial officer decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with aggregate carrying amounts of approximately RMB5,261,929,000, RMB3,768,246,000 and RMB6,647,989,000 as at December 31, 2015 and 2016 and 2017, respectively, have been pledged to only secure bank and other borrowings granted to the Group (note 29).

Certain of the Group's investment properties with aggregate carrying amounts of approximately RMB183,941,000 and RMB184,512,000 as at December 31, 2016 and 2017, respectively, have been pledged to only secure bank and other borrowings granted to related parties (note 38).

Certain of the Group's investment properties with aggregate carrying amounts of approximately RMB2,147,616,000, RMB3,273,232,000 and RMB1,271,501,000 as at December 31, 2015 and 2016 and 2017, respectively, have been pledged to secure bank and other borrowings granted to both related parties (note 38) and the Group (note 29).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at December 31, 2015			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for				
Commercial properties				
Under development	—	—	507,000	507,000
Completed	—	—	7,781,700	7,781,700
	—	—	8,288,700	8,288,700

	Fair value measurement as at December 31, 2016			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for				
Commercial properties				
Under development	—	—	243,200	243,200
Completed	—	—	8,076,700	8,076,700
	—	—	8,319,900	8,319,900

	Fair value measurement as at December 31, 2017			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for				
Commercial properties				
Under development	—	—	836,459	836,459
Completed	—	—	7,886,400	7,886,400
	—	—	8,722,859	8,722,859

During the Relevant Periods, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range December 31, 2015	2016	2017
Completed commercial properties	Income capitalization method	Estimated rental value (per square meter and per month)	RMB115-182	RMB54-191	RMB55-178
		Capitalization rate	4%-6.5%	4%-6.5%	4%-6.5%
Commercial properties under construction	Residual method	Expected profit margin	15%	15%	10%

The fair value of completed commercial properties is determined by the income capitalization method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. Where appropriate, reference has also been considered the comparable sales transactions as available in the relevant market.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the capitalization rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of commercial properties under construction is determined by using residual method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction cost and professional fees to be expensed to complete the properties that would be incurred by a market participant; and

- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimation construction cost, the lower the fair value is for the investment properties under construction.

15. PREPAID LAND LEASE PAYMENTS

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	11,338	10,928	11,792
Additions	—	—	12,085
Transferred from investment properties (note 14)	—	1,273	—
Transferred from completed properties held for sale (note 22)	—	—	6,318
Amortization during the year	(410)	(409)	(499)
Carrying amount at the end of the year	10,928	11,792	29,696

Certain of the Group's prepaid land lease payments with aggregate carrying amounts of approximately RMB5,600,000, RMB6,702,000 and RMB4,514,000 as at December 31, 2015 and 2016 and 2017, respectively, have been pledged to only secure bank and other borrowings granted to the Group (note 29).

Certain of the Group's prepaid land lease payments with aggregate carrying amounts of approximately RMB5,311,000, RMB5,074,000 and RMB23,853,000 as at December 31, 2015 and 2016 and 2017, respectively, have been pledged to only secure bank and other borrowings granted to related parties, as further detailed in note 38 to the financial statements.

Certain of the Group's prepaid land lease payments with aggregate carrying amounts of approximately RMB1,184,000 as at December 31, 2017, respectively, have been pledged to secure bank and other borrowings granted to both related parties (note 38) and the Group (note 29).

16. INTANGIBLE ASSETS

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Software			
At the beginning of the year:			
Cost	7,688	12,229	15,892
Accumulated amortization	(5,483)	(6,462)	(8,490)
Net carrying amount	2,205	5,767	7,402
Carrying amount at the beginning of the year,	2,205	5,767	7,402
Additions	4,541	3,663	11,209
Amortization provided during the year	(979)	(2,028)	(4,387)
Carrying amount at the end of the year	5,767	7,402	14,224
At the end of the year:			
Cost	12,229	15,892	26,754
Accumulated amortization	(6,462)	(8,490)	(12,530)
Net carrying amount	5,767	7,402	14,224

17. INVESTMENT IN ASSOCIATES

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Share of net assets	518	59,088	805,871

The Group's trade receivable and payable balances with associates are disclosed in note 38 to the Historical Financial Information.

(a) Particulars of the Group's associates

Name of company	Place and year of registration	Paid-in Capital	Percentage of Ownership interest attributable to the Group	Principal activities
		RMB'000		
南京平弘房地產開發有限公司 Nanjing Ping Hong Real Estate Development Co., Ltd. ("Nanjing Ping Hong Real Estate")	Nanjing, PRC October 13, 2016	20,000	49%	Property development
南京明弘新房地產開發有限公司 Nanjing Minghongxin Real Estate Development Co., Ltd. ("Nanjing Minghongxin Real Estate")	Nanjing, PRC October 20, 2016	20,000	30%	Property development

Continued/...

Name of company	Place and year of registration	Paid-in Capital	Percentage of Ownership interest attributable to the Group	Principal activities
		RMB'000		
南京新保弘房地產有限公司 Nanjing Xin Bao Hong Real Estate Development Co., Ltd. ("Nanjing Xin Bao Hong Real Estate")	Nanjing, PRC October 10, 2016	20,000	33%	Property development
南京招陽房地產開發有限公司 Nanjing Zhao Yang Real Estate Development Co., Ltd. ("Nanjing Zhao Yang Real Estate")	Suzhou, PRC September 24, 2015	20,000	27%	Property development
蘇州輝耀弘陽置業有限公司 Suzhou Huiyao Hongyang Properties Co., Ltd. ("Suzhou Huiyao Hongyang Properties")	Suzhou, PRC April 27, 2016	100,000	49%	Property development
安徽乾泰房地產開發有限公司 Anhui Qian Tai Real Estate Development Co., Ltd. ("Anhui Qian Tai Real Estate")	Suzhou, PRC March 10, 2017	200,000	25%	Property development
常熟市新碧房地產開發有限公司 Changshu Xin Bi Real Estate Development Co., Ltd. ("Changshu Xin Bi Real Estate")	Changshu, PRC October 21, 2016	100,000	33%	Property development
丹陽市弘陽置業有限公司 Dangyang Hongyang Properties Co., Ltd. ("Dangyang Hongyang Properties")	Danyang, PRC August 8, 2017	20,000	20%	Property development
南京泰麒置業發展有限公司 Nanjing Tai Qi Properties Co., Ltd. ("Nanjing Tai Qi Properties")	Nanjing, PRC July 27, 2017	100,000	20%	Property development
南通市華昌房地產有限公司 Nantong Hua Chang Real Estate Development Co., Ltd. ("Nantong Hua Chang Real Estate")	Nantong, PRC July 17, 2017	200,000	17%	Property development
南京弘威盛房地產開發有限公司 Nanjing Hong Wei Real Estate Development Co., Ltd. ("Nanjing Hong Wei Real Estate")	Nantong, PRC January 11, 2017	765,000	33%	Property development
南京名寓置業有限公司 Nanjing Ming Yu Properties Co., Ltd. ("Nanjing Ming Yu Properties")	Nanjing, PRC October 8, 2016	730,000	33%	Property development
南京銳灝房地產開發有限公司 Nanjing Rui Hao Real Estate Development Co., Ltd. ("Nanjing Rui Hao Real Estate")	Changshu, PRC July 24, 2017	780,000	20%	Property development
南京銳昱房地產開發有限公司 Nanjing Rui Yu Real Estate Development Co., Ltd. ("Nanjing Rui Yu Real Estate")	Suzhou, PRC October 9, 2017	200,000	25%	Property development

Continued/...

Name of company	Place and year of registration	Paid-in Capital	Percentage of Ownership interest attributable to the Group	Principal activities
		RMB'000		
南京禹陽東房地產開發有限公司 Nanjing Yu Yang Dong Real Estate Development Co., Ltd. ("Nanjing Yu Yang Dong Real Estate")	Nanjing, PRC November 30, 2016	20,000	49%	Property development
南京裕寧置業有限公司 Nanjing Yu Ning Properties Co., Ltd. ("Nanjing Yu Nin Properties")	Nanjing, PRC December 5, 2016	60,000	9%	Property development
南通弘創置業有限公司 Nantong Hongchuang Properties Co., Ltd. ("Nantong Hongchuang Properties")	Nantong, PRC July 16, 2017	8,000	33%	Property development
南通弘晏房地產有限公司 Nantong Hong Yan Real Estate Development Co., Ltd. ("Nantong Hong Yan Real Estate")	Nanjing, PRC December 9, 2016	30,000	33%	Property development
和縣孔雀城房地產開發有限公司 Hexian Kongquecheng Real Estate Development Co., Ltd. ("Hexian Kongquecheng Real Estate")	Anhui, PRC September 19, 2016	100,000	20%	Property development
揚州啓輝置業有限公司 Yangzhou Qihui Properties Co., Ltd. ("Yangzhou Qihui Properties")	Yangzhou, PRC August 30, 2017	100,000	19%	Property development
滁州正宏置業發展有限公司 Chuzhou Zhenghong Properties Co., Ltd. ("Chuzhou Zhenghong")	Chuzhou, PRC August 10, 2017	50,000	30%	Property development
亳州碧盛房地產開發有限公司 Bozhou Bisheng Real Estate Development Co., Ltd. ("Bozhou Bisheng Real Estate")	Bozhou, PRC December 22, 2017	50,000	30%	Property development
常熟建瀚置地有限公司 Changzhou Jianhan Properties Co., Ltd. ("Changzhou Jianhan Properties")	Changshu, PRC September 25, 2017	100,000	18%	Property development
蘇州正信置業發展有限公司 Suzhou Zhengxin Properties Co., Ltd. ("Suzhou Zhengxin")	Zhangjiagang, PRC July 1, 2017	17,000	16%	Property development
張家港保税區耀輝房地產開發有限公司 Zhangjiagangbaoshuiqu Yaohui Real Estate Development Co., Ltd. ("Zhangjiagang Yaohui Real Estate")	Zhangjiagang, PRC August 10, 2017	65,000	13%	Property development

Continued/...

Name of company	Place and year of registration	Paid-in Capital	Percentage of Ownership interest attributable to the Group	Principal activities
		RMB'000		
湖州碧福房地產開發有限公司 Huzhou Bifu Real Estate Development Co., Ltd. ("Huzhou Bifu Real Estate")	Huzhou, PRC October 17, 2017	8,000	35%	Property development
江陰市合誠房地產開發有限公司 Jiangyin Hecheng Real Estate Development Co., Ltd. ("Jiangyin Hecheng Real Estate")	Jiangyin, PRC June 30, 2017	20,000	20%	Property development
南通暄璽房地產有限公司 Nantong Xuanxi Real Estate Development Co., Ltd. ("Nantong Xuanxi Real Estate")	Nantong, PRC September 1, 2017	20,000	25%	Property development
南通卓蘇房地產開發有限公司 Nantong Zhuosu Real Estate Development Co., Ltd. ("Nantong Zhousu Real Estate")	Nantong, PRC November 20, 2017	12,500	13%	Property development
南通錦隆置業有限公司 Nantong Jinlong Properties Co., Ltd. ("Nantong Jinlong Properties")	Nantong, PRC November 15, 2017	5,000	24%	Property development
常州市沛淩房地產開發有限公司 Changzhou Peiling Real Estate Development Co., Ltd. ("Changzhou Peiling Real Estate")	Nantong, PRC November 8, 2017	750,000	40%	Property development

(b) Changshu Xin Bi Real Estate, which is considered a material associate of the Group, is a strategic partner of the Group engaged in property development and is accounted for using the equity method. Changshu Xin Bi Real Estate begun construction during the year ended 2017.

The following table illustrates the summarized financial information in respect of Changshu Xin Bi Real Estate adjusted for any differences in accounting policies and reconciled to the carrying amount in the combined financial statements:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Current assets	—	571,363	2,215,677
Non-current assets	—	—	20,824
Current liabilities	—	(551,680)	(2,096,764)
Non-current liabilities	—	—	(100,000)
Net assets	—	19,683	39,737
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership	—	33%	33%
Group's share of net assets of the associates	—	6,495	13,113
Adjustment for the capital to be paid	—	(6,495)	—
Carrying amount of the investment	—	—	13,113
Revenue	—	—	—
Expenses	—	(319)	(59,945)
Tax	—	—	—
Net loss and total comprehensive loss for the year	—	(319)	(59,945)

(c) Nantong Hong Yan Real Estate., which is considered a material associate of the Group, is a strategic partner of the Group engaged in property development and is accounted for using the equity method. Changshu Xin Bi Real Estate begun construction during the year ended 2017.

The following table illustrates the summarized financial information in respect of Nantong Hong Yan Real Estate adjusted for any differences in accounting policies and reconciled to the carrying amount in the combined financial statements:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Current assets	—	—	4,156,914
Non-current assets	—	—	45,450
Current liabilities	—	—	(3,784,002)
Non-current liabilities	—	—	(466,950)
Net liabilities	—	—	(48,588)
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership			33%
Group's share of net assets of the associates			(16,228)
Adjustment of unrecognized share of losses			16,228
Carrying amount of the investment	—	—	—
Revenue		—	—
Expenses		—	(104,987)
Tax	—	—	26,192
Net loss and total comprehensive loss for the year	—	—	(78,588)

(d) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Share of the associates' losses for the year	(4,978)	(14,705)	(38,683)
Aggregate carrying amount of the Group's investments in the associates	518	59,088	792,758

18. INVESTMENT IN JOINT VENTURES

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Share of net assets	—	152,894	639,458

The Group's trade receivable balances due from the joint ventures are disclosed in note 38 to the financial statements.

(a) **Particulars of the Group's joint ventures**

Name of company	Place and year of registration and business	Paid-in Capital	Percentage of Ownership interest attributable to the Group	Principal activities
		RMB'000		
蘇州城弘房地產開發有限公司 Suzhou Cheng Hong Real Estate Development Co., Ltd. ("Suzhou Cheng Hong Real Estate")	Suzhou, PRC November 26, 2015	40,000	50%	Property development
南京綠弘房地產開發有限公司 Nanjing Lv Hong Real Estate Development Co., Ltd. ("Nanjing Lv Hong Real Estate")	Nanjing, PRC February 6, 2015	20,400	50%	Property development
南京弘灝房地產開發有限公司 Nanjing Hong Hao Real Estate Development Co., Ltd. ("Nanjing Hong Hao Real Estate")	Nanjing, PRC February 2, 2016	150,000	50%	Property development
南京舜鴻房地產開發有限公司 Nanjing Shun Hong Real Estate Development Co., Ltd. ("Nanjing Shun Hong Real Estate")	Nanjing, PRC February 3, 2016	150,000	50%	Property development

(b) Suzhou Cheng Hong Real Estate, which is considered a material joint venture of the Group for the year ended 2017, co-develops a property development project with the other associate partner in the PRC and is accounted for using the equity method.

The following table illustrates the summarized financial information in respect of Suzhou Cheng Hong Real Estate adjusted for any differences in accounting policies and reconciled to the carrying amount in the combined financial statements:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	—	164,593	33,581
Other current assets	—	1,260,622	2,390,526
Current assets	—	1,425,215	2,424,107
Non-current assets	—	8,971	4,210
Other current liabilities	—	(1,314,900)	(2,066,363)
Current liabilities	—	(1,314,900)	(2,066,363)
Non-current financial liabilities	—	(100,000)	—
Non-current liabilities	—	(100,000)	—
Net assets	—	19,286	361,954
Reconciliation to the Group's interest in the joint venture:			
Proportion of the Group's ownership	—	50%	50%
Group's share of net assets of the joint venture	—	9,643	180,977
Carrying amount of the investment	—	9,643	180,977
Revenue	—	—	949,335
Expenses	—	(24,047)	(48,274)
Tax	—	6,800	(114,349)
Net (loss)/profit and total comprehensive (loss)/income for the year	—	(20,714)	342,668

(c) Nanjing Lv Hong Real Estate, which is considered a material joint venture of the Group for the year ended 2017, co-develops a property development project with the other associate partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarized financial information in respect of Nanjing Lv Hong Real Estate adjusted for any differences in accounting policies and reconciled to the carrying amount in the combined financial statements:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	285,463	310,866	78,079
Other current assets	2,800,346	4,785,041	1,822,625
Current assets	3,085,809	5,095,907	1,900,704
Non-current assets	5,418	27,903	31,059
Financial liabilities	(40,000)	(260,000)	—
Other current liabilities	(2,088,941)	(4,265,604)	(1,316,055)
Current liabilities	(2,128,941)	(4,525,604)	(1,316,055)
Non-current financial liabilities	(960,000)	(610,000)	—
Other non-current liabilities	(17)	(87)	—
Non-current liabilities	(960,017)	(610,087)	—
Net assets	2,269	(11,881)	615,708
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership	50%	50%	50%
Group's share of net assets of the joint venture	1,135	(5,941)	307,854
Adjustment of unrecognized share of losses	(1,135)	5,941	22,464
Carrying amount of the investment	—	—	330,318
Revenue	—	—	3,188,026
Expenses	(20,392)	(26,419)	(67,152)
Tax	2,949	4,372	(286,675)
Net (loss)/ profit and total comprehensive (loss)/income for the year	(18,131)	(14,150)	627,590

(d) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Share of the joint ventures' losses for the year	—	(6,749)	(15,088)
Aggregate carrying amount of the Group's investments in the joint ventures	—	143,251	128,163

19. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during each of the Relevant Periods are as follows:

Deferred tax assets

	Unrealized revenue received in advance	Accrued LAT	Accrued construction cost	Impairment losses	Tax losses	Financial guarantee contracts	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2015	43,295	13,987	2,801	208,031	20,029	330	—	288,473
Deferred tax credited/(charged) to profit or loss during the year	(2,535)	68,156	13,602	(161,310)	14,375	5,442	—	(62,270)
At December 31, 2015 and January 1, 2016	40,760	82,143	16,403	46,721	34,404	5,772	—	226,203
Deferred tax credited/(charged) to profit or loss during the year	72,924	40,009	38,659	(10,885)	(13,634)	4,804	661	132,538
At December 31, 2016 and January 1, 2017	113,684	122,152	55,062	35,836	20,770	10,576	661	358,741
Deferred tax credited/(charged) to profit or loss during the year	55,786	23,039	4,231	11,854	10,510	(7,404)	391	98,407
At December 31, 2017	169,470	145,191	59,293	47,690	31,280	3,172	1,052	457,148

Deferred tax liabilities

	Fair value adjustment arising from investment properties	Fair value adjustment arising from acquisition of subsidiaries	Withholding Tax	Fair value adjustment arising from available for sale investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2015	(1,614,478)	(78,213)	(170,000)	(169)	(1,862,860)
Deferred tax credited/(charged) to profit or loss during the year	(169,702)	2,651	—	(17,337)	(184,388)
At December 31, 2015 and January 1, 2016	(1,784,180)	(75,562)	(170,000)	(17,506)	(2,047,248)
Acquisition of a subsidiary (note 33)	—	(41,599)	—	—	(41,599)
Deferred tax credited/(charged) to profit or loss during the year	13,670	3,230	—	(241)	(16,659)
At December 31, 2016 and January 1, 2017	(1,770,510)	(113,931)	(170,000)	(17,747)	(2,072,188)
Acquisition of a subsidiary (note 33)	—	(190,334)	—	—	(190,334)
Deferred tax credited/(charged) to profit or loss during the year	60,461	2,803	—	(540)	62,724
Deferred tax credited/(charged) to merger reserve during the year	—	—	—	17,436	17,436
At December 31, 2017	(1,710,049)	(301,462)	(170,000)	(851)	(2,182,362)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the combined statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the combined statements of financial position	52,629	103,530	185,813
Net deferred tax liabilities recognized in the combined statements of financial position	(1,873,674)	(1,816,977)	(1,911,027)
	(1,821,045)	(1,713,447)	(1,725,214)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008.

At December 31, 2015, 2016 and 2017, RMB170,000,000 has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund with the amount of RMB1,700,000,000 will be distributed in the foreseeable future.

The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totalled approximately RMB4,008,582,000, RMB4,860,057,000, RMB5,854,286,000 as at December 31, 2015, 2016 and 2017, respectively.

The Group has unutilised tax losses arising in the PRC of approximately RMB547,299,000, RMB814,811,000 and RMB1,665,802,000 as at December 31, 2015, 2016 and 2017, respectively, that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognized in respect of the deductible temporary differences amounting to approximately RMB292,208,000, RMB113,742,000 and RMB305,424,000 as at December 31, 2015, 2016 and 2017, respectively, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

20. AVAILABLE-FOR-SALE INVESTMENTS

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Unlisted investments	547,894	1,620,174	2,006,659
Less: Current	547,894	1,620,174	2,006,659
Non-current	—	—	—

The above investments comprise trust and fund investments as at December 31, 2015, 2016 and 2017 which were designed as available-for-sale investments and measured at fair value.

There were no impairment provisions on available-for-sale financial assets made during the year ended December 31, 2015, 2016 and 2017.

21. PROPERTIES UNDER DEVELOPMENT

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At the beginning of the year	7,165,262	9,586,255	10,260,818
Additions	5,653,423	6,542,343	8,705,781
Acquisition of subsidiaries (note 33)	—	208,545	813,331
Transferred to completed properties held for sale (note 22)	(3,326,513)	(6,329,523)	(2,658,518)
Impairment losses recognized (note 6)	(8,663)	—	(163,674)
Impairment losses reversed (note 6)	24,956	43,471	—
Impairment losses transfer to completed properties held for sale (note 6)	77,790	209,727	150
At the end of the year	9,586,255	10,260,818	16,957,888

Notes: The Group's properties under development are situated on leasehold lands in Mainland China.

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB3,824,667,000, RMB4,827,030,000 and RMB7,641,094,000 as at December 31, 2015, 2016 and 2017, respectively, have been pledged to only secure bank and other borrowings granted to the Group (note 29).

Certain of the Group's properties under development with an aggregate carrying amount of approximately RMB47,414,000 and RMB47,414,000 as at December 31, 2015 and 2016 have been pledged to only secure bank loans granted to related parties. Further details are included in note 37 to the Historical Financial Information.

Certain of the Group's properties under development with an aggregate carrying amount of approximately RMB147,916,000 as at December 31, 2015 have been pledged to secure bank loans granted to both related parties (note 38) and the Group (note 29).

The movements in provision for impairment of properties under development are as follows:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At the beginning of the year	(347,431)	(253,348)	(150)
Impairment losses recognized (note 6)	(8,663)	—	(163,674)
Impairment losses reversed (note 6)	24,956	43,471	—
Impairment losses transfer to completed properties held for sale (note 6)	77,790	209,727	150
At the end of the year	(253,348)	(150)	(163,674)

The value of properties under development is assessed at the end of each Relevant Periods. An impairment exists when the carrying value exceeds its realizable value.

22. COMPLETED PROPERTIES HELD FOR SALE

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	1,607,115	1,853,176	1,845,045
Acquisition of subsidiaries (note 33)	—	—	805,000
Transferred from properties under development (note 21)	3,326,513	6,329,523	2,658,518
Transferred to cost of sales (note 6)	(3,045,168)	(6,317,071)	(3,432,508)
Transferred to properties plant and equipment (note13)	—	—	(75,582)
Transferred to prepaid lease payments (note15)	—	—	(6,318)
Impairment losses recognized (note 6)	(32,591)	(4,230)	—
Impairment losses reversed (note 6)	32,451	—	—
Impairment losses written-off (note 6)	42,646	193,374	48,505
Impairment losses transferred from properties under development (note 21)	(77,790)	(209,727)	(150)
Carrying amount at the end of the year	1,853,176	1,845,045	1,842,510

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB68,351,000 and RMB410,089,000 as at December 31, 2015 and 2016, respectively, have been pledged to only secure bank and other borrowings granted to the Group (note 29).

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB193,252,000, RMB84,990,000, and RMB447,548,000 as at December 31, 2015, 2016 and 2017 have been pledged to only secure bank loans granted to related parties (note 38).

The movements in provision for impairment of completed properties held for sale are as follows:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At the beginning of the year	(74,286)	(109,570)	(130,152)
Impairment losses recognized (note 6)	(32,591)	(4,230)	
Impairment losses reversed (note 6)	32,451	—	—
Impairment losses written-off (note 6)	42,646	193,374	48,505
Impairment losses transfer from properties under development (note 22)	(77,790)	(209,727)	(150)
At the end of the year	(109,570)	(130,153)	(81,797)

The value of completed properties held for sale is assessed at the end of each Relevant Periods. An impairment exists when the carrying value exceeds its realizable value.

23. TRADE RECEIVABLES

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trade receivables	5,072	2,889	1,514

Trade receivables mainly represent rentals receivable from tenants and the receivables of sales of properties. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Less than 1 year	4,335	2,889	1,514
Over 1 year	737	—	—
	5,072	2,889	1,514

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Prepayments for acquisition of land use rights	334,980	—	519,232
Prepayments for construction cost	43,546	41,610	110,887
Loans to counterparties for acquisition of land use right (note 39)	138,300	272,868	1,011,041
Deposits for a land use right		149,112	11,471
Other tax recoverable	416,208	397,659	366,634
Deposits	63,495	109,064	163,106
Due from third parties (note 39)	186,196	67,421	67,421
Due from non-controlling shareholders (note 39)	—	150,000	298,018
Interest receivables (note 39)	10,287	1,771	11,259
Other receivables (note 39)	43,991	48,077	67,632
Impairment	(79,852)	(79,852)	(79,852)
	1,157,151	1,157,730	2,546,849

The movement in provision for impairment of other receivables are as follows:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At beginning of the year	(79,852)	(79,852)	(79,852)
Impairment losses recognized during the year, net	—	—	—
Impairment losses reversed	—	—	—
	(79,852)	(79,852)	(79,852)

25. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,979,793	2,762,352	4,210,874
Less: Restricted cash	122,118	223,639	741,573
Pledged deposits	710,926	140,039	991,238
Cash and cash equivalents	1,146,749	2,398,674	2,478,063

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at December 31, 2015, 2016 and 2017, such restricted cash amounted to RMB122,118,000, RMB223,639,000, RMB741,573,000, respectively.

Bank deposits of RMB710,926,000, RMB140,039,000, RMB991,238,000 were pledged as security for bank and other borrowings as at December 31, 2015, 2016 and 2017. Bank deposits of RMB95,743,000, RMB31,469,000, RMB28,197,000 were pledged as security for purchasers' mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes as at December 31, 2015, 2016 and 2017, respectively.

At December 31, 2015, 2016 and 2017, all the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

26. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Less than 1 year	2,787,914	1,864,620	2,021,539
Over 1 year	2,250	1,873	59,178
	2,790,164	1,866,493	2,080,717

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Retention deposits related to construction	31,728	54,284	160,590
Deposits related to sales of properties	7,450	10,296	5,755
Advances from non-controlling shareholders of subsidiaries (note 39)	—	—	2,298,038
Advances related to land use right of third parties (note 39)	—	—	472,414
Advances from third parties (note 39)	170,000	—	—
Maintenance fund (note 39)	5,271	19,707	8,781
Interest payable (note 39)	24,021	17,774	42,432
Payroll and welfare payable	44,685	64,458	87,592
Other tax and surcharges	4,015	22,926	34,187
Others	5,960	13,422	17,599
	293,130	202,867	3,127,388

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

28. ADVANCES FROM CUSTOMERS

Advances from customers represented the sales proceeds received from buyers in connection with the Group's pre-sale of properties at the end of each of the Relevant Periods.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

		December 31, 2015			December 31, 2016			December 31, 2017		
	Notes	Effective interest rate(%)	Maturity	RMB'000	Effective interest rate(%)	Maturity	RMB'000	Effective interest rate(%)	Maturity	RMB'000
Current										
Bank loans — pledged	(i)	3.60-6.00	2016	1,164,732	4.33-4.79	2017	857,490	4.35-4.79	2018	1,211,000
Other loans — secured	(iv)	9.50	2016	150,000			—	9.00-15.00	2018	850,000
Other loans — unsecured	(v)			—			—	8.00	2018	50,000
Current portion of long term bank loans — pledged	(i)	4.05-8.17	2016	524,441	4.05-6.60	2017	347,141	4.78-6.08	2018	330,000
Current portion of long term bank loans — guaranteed	(ii)			—			—	4.50	2018	20,000
Current portion of long term bank loans — pledged and guaranteed	(iii)	6.26-6.59	2016	63,750	5.55-6.98	2017	1,073,526	4.75-6.59	2018	819,627
Current portion of long term other loans — secured	(iv)	11.09-13.23	2016	494,859	7.94-8.17	2017	217,859	6.61-9.12	2018	1,108,220
Current portion of long term other loans — unsecured	(v)			—			—	8.00	2018	247,670
				2,397,782			2,496,016			4,636,517
Non-current										
Bank loans — pledged	(i)	4.05-8.17	2017-18	910,302	4.05-6.89	2018-21	2,298,874	4.75-4.87	2019-32	2,222,533
Bank loans — guaranteed	(ii)			—	4.50	2021	320,000	4.50	2021	305,000
Bank loans — pledged and guaranteed	(iii)	5.70-6.98	2017-23	1,102,582	5.55-6.59	2018-25	2,047,922	4.75-7.13	2019-25	3,126,477
Other loans — secured	(iv)	11.09-13.23	2017	1,253,058	7.94-8.17	2018	528,025	6.61-9.12	2019-20	1,338,972
				3,265,942			5,194,821			6,992,982
				5,663,724			7,690,837			11,629,499

Bank and other borrowings

(i) The pledged bank loans were secured by certain plant and equipment (Note 13), investment properties (Note 14), prepaid land lease payments (Note 15), a property under development (Note 21), a completed property held for sale (Note 22) and restricted bank deposits (Note 25), respectively.

(ii) The guaranteed bank loans were secured by the related party Nanjing Redsun Business World Co., Ltd (南京紅太阳商业大世界有限公司) (Nanjing Redsun Business World).

(iii) The pledged and guaranteed bank loans were secured by related parties including Mr. Zeng Huansha and his spouse Mrs Chen Sihong, Jiangsu Hong Yang Group Co., Ltd ("Jiangsu Hong Yang Group") (弘陽集團有限公司)("Redsun Properties Group"), Nanjing Redsun Business World, Jiangsu Redsun Materials City Co., Ltd (江蘇紅太陽工業原料城有限公司) (Redsun Materials City) and third parties including Chuzhou Jin Peng Properties Co.,Ltd. (滁州市金鵬置業有限公司) (Chuzhou Jin Peng Properties), Suzhou Industrial Park Hua Cheng Real Estate Co.,Ltd (蘇州工業園區華成房地產開發有限公司) (Suzhou Industrial Park Hua Cheng Real Estate) , Mr Yang Jian (楊劍), Mr Yang Xiaoqun (許曉群), Nanjing Xin Cheng Wan Jia Real Estate Co.,Ltd (南京新城萬嘉房地產有限公司) (Nanjing Xin Cheng Wan Jia Real Estate), Gemdale Corporation(Shanghai) Real Estate Co.,Ltd (金地集團上海房地產發展有限公司) (Gemdale Corporation(Shanghai) Real Estate). The borrowings were also pledged by certain plant and equipment (Note 13), investment properties (Note 14), prepaid land lease payments (Note 15), a property under development (Note 21), a completed property held for sale (Note 22) and restricted bank deposits (Note 25), respectively.

Some pledged and guaranteed bank loans with the carrying amounts of RMB 700,000,000, and RMB 298,353,000 as at December 31, 2016 and 2017 respectively were pledged by 120,000,000 and 8,000,000 shares of subsidiaries of Redsun Properties Group.

(iv) The details of the other secured loans are set out below:

The Group borrowed from China Southern Capital Management Co.Ltd. (南方資本管理有限公司) (China Southern Capital Management) borrowing with the carrying amount of RMB150,000,000 as at December 31, 2015, which was mortgaged by a property under development (Note 21), 20,000,000 shares of a subsidiary, Nanjing Hong Yang Heng Rui Real Estate and guaranteed by related parties, Mr. Zeng Huansha, Mrs Chen Sihong and Jiangsu Hong Yang Group.

The Group borrowed from Chang'an International Trust Co.,Ltd (長安國際信托股份有限公司) (Chang'an International Trust) borrowing with the carrying amounts of RMB520,941,000 and RMB 246,007,000 as at December 31, 2015 and 2017, which were mortgaged by a property under development (Note 21) and guaranteed by related parties, Mr. Zeng Huansha and his spouse, Mrs Chen Sihong. Besides, 50,000,000 shares of a subsidiary, Suzhou Hong Yong Real Estate and 10,000,000 shares of a subsidiary, Anhui Hong Lan Real Estate were pledged for the borrowings in 2015 and 2017 respectively.

The Group borrowed from Huaneng Guicheng Trust Co., Ltd. (華能貴誠信托有限公司) (Huaneng Guicheng Trust) borrowing with the carrying amounts of RMB 1,226,976,000 as at December 31, 2015, which were mortgaged by investment properties (Note 14) and guaranteed by the related party Redsun Materials City.

The Group borrowed from China Huarong Asset Management Co.,Ltd (中國華融資產管理股份有限公司) (China Huarong Asset Management) borrowing with the carrying amount of RMB745,884,000 and RMB1,807,758,000 as at December 31, 2016 and December 31, 2017, which was mortgaged by plant and equipment (Note 13), investment properties (Note 14) and restricted bank deposits (Note 25) and guaranteed by related parties including Mr. Zeng Huansha and his spouse, Mrs Chen Sihong, Jiangsu Hong Yang Group, Wuxi Redsun Business Management Co., Ltd. (无錫弘阳商业管理有限公司) (Wuxi Redsun Business Management) and Redsun Materials City.

(iv) The Group borrowed from CITIC Trust Co.,Ltd (中信信托有限責任公司) (CITIC Trust) borrowing with the carrying amount of RMB 700,000,000 as at December 31, 2017, which was pledged by 10,200,000 shares of the subsidiary Changzhou Jin Tan Xu Run Properties and guaranteed by third parties, Shanghai Zhongliang Real Estate Group Co., Ltd (上海中梁地產集團有限公司) (Shanghai Zhongliang Real Estate), Suzhou Industrial Park Hua Cheng Real Estate and Mr Yang Jian.

The Group borrowed from Bank of Communications Finance Leasing Co., Ltd (交銀金融租賃有限責任公司) (Bank of Communications Finance Leasing) borrowing with the carrying amount of RMB 393,427,000 as at December 31, 2017, which was mortgaged by investment properties (Note 14) and guaranteed by related parties, Mr. Zeng Huansha, Mrs Chen Sihong, Nanjing Redsun Business World, Jiangsu Hong Yang Group and Redsun Materials City.

The Group borrowed from Deji Plaza Co., Ltd.(德基廣場有限公司) borrowing with the carrying amount of RMB 150,000,000 as at December 31, 2017, which was guaranteed by third parties, Nanjing New City Commercial Properties Co., Ltd (南京新城市商業置業有限公司) (Nanjing New City Commercial Properties) and Mr. Zhu Xianguo.

(v) Other unsecured borrowings represented borrowings from Changzhou Ming Li Textile Co., Ltd (常州名力紡織有限公司) (Changzhou Ming Li Textile) and Nanjing New City Commercial Properties with the carrying amount of RMB 249,950,000 and RMB47,720,000, respectively, as at December 31, 2017.

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Analyzed into:			
Repayable within one year	2,397,782	2,496,016	4,636,517
Repayable in the second year	2,374,725	1,928,343	2,344,621
Repayable within two to five years	785,505	2,333,350	3,924,984
Repayable in more than five years	105,712	933,128	723,377
Subtotal	3,265,942	5,194,821	6,992,982
	5,663,724	7,690,837	11,629,499

The Group's borrowings are all denominated in RMB.

The Group's borrowings up to RMB2,276,725,000, RMB5,007,650,000, and RMB6,681,860,000, as at December 31, 2015, 2016 and 2017, respectively, were borrowings with floating interest rate.

The fair values of interest-bearing bank and other borrowings are based on discounted cash flow approach using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates. The fair values of these borrowings were showed in note 40.

30. FINANCIAL GUARANTEES CONTRACTS

At the end of each of the Relevant Periods, financial guarantees contracts provided for in the combined financial statements were as follows:

		December 31,		
		2015	2016	2017
		RMB'000	RMB'000	RMB'000
Guarantees liabilities for loans and borrowing of third parties	(1)	—	128	—
Guarantees liabilities for loans and borrowing of related parties	(2)	23,089	42,175	12,683
		23,089	42,303	12,683
Less: Current		831	1,429	1,614
Non-Current		22,258	40,874	11,069

(1) As at December 31, 2016, the Group provided guarantees for borrowings in favor of third parties Mrs Chen Qiying (陳琦瑩) and Mr Xu Zhiwen (許志文), in amounts of RMB14,250,000 and RMB14,250,000, respectively. These guarantees expired in the period from December 2016 to December 2017.

(2) The guarantee made in favor of related parties by the Group was in aggregate amounts of RMB3,746,010,000, RMB9,484,710,000 and RMB4,687,050,000 as at December 31, 2015,2016 and 2017, respectively. Further details, please refer to in note 37.

These financial guarantees are initially recognized in the combined financial statements at fair value on the date the guarantee was given. Liabilities under such guarantees are subsequently measured at the higher of the initial amount, less amortization and the best estimate of the amount required to settle the guarantee. The fair values of financial guarantee contracts were estimated based on market values of guarantees provided with similar terms and risks under comparable business environment

31. SHARE CAPITAL

	2017
Authorized:	
38,000,000 of ordinary shares of HK$ 0.01 each	38,000,000

	2017
	RMB
Issued and fully paid:	
1 ordinary share at HK$ 0.01	—

The Company was incorporated in the Cayman Islands on December 21, 2017 with an authorized share capital of HK$38,000 divided in 38,000,000 shares of HK$0.01 par value each. On its date of incorporation, 1 ordinary share of HK$0.01 was allotted by the Company to a subscriber, and was transferred to Mr Zeng Huansha. Mr, Zeng Huansha then transferred the share to Redsun Properties Group (Holdings) Limited on January 4, 2018.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended December 31, 2015, 2016 and 2017 are presented in the combined statements of changes in equity.

(a) Statutory surplus reserves

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese accounting standards, to statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(b) **Merger reserves**

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganization.

33. BUSINESS COMBINATION

On November 16, 2016, the Group acquired a 100% interest in Ju Rong Zijin Real Estate from Jiangsu Yangguang Group limited (江蘇陽光集團有限公司), an independent third party, at a cash consideration of RMB156,150,000. The acquisition was made as part of the Group's strategy to expand its property development business. The purchase consideration was paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Ju Rong Zijin Real Estate Development Co., Ltd as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Properties under development (note 21)	208,473
Cash and cash equivalents	72
Other payables, deposits received and accruals	(10,796)
Deferred tax liabilities (note 19)	(41,599)
Total identifiable net assets at fair value	156,150
Purchase consideration transferred	156,150
Analysis of cash flows on acquisition	
Cash acquired with a subsidiary	72
Cash paid	156,150
Net cash flow on acquisition included in cash flow from investing activities	156,078
Transaction costs of the acquisition included in cash flows from operating activities	30
	156,048

The Group incurred transaction costs of RMB30,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the combined statement of profit or loss.

On November 20, 2017, the Group acquired a 70% interest in Changzhou Sang Ma Culture Expo Park and its subsidiary from Yangzijiang International Enterprise (Nanjing) Co. Ltd. (揚子江國際企業（南京）有限公司), Dacheng Development Group Co., Ltd. (大成拓展集團有限公司) and Changzhou Ming Li Textile, independent third parties, at a consideration of RMB280,000,000. The acquisition was made as part of the Group's strategy to expand the property development business. The purchase consideration for the acquisition was in the form of cash, with RMB100,000,000 paid on November 13, 2017 and the remaining RMB180,000,000 paid on November 27, 2017.

The fair values of the identifiable assets and liabilities of Changzhou Sang Ma Culture Expo Park and its subsidiary as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Investment properties (note 14)	388,359
Property, plant and equipment (note 13)	467
Properties under development (note 21)	813,331
Properties held for sale (note 22)	805,000
Prepayments, deposits and other receivables	50,854
Income tax recoverable	14,240
Cash and cash equivalents	3,567
Trade and bills payables	(288,193)
Other payables, deposits received and accruals	(165,467)
Advanced from customers	(632,467)
Interest-bearing bank loans and other borrowings	(399,357)
Deferred tax Liabilities (note 19)	(190,334)
Total identifiable net assets at fair value	400,000
Non-controlling interests	120,000
Satisfied by cash	280,000
Analysis of cash flows on acquisition	
Cash acquired with a subsidiary	3,567
Cash paid	280,000
Net cash flow on acquisition included in cash flow from investing activities	276,433
Transaction costs of the acquisition included in cash flows from operating activities	100
	276,333

The Group incurred transaction costs of 100,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the combined statement of profit or loss.

34. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Due to related companies	Total liabilities from financing activities
	RMB'000	RMB'000	RMB'000
At January 1, 2015	7,234,142	1,839,294	9,073,436
Cash flows from financing activities	(1,539,568)	(949,550)	(2,489,118)
Interest expense	782,935	—	782,935
Interest paid classified as operating cash flows	(809,735)	—	(809,735)
Increase in Interest payable	(4,050)	—	(4,050)
Increase in non-financing activities	—	385,870	385,870
At December 31, 2015	5,663,724	1,275,614	6,939,338
Cash flows from financing activities	2,008,108	(593,403)	1,414,705
Interest expense	632,232	—	632,232
Interest paid classified as operating cash flows	(619,475)	—	(619,475)
Decrease in Interest payable	6,248	—	6,248
Increase in non-financing activities	—	1,426,488	1,426,488
At December 31, 2016	7,690,837	2,108,699	9,799,536
Cash flows from financing activities	3,564,229	(1,787,664)	1,776,565
Interest expense	830,858	—	830,858
Interest paid classified as operating cash flows	(831,123)	—	(831,123)
Decrease in Interest payable	(24,660)	—	(24,660)
Increase arising from acquisition of subsidiaries	399,358	—	399,358
Increase in non-financing activities	—	2,514,504	2,514,504
At December 31, 2017	11,629,499	2,835,539	14,465,038

35. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the combined financial statements were as follows:

		December 31,		
		2015	2016	2017
		RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	2,454,625	6,333,146	5,046,916
Guarantees given to banks and other institutions in connection with facilities granted to related companies and third parties	(2)	3,746,010	9,513,210	7,448,050
		6,200,635	15,846,356	12,494,966

(3) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collaterals for the mortgage loans. Upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realize the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realizable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

(2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies and third parties. Further details are included in note 21, note 22 note 34 and note 38 to the Historical Financial Information.

36. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out its investment properties (note 14) under operating lease arrangements with leases negotiated from terms ranging from 1 to 21 years. The terms of leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Within one year	62,495	50,307	42,858
In the second to fifth years, inclusive	169,207	150,833	134,853
After five years	268,087	236,153	209,276
	499,789	437,293	386,987

As lessee

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of 1 to 5 years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Within one year	614	1,134	2,267
In the second to fifth years, inclusive	2,114	4,950	4,204
After five years	750	250	250
	3,478	6,334	6,721

37. COMMITMENTS

In addition to the operating lease commitments detailed in note 36 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Property development activities	2,150,058	1,376,453	3,337,595
Acquisition of land use rights	709,020	—	657,500
Property, plant and equipment	3,872	2,888	68,891
Investment properties	86,954	957	14,752
Capital contribution to subsidiaries	—	—	1,130,127
Capital contributions to associates and joint ventures	20,000	250,840	503,368
	2,969,904	1,631,138	5,712,233

38. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related parties	Relationship with the Group
曾煥沙 Mr. Zeng Huansha	The Controlling Shareholder
陳思紅 Ms. Chen Sihong	A close family member
弘陽集團有限公司 Jiangsu Hong Yang Group Co., Ltd. ("Jiangsu Hong Yang Group")	A close family member of the Controlling Shareholder is the owner of the company

Name of related parties	Relationship with the Group
Hong Yang Group	Company controlled by the Controlling Shareholder
Redsun Materials City	Company controlled by the Controlling Shareholder
南京弘陽物業管理有限公司 Nanjing Red Sun Property Management Co., Ltd. ("Nanjing Red Sun Property Management")	Company controlled by the Controlling Shareholder
弘生活物業服務管理有限公司 Redsun Realty Service Management Co., Ltd. ("Redsun Realty Service Management")	Company controlled by the Controlling Shareholder
江蘇弘陽家居有限公司 Jiangsu Redsun Household Co., Ltd. ("Jiangsu Redsun Household")	Company controlled by the Controlling Shareholder
南京弘生活信息科技有限公司 Jiangsu Redsun Life Information Technology Co., Ltd ("Jiangsu Redsun Life Information Technology")	Company controlled by the Controlling Shareholder
南京弘陽電子商務有限公司 Nanjing Rsun Electronic Commerce Co., Ltd ("Nanjing Rsun Electronic Commerce")	Company controlled by the Controlling Shareholder
南京弘陽貨運代理有限公司 Nanjing Rsun Shipping Agency Co., Ltd ("Nanjing Rsun Shipping Agency")	Company controlled by the controlling Shareholder
南京弘陽碼頭有限公司 Nanjing Redsun Terminal Co., Ltd ("Nanjing Redsun Terminal")	Company controlled by the controlling Shareholder
南京弘陽生態農業科技有限公司 Nanjing Redsun Ecological Agriculture Co., Ltd ("Nanjing Redsun Ecological Agriculture")	Company controlled by the Controlling Shareholder
南京弘陽文化傳播有限公司 Nanjing Redsun Cultural Medium Co., Ltd ("Nanjing Redsun Cultural Medium")	Company controlled by the Controlling Shareholder
Nanjing Redsun Business World	Company controlled by the Controlling Shareholder
南京弘陽家居有限公司 Nanjing Redsun Household Co., Ltd. ("Nanjing Redsun Household")	Company controlled by the Controlling Shareholder
Wuxi Redsun Business Management	Company controlled by the Controlling Shareholder
Nanjing Hong Hao Real Estate	Joint venture
Nanjing Shun Hong Real Estate	Joint venture
Suzhou Cheng Hong Real Estate	Joint venture
Nanjing Lv Hong Real Estate	Joint venture
Nanjing Ming Yu Properties	Associate
Nanjing Xin Bao Hong Real Estate	Associate
Nanjing Yu Yang Dong Real Estate	Associate
Nanjing Zhao Yang Real Estate	Associate
Nantong Hong Yan Real Estate	Associate
Suzhou Huiyao Hongyang Properties	Associate
Nanjing Ping Hong Real Estate	Associate

Name of related parties	Relationship with the Group
Danyang Hongyang Properties	Associate
Anhui Qian Tai Real Estate	Associate
Chuzhou Zheng Hong Prooerties	Associate
Hexian Kongquecheng Real Estate	Associate
Nanjing Hong Wei Real Estate	Associate
"Nanjing Minghongxin Real Estate	Associate
Nanjing Rui Hao Real Estat	Associate
Nanjing Rui Yu Real Estate	Associate
Nanjing Tai Qi Properties	Associate
Nanjing Yu Ning Properties	Associate
Nantong Hongchuang Properties	Associate
Nantong Hua Chang Real Estate	Associate
Yangzhou Qihui Properties	Associate
Changshu Xin Bi Real Estate	Associate
Suzhou Zhengxin Properties	Associate
Changshu Jianhan Properties	Associate
Jiangyin Hecheng Real Estate	Associate
Huzhou Bifu Real Estate	Associate
Nantong Xuanxi Real Estate	Associate
Nantong Zhousu Real Estate	Associate
海口關愛家衛浴貿易有限公司 Haikou Guanaijia Bathroom Trading Co., Ltd. ("Haikou Guanaijia Bathroom Trading")	A close family member of the Controlling Shareholder is the director of the company
南京博唐投資有限公司 Nanjing Botang Investment Co., Ltd. ("Nanjing Botang Investment")	A close family member of the Controlling Shareholder is the director of the company
南京東唐網絡科技有限公司 Nanjing Dongtang Network Technology Co., Ltd. ("Nanjing Dongtang")	A close family member of the Controlling Shareholder is the director of the company
南京廣德建築工程有限公司 Nanjing Guangde Construction Engineering Co., Ltd. ("Nanjing Guangd")	A close family member of the Controlling Shareholder is the director of the company
南京和億建材裝飾有限公司 Nanjing Heyi Building Materials & Decoration Co., Ltd. ("Nanjing Heyi")	A close family member of the Controlling Shareholder is the director of the company
南京厚德裝飾材料有限公司 Nanjing Houde Decoration Material Co., Ltd. ("Nanjing Houde")	A close family member of the Controlling Shareholder is the director of the company
南京江韵廣告有限公司 Nanjing Jiang Yun Advertising Co., Ltd. ("Nanjing Jiang Yun")	A close family member of the Controlling Shareholder is the director of the company
南京冉東貿易有限公司 Nanjing Randong Trading Co., Ltd. ("Nanjing Randong Trading")	A close family member of the Controlling Shareholder is the director of the company

Name of related parties	Relationship with the Group
南京市浦口區冉東建材銷售中心 Nanjing Pukou District Randong Building Materials Sales Center ("Nanjing Pukou District Randong Building Materials")	A close family member of the Controlling Shareholder is the director of the company
南京寶弘建材有限公司 Nanjing Baohong Building Materials Co., Ltd. ("Nanjing Baohong")	A close family member of the Controlling Shareholder is the director of the company
南京厚寧建築材料有限公司 Nanjing Houning Building Materials Co., Ltd. ("Nanjing Houning")	A close family member of the Controlling Shareholder is the director of the company
佛山市南海區永虹玻化磚有限公司 Foshan Nanhai District Yonghong Vitrified Tiles Co., Ltd. ("Foshan Nanhai District Yonghong")	A close family member of the Controlling Shareholder is the director of the company
佛山市賽恩德維建材有限公司 Foshan Saien Dewei Building Materials Co., Ltd. ("Foshan Saien Dewei")	A close family member of the Controlling Shareholder is the director of the company
南安市南港石業有限責任公司 Nanjing Nangang Stone Co., Ltd. ("Nanjing Nangang")	A close family member of the Controlling Shareholder is the director of the company

(2) Significant related party transactions

The following transactions were carried out with related parties during the Relevant Periods:

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Advances from related parties (excluding joint ventures and associates):			
Jiangsu Hong Yang Group	—	9,210,378	9,148,773
Redsun Materials City			
Raw Material	4,806,957	5,837,227	8,783,694
Nanjing Rsun Electronic Commerce	615	1,008	8,035
Nanjing Redsun Business World	3,469,528	2,061,247	4,336,050
Jiangsu Redsun Household	2,369,990	5,595,054	2,012,753
Nanjing Heyi	107,222	—	—
Nanjing Houde	108,194	—	—
Nanjing Randong Trading	71,555	—	—
Repayments of advances from related parties (excluding joint ventures and associates):			
Jiangsu Hong Yang Group	—	8,908,365	9,444,086
Redsun Materials City			
Raw Material	5,380,824	5,464,955	9,611,720
Nanjing Redsun Business World	3,514,387	2,490,519	4,336,050
Nanjing Rsun Electronic Commerce	500	115	6,723
Jiangsu Redsun Household	2,330,170	5,877,159	2,012,753
Nanjing Rsun Shipping Agency	115	275	—
Nanjing Heyi	110,945	24,157	—
Nanjing Houde	112,412	23,552	—
Nanjing Randong Trading	74,243	25,598	—

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Advance to a shareholder			
Mr. Zeng Huansha	616,081	657,300	—
Advances to related parties (excluding joint ventures and associates):			
Mrs. Chen Sihong	2,359	1	80,138
Jiangsu Hong Yang Group	2,631,494	—	—
Wuxi Redsun Business Management	375,766	308,573	1,449,988
Nanjing Redsun Ecological Agriculture	1,129,546	459,800	2,500,800
Jiangsu Redsun Life Information Technology	800	132,200	90,480
Nanjing Redsun Terminal	110,040	269,621	118,433
Redsun Realty Service Management	1,300	44,726	—
Nanjing Redsun Cultural Medium	—	30,000	—
Nanjing Botang Investment	10	—	—
Nanjing Dongtang	—	1,350	8
Nanjing Jiang Yun	1,612,116	92,200	562,512
Nanjing Heyi	—	49,353	16,200
Nanjing Houde	—	204,608	16,100
Nanjing Randong Trading		65,124	27,434
Repayment of advances to a shareholder			
Mr. Zeng Huansha	477,781	1,087,978	—
Repayment of advances to related parties (excluding joint ventures and associates):			
Mr. Chen Sihong	5,543	23,266	80,003
Jiangsu Hong Yang Group	2,641,530	67,663	—
Redsun Realty Service Management	—	46,026	—
Jiangsu Redsun Life Information Technology	—	132,800	90,680
Nanjing Redsun Terminal	102,195	428,173	117,983
Nanjing Redsun Ecological Agriculture	1,119,176	478,886	2,500,800
Nanjing Redsun Cultural Medium	—	30,012	—
Nanjing Rsun Electronic Commerce	505	—	—
Wuxi Redsun Business Management	605,446	169,301	2,092,149
Nanjing Dongtang	—	620	738
Nanjing Jiang Yun	1,612,496	93,067	562,512
Nanjing Heyi	—	43,000	18,384
Nanjing Houde	—	198,000	18,464
Nanjing Randong Trading	—	63,133	28,773

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Net advances to joint ventures and associates			
Nanjing Hong Hao Real Estate	—	108,951	—
Nanjing Shun Hong Real Estate	—	75,154	—
Nanjing Lv Hong Real Estate	—	—	118,031
Nanjing Ming Yu Properties	—	108,899	—
Nanjing Xin Bao Hong Real Estate	—	403,302	—
Nanjing Yu Yang Dong Real Estate	—	431,200	—
Nanjing Zhao Yang Real Estate	408,665	—	—
Nantong Hong Yan Real Estate	—	208,378	—
Suzhou Huiyao Hongyang	—	498,340	—
Nanjing Ping Hong Real Estate	—	446,375	—
Danyang Hongyang Properties	—	—	113,036
Anhui Qian Tai Real Estate	—	—	57,474
Chuzhou Zheng Hong"	—	—	131,413
Hexian Kongquecheng Real Estate	—	—	42,596
Nanjing Hong Wei Real Estate	—	—	136,867
Nanjing Minghongxin Real Estate	—	—	75,944
Nanjing Rui Hao Real Estate	—	—	352,071
Nanjing Rui Yu Real Estate	—	—	26,831
Nanjing Tai Qi Properties	—	—	341,903
Nanjing Yu Ning Properties	—	—	252,688
Nantong Hongchuang Properties	—	—	86,249
Nantong Hua Chang Real Estate	—	—	115,269
Yangzhou Qihui Properties	—	—	107,260
Suzhou Zhengxin Properties	—	—	346
Changshu Jianhan Properties	—	—	5,900
Jiangyin Hecheng Real Estate	—	—	43,282
Huzhou Bifu Real Estate	—	—	94,344
Nantong Xuanxi Real Estate	—	—	131,629
Nantong Zhousu Real Estate	—	—	125
Net advances from joint ventures and associates			
Nanjing Hong Hao Real Estate	—	—	372,471
Suzhou Cheng Hong Real Estate	—	259,996	604,989
Nanjing Shun Hong Real Estate	—	—	177,484
Nanjing Lv Hong Real Estate	13,531	675,083	—
Nanjing Ming Yu Properties	—	—	224,400
Nanjing Xin Bao Hong Real Estate	—	—	319,391
Nanjing Yu Yang Dong Real Estate	—	—	323,293
Nanjing Zhao Yang Real Estate	—	408,664	200,498
Nantong Hong Yan Real Estate	—	—	705,146
Suzhou Huiyao Hongyang	—	—	498,340
Nanjing Ping Hong Real Estate	—	—	447,127
Changshu Xin Bi Real Estate	—	—	174,921

	Year ended December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Rental income from a related party			
Nanjing Redsun Household	—	—	13,584
Service fees from related parties:			
Suzhou Huiyao Hongyang	—	—	1,045
Changshu Xin Bi Real Estate	—	—	6,207
Raw materials purchased from related parties			
Nanjing Guangde	42,093	46,404	18,909
Nanjing Houning	—	—	7,036
Nanjing Randong Trading	19,985	34,313	2,115
Nanjing Pukou District Randong Building Materials	1,109	—	—
Nanjing Baohong	—	951	1,451
Nanjing Nangang	22,607	15,887	5,582
Foshan Saien Dewei	9,142	7,462	3,011
Foshan Nanhai District Yonghong	620	610	277
Property management fee to a related party			
Nanjing Red Sun Property Management	29,429	45,026	60,805
Advertising and business development expenses to related parties			
Nanjing Rsun Electronic Commerce	1,590	3,408	3,412
Jiangsu Redsun Life Information Technology	—	20	255
Interest income from related parties	42,271	43,145	149,674
Interest expenses to related parties	99,250	92,755	124,581

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(3) Other transactions with related parties

(i) The Group has guaranteed certain bank and other loans made to the Redsun Materials City up to RMB1,340,000,000, RMB1,040,000,000 and RMB3,454,000,000 as at 31 December 2015, 2016 and 2017, respectively. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment, properties under development, completed properties held for sale, investment properties and property, plant and equipment with carrying values of RMB4,254,238, RMB47,413,798, RMB177,819,411, RMB78,000,000 and RMB177,700,880, respectively, as at 31 December 2015. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment, properties under development, investment properties and property, plant and equipment with carrying values of RMB3,488,955, RMB47,413,798, RMB1,242,907,804 and RMB137,271,429, respectively, as at 31 December 2016. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment, investment properties, completed properties held for sale and property, plant and equipment with carrying values of RMB17,370,873, RMB1,271,500,775, RMB106,925,266 and RMB286,656,238, respectively, as at 31 December 2017. Further details are given in notes 13, 14, 15, 21 and 22 to the Historical Financial Information.

(ii) The Group has guaranteed certain bank and other borrowings of Nanjing Yu Yang Dong Real Estate up to RMB860,000,000 as at December 31, 2017. The above mentioned loans were also secured by the pledges of the Group's 49% equity interest in Nanjing Yu Yang Dong Real Estate with shares of 9,800,000 as at December 31, 2017.

(iii) The Group has guaranteed certain bank and other borrowings of Nanjing Red Sun Business World up to RMB850,000,000, RMB1,040,000,000 and RMB1,032,250,000 as at 31 December 2015, 2016 and 2017, respectively. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment, properties under development, completed properties held for sale investment properties and property, plant and equipment with carrying values of RMB1,056,752, RMB147,916,416, RMB15,432,491, RMB800,569,101 and RMB24,413,119, respectively, as at 31 December 2015. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment, completed properties held for sale, investment properties and property, plant and equipment with carrying values of RMB1,585,035, RMB74,392,592, RMB968,527,454 and RMB51,796,806, respectively, as at 31 December 2016. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment, completed properties held for sale, investment properties and property, plant and equipment with carrying values of RMB3,382,830, RMB184,512,150 RMB229,963,125 and RMB62,583,872, respectively, as at 31 December 2017. Further details are given in note 13, 14, 15, 21 and 22 to the Historical Financial Information.

(iv) The Group has guaranteed certain bank and other borrowings of Nantong Hong Yan Real Estate up to RMB233,800,000 as at December 31, 2017.

(v) The Group has guaranteed certain bank and other loans made to Jiangsu Hong Yang Household up to RMB154,000,000, RMB67,500,000 and RMB141,000,000 as at December 31, 2015, 2016 and 2017, respectively. The above mentioned loans were also secured by the pledges of the Group's completed properties held for sale and investment properties with carrying values of RMB148,411,787, and RMB1,269,046,878, respectively, as at December 31, 2015. The above mentioned loans were also secured by the pledges of the Group's investment properties with carrying values of RMB1,245,737,376 as at December 31, 2016. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment, completed properties held for sale and property, plant and equipment with carrying values of RMB4,283,670, RMB110,659,817 and RMB58,381,469, respectively, as at December 31, 2017. Further details are given in note 13, 14, 15, 21 and 22 to the Historical Financial Information..

(vi) The Group has guaranteed certain bank and other borrowings of Nanjing Jiangsu Redsun Life Information Technology up to RMB20,000,000 and RMB15,000,000 as at December 31, 2016 and 2017, respectively. The above mentioned loans were also secured by the pledges of the Group's completed properties held for sale with carrying values of RMB3,704,185 as at December 31, 2016. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment and property, plant and equipment with carrying values of RMB743,147 and RMB36,045,145 as at December 31, 2017. Further details are given in note 13, 14, 15, 21 and 22 to the Historical Financial Information.

(vii) The Group has guaranteed certain bank and other borrowings of Nanjing Hong-Yang Ecological Agricultural up to RMB20,000,000 and RMB15,000,000 as at December 31, 2016 and 2017, respectively. The above mentioned loans were also secured by the pledges of the Group's completed properties held for sale with carrying values of RMB6,892,895 as at December 31, 2016. The above mentioned loans were also secured by the pledges of the Group's prepaid land lease payment and property, plant and equipment with carrying values of RMB743,147 and RMB36,045,145 as at December 31, 2017. Further details are given in note 13, 14, 15, 21 and 22 to the Historical Financial Information

(viii) The Group has guaranteed certain bank and other loans made to Nanjing Hong Hao Real Estate up to RMB216,000,000 as at December 31, 2016.

(ix) The Group has guaranteed certain bank and other loans made to Nanjing Shun Hong Real Estate up to RMB117,600,000 as at December 31, 2016.

(x) The Group has guaranteed certain bank and other loans made to Suzhou Cheng Hong Real Estate up to RMB200,000,000 as at December 31, 2016.

(xi) The Group has guaranteed certain bank and other loans made to Nanjing Redsun Terminal up to RMB74,400,000 and RMB35,000,000 as at December 31, 2015 and 2016. The above mentioned loans were also secured by the pledges of the Group's completed properties held for sale with carrying values of RMB29,407,624 as at December 31, 2015.

(xii) The Group has guaranteed certain bank and other loans made to Nanjing Randong Trading up to RMB4,000,000 and RMB4,000,000as at December 31, 2015 and 2016.

(xiii) The Group has guaranteed certain bank and other loans made to Nanjing Zhao Yang Real Estate up to RMB480,000,000 as at December 31, 2016.

(xiv) The Group has guaranteed certain bank and other loans made to Wuxi Hong Yang Business Management up to RMB740,000,000 and RMB740,000,000 as at 31 December 2015, 2016 and 2017.

(xv) The Group has guaranteed certain bank and other borrowings of Nanjing Xin Bao Hong Real Estate up to RMB957,000,000 as at 31 December 2016 and 2017. The above mentioned loans were also secured by the pledges of the Group's 33% equity interest in Nanjing Xin Bao Hong Real Estate with shares of 6,600,000 as at 31 December 2016 and 2017.

(xvi) The Group has guaranteed certain bank and other borrowings of Suzhou Huiyao Hongyang up to RMB2,050,000,000 as at December 31, 2016 The above mentioned loans were also secured by the pledges of the Group's 49% equity interest in Suzhou Huiyao Hongyang with shares of 49,000,000 as at December 31, 2016.

(xvii) The Group has guaranteed certain bank and other borrowings of Nanjing Ping Hong Real Estate up to RMB588,000,000 as at December 31, 2016 The above mentioned loans were also secured by the pledges of the Group's 49% equity interest in Nanjing Ping Hong Real Estate with shares of 9,800,000 and receivables from Nanjing Ping Hong Real Estate with an amount of RMB439,180,841 as at December 31, 2016.

(xviii) The Group has guaranteed certain bank and other loans made to Nanjing Guangde up to RMB10,000,000 as at December 31, 2015.

(xix) The Group has guaranteed certain bank and other borrowings of Nanjing Lvhong Real Estate up to RMB569,610,000 and RMB569,610,000 as at December 31, 2015 and 2016, The above mentioned loans were also secured by the pledges of the Group's investment properties with carrying values of RMB800,569,101 as at December 31, 2015 and RMB784,587,028 as at December 31, 2016.

(xx) The Group has guaranteed certain bank and other loans made to Nanjing Heyi up to RMB4,000,000 as at December 31, 2015.

(4) Outstanding balances with related parties

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Due from a shareholder			
Mr. Zeng Huansha	430,678	—	—
Due from related parties			
Mrs. Chen Sihong	23,265	—	135
Jiangsu Hong Yang Group	67,663	—	—
Nanjing Redsun Terminal	158,551		450
Nanjing Redsun Ecological Agriculture	19,086	—	—
Nanjing Red Sun Property Management	35,034	—	2,579
Redsun Realty Service Management	1,300	—	—
Jiangsu Redsun Life Information Technology	800	200	—
Hong Yang Group	575	157	157
Nanjing Redsun Cultural Medium	12	—	—
Wuxi Redsun Business Management	502,888	642,161	—
Nanjing Hong Hao Real Estate	—	108,951	—
Nanjing Shun Hong Real Estate	—	75,154	—
Suzhou Huiyao Hongyang	—	498,340	—
Nanjing Zhao Yang Real Estate	421,036	—	—
Nanjing Ping Hong Real Estate	—	446,375	—
Nanjing Yu Yang Dong Real Estate	—	431,200	109,636
Nantong Hong Yan Real Estate	—	208,378	—
Nanjing Xin Bao Hong Real Estate	—	403,302	83,910
Nanjing Ming Yu Properties	—	108,899	—
Danyang Hongyang Properties	—	—	113,036
Anhui Qian Tai Real Estate	—	—	57,474
Chuzhou Zheng Hong	—	—	131,599
Hexian Kongquecheng Real Estate	—	—	42,596
Nanjing Hong Wei Real Estate	—	—	136,868
Nanjing Minghongxin Real Estate	—	—	75,944
Nanjing Rui Hao Real Estate	—	—	352,071
Nanjing Rui Yu Real Estate	—	—	26,831
Nanjing Tai Qi Properties	—	—	341,903
Nanjing Yu Ning Properties	—	—	252,689
Nantong Hongchuang Properties	—	—	86,249
Nantong Hua Chang Real Estate	—	—	115,269
Yangzhou Qihui Properties	—	—	107,260
Nanjing Houde	—	6,608	4,245
Nanjing Heyi	—	6,353	4,169
Nanjing Randong Trading	—	1,991	652
Nanjing Jiang Yun	867	—	—
Nanjing Dongtang	—	730	—
Suzhou Zhengxin Properties	—	—	346
Changshu Jianhan Properties	—	—	5,900
Jiangyin Hecheng Real Estate	—	—	43,283
Huzhou Bifu Real Estate	—	—	94,344
Nantong Xuanxi Real Estate	—	—	131,629
Nantong Zhousu Real Estate	—	—	124
Nanjing Botang Investment	10	10	10
	1,661,765	2,938,809	2,321,358

Balances with the above related parties were unsecured, with no fixed repayment terms, and bore interest rates from 3.46% to 9.96%.

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Due to related parties:			
Balances relating to non-operating activities			
Jiangsu Hong Yang Group	—	302,013	6,700
Redsun Materials City	455,754	828,026	—
Nanjing Redsun Business World	429,272	—	—
Jiangsu Redsun Household	282,105	—	—
Nanjing Rsun Shipping Agency	275	—	—
Nanjing Red Sun Property Management	—	1,342	—
Nanjing Hong Hao Real Estate	—	—	263,521
Nanjing Shun Hong Real Estate	—	—	102,330
Suzhou Cheng Hong Real Estate	—	259,996	864,984
Nanjing Lv Hong Real Estate	13,530	688,614	570,584
Nanjing Ming Yu Properties	—	—	115,501
Changshu Xin Bi Real Estate	—	—	174,921
Nanjing Ping Hong Real Estate	—	—	753
Nanjing Zhao Yang Real Estate	—	—	200,498
Nantong Hong Yan Real Estate	—	—	496,769
Nanjing Randong Trading	25,598	—	—
Nanjing Heyi	24,157	—	
Nanjing Houde	23,552	—	—
Haikou Guanaijia Bathroom Trading	207	207	207
	1,254,450	2,080,198	2,796,768
Balances relating to operating activities			
Nanjing Baohong	—	—	170
Nanjing Houning	—	—	2,365
Foshan Nanhai District Yonghong	—	—	277
Foshan Saien Dewei	1,169	1,449	4,269
Nanjing Nangang	5,342	8,315	13,520
Nanjing Guangde	13,312	16,503	14,624
Nanjing Pukou District Randong Building Materials	1,226	1,226	1,226
Nanjing Rsun Electronic Commerce	115	1,008	2,320
	21,164	28,501	38,771

Balances with the above related parties were unsecured, with no fixed repayment terms, and bore interest rates from 3.46% to 9.96%.

(5) Compensation of key management personnel of the Group:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	780	1,800	2,077
Performance-related bonuses*	146	414	579
Pension scheme contributions and social welfare	61	121	152
Total	987	2,335	2,808

Further details of directors and chief executive's emoluments are included in note 8 to the Historical Financial Information.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

December 31, 2017

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 24)	1,455,371	—	1,455,371
Available-for-sale investments	—	2,006,659	2,006,659
Trade receivables	1,514	—	1,514
Due from related companies	2,321,358	—	2,321,358
Restricted cash	741,573	—	741,573
Pledged deposits	991,238	—	991,238
Cash and cash equivalents	2,478,063	—	2,478,063
	7,989,117	2,006,659	9,995,776

Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000
Trade and bills payables	2,080,717	2,080,717
Financial liabilities included in other payables, deposits received and accruals (note 27)	2,821,665	2,821,665
Interest-bearing bank and other borrowings (note 29)	11,629,499	11,629,499
Financial guarantee contracts	12,683	12,683
Due to related companies	2,835,539	2,835,539
	19,380,103	19,380,103

December 31, 2016

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 24)	540,137	—	540,137
Available-for-sale investments		1,620,174	1,620,174
Trade receivables	2,889	—	2,889
Due from related companies	2,938,809	—	2,938,809
Restricted cash	223,639	—	223,639
Pledged deposits	140,039	—	140,039
Cash and cash equivalents	2,398,674	—	2,398,674
	6,244,187	1,620,174	7,864,361

Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000
Trade and bills payables	1,866,493	1,866,493
Financial liabilities included in other payables, deposits received and accruals (note 27)	37,481	37,481
Interest-bearing bank and other borrowings (note 29)	7,690,837	7,690,837
Financial guarantee contracts	42,303	42,303
Due to related companies	2,108,669	2,108,669
	11,745,783	11,745,783

December 31, 2015

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables (note 24)	378,774	—	378,774
Available-for-sale investments	—	547,894	547,894
Trade receivables	5,072	—	5,072
Due from related companies	1,231,087	—	1,231,087
Due from a shareholder	430,678	—	430,678
Restricted cash	122,118	—	122,118
Pledged deposits	710,926	—	710,926
Cash and cash equivalents	1,146,749	—	1,146,749
	4,025,404	547,894	4,573,298

Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000
Trade and bills payables	2,790,164	2,790,164
Financial liabilities included in other payables, deposits received and accruals (note 27)	199,292	199,292
Interest-bearing bank and other borrowings (note 29)	5,663,724	5,663,724
Financial guarantee contracts	23,089	23,089
Due to related companies	1,275,614	1,275,614
	9,951,883	9,951,883

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each of the Relevant Periods, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			Fair values		
	2015	2016	2017	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Available-for-sale investments (note 20)	547,894	1,620,174	2,006,659	547,894	1,620,174	2,006,659
Financial liabilities						
Interest-bearing bank and other borrowings (note 29)	5,663,724	7,690,837	11,629,499	5,624,816	7,660,266	11,594,698
	6,211,618	9,311,011	13,636,158	6,172,710	9,280,440	13,601,357

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, amounts due from shareholders, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, amounts due to shareholders, amounts due to related companies and financial guarantees contracts approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the fair values of the available-for-sale investments, management has estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the available-for-sale investments is categorized within Level 3 of the fair value hierarchy.

The fair values of interest-bearing bank and other borrowings are based on discounted cash flow approach using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates. The fair value measurement of interest-bearing bank and other borrowings is categorized within Level 3 of the fair value hierarchy.

The Group's corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for financial reporting.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at each of the end of Relevant Periods:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Available-for-sale trust and fund investments	Discounted cash flow method	Discount rate	3% to 5%	1% increase(decrease) increase(decrease) in discount rate would result in the decrease(increase) in fair value of by RMB5,460,700, RMB16,113,590, and RMB20,020,800, as at December 31, 2015, 2016 and 2017.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade and other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, amounts due to shareholders, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 29. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB 1,524,305, RMB 2,873,542 and RMB 4,314,859 for the years ended December 31, 2015, 2016 and 2017, respectively.

(b) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the Relevant Periods.

The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(c) **Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2017					
Interest-bearing bank and other borrowings	—	1,316,572	3,944,137	8,378,453	13,639,162
Trade and bills payables	2,080,717	—	—	—	2,080,717
Other payables	2,821,665	—	—	—	2,821,665
Financial guarantees contracts	49,500	—	801,889	3,415,351	4,266,740
Due to related companies	2,835,539	—	—	—	2,835,539
	7,787,421	1,316,572	4,746,026	11,793,804	25,643,823
December 31, 2016					
Interest-bearing bank and other borrowings	—	262,456	2,612,268	6,465,485	9,340,209
Trade and bills payables	1,866,493	—	—	—	1,866,493
Other payables	37,481	—	—	—	37,481
Financial guarantees contracts	—	50,000	541,400	5,210,424	5,801,824
Due to related companies	2,108,699	—	—	—	2,108,699
	4,012,673	312,456	3,153,668	11,675,909	19,154,706
December 31, 2015					
Interest-bearing bank and other borrowings	—	431,292	2,249,061	3,632,826	6,313,179
Trade and bills payables	2,790,164	—	—	—	2,790,164
Other payables	199,292	—	—	—	199,292
Financial guarantees contracts	4,000	58,000	201,800	1,489,246	1,753,046
Due to related companies	1,275,614	—	—	—	1,275,614
	4,269,070	489,292	2,450,861	5,122,072	12,331,295

(d) **Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, other payables, deposits received and accruals, amounts due to shareholders and amounts due to related companies less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trade and bills payables	2,790,164	1,866,493	2,080,717
Other payables, deposits received and accruals	199,292	37,481	2,821,665
Interest-bearing bank and other borrowings	5,663,724	7,690,837	11,629,499
Due to related companies	1,275,614	2,108,699	2,835,539
Less: Cash and cash equivalents	(1,146,749)	(2,398,674)	(2,478,063)
Net debt	8,782,045	9,304,836	16,889,357
Equity attributable to owners of the parent	4,744,613	5,656,193	8,456,866
Capital and net debt	13,526,658	14,961,029	25,346,223
Gearing ratio	65%	62%	67%

42. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

December 31, 2017

	Percentage of equity interest held by non-controlling interests	Profit for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000
Changzhou Sang Ma Culture Expo Park	30	(48)	119,952
Changzhou Jin Tan Xu Jing Properties	50	(10,623)	(10,623)
Suzhou Quan Zhuo Properties	50	(34)	24,966

The following tables illustrate the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Chuzhou Hong Yang Real Estate	Changzhou Sang Ma Culture Expo Park	Changzhou Jin Tan Xu Jing Properties	Suzhou Quan Zhuo Properties
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	—	107,415	—	—
Total expenses	(587)	(3,856)	(29,476)	(92)
Income tax expense	—	(1,240)	5,126	15
Net loss and total comprehensive loss for the year	(577)	(160)	(21,246)	(68)
Current assets	523,799	1,595,300	2,820,693	413,359
Non-current assets	51	388,814	9,680	15
Current liabilities	(474,427)	(1,395,511)	(2,450,890)	(363,442)
Non-current liabilities	—	(188,762)	(400,729)	—
Net cash flows (used in)/from operating activities	(41,737)	(33,904)	43,889	(45,753)
Net cash flows used in investing activities	(51)	—	(720,052)	(50,000)
Net cash flows from financing activities	50,000	48,000	1,272,894	100,000
Net increase in cash and cash equivalent	8,212	14,096	596,731	4,247

43. SUBSEQUENT FINANCIAL STATEMENTS

In January 2018, the Group entered into three share purchase agreements, pursuit to which the Group acquired 33%, 80% and 80% interests in Xuzhou Weixin Real Estate Development Co., Ltd., Xuzhou Xiangyun Slight Management Co., Ltd. and Xuzhou Jiawang Bote Enterprise Management Co., Ltd. respectively with an aggregate considerations of RMB835,237,000 from their original shareholders.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the **[REDACTED]** on our consolidated net tangible assets as of December 31, 2017 as if it had taken place on December 31, 2017.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the **[REDACTED]** been completed as of December 31, 2017 or any future date. It is prepared based on our consolidated net tangible assets as of December 31, 2017 as set out in the Accountants' Report as set out in Appendix I to this document, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this document.

	Audited Consolidated Net Tangible Assets of Our Group as of December 31, 2017	Estimated Net [REDACTED] from the [REDACTED]	Unaudited Pro Forma Adjusted Net Tangible Assets of our Group	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK$ (Note 4)
Based on an **[REDACTED]** of HK$**[REDACTED]** per Share	8,283,923	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of HK$**[REDACTED]** per Share	8,283,923	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of December 31, 2017 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of the Company as of December 31, 2017 of approximately RMB8,298.1 million.

(2) The estimated net **[REDACTED]** from the **[REDACTED]** are based on the **[REDACTED]** of HK$**[REDACTED]** per Share or HK$**[REDACTED]** per Share, after deduction of the **[REDACTED]** fees and other related expenses payable by the Company and does not take into account of any Shares which may be issued upon the exercise of the **[REDACTED]**. The estimated net **[REDACTED]** from the **[REDACTED]** are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB[0.8078].

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** and does not take into account of any Shares which may be issued upon the exercise of the **[REDACTED]**.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB[0.8078].

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter, summary of values and valuation report prepared for the purpose of incorporation in this document received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of values of the property interests held by the Group as at December 31, 2017.

The Directors
Redsun Properties Group Limited
26 Floor
Hong Yang Building
No.9 North Road
Pukou District, Nanjing
Jiangsu Province
The People's Republic of China

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

[Date]

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions to us to value the properties (the "Properties") situated in the People's Republic of China (the "PRC") in which Redsun Properties Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of the Properties as at December 31, 2017 (the "valuation date") for incorporation in a **[REDACTED]** document.

Having considered the inherent characteristic of each property, we have classified the properties valued into two categories of basis of valuation, namely Category A — Market Value basis and Category B — Investment value (non-market value basis).

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr Anthony C.K. Lau, who is the Director of Savills Valuation and Professional Services Limited ("SVPSL") and a corporate member of The Hong Kong Institute of Surveyors ("HKIS") with over 24 years' experience in valuation of properties in Hong Kong and the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Properties, SVPSL and Mr Anthony C.K. Lau had not been involved in valuation of the Properties in the last 12 months.

We are independent of Redsun Properties Group Limited. We are not aware of any instance which would give rise to potential conflict of interest from SVPSL or Mr Anthony C.K. Lau in the subject exercise. We confirm SVPSL and Mr Anthony C.K. Lau are in the position to provide objective and unbiased valuation for the Properties.

BASIS OF VALUATION AND VALUATION METHODOLOGY

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2017 of The Hong Kong Institute of Surveryors ("HKIS"), which incorporates the International Valuation Standards ("IVS"), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

Our valuation of the properties in Category A represents our opinion of the properties in Groups I to VI on market value basis. Market value is defined as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential liabilities.

In valuing the properties in Group I and Group IV, which are held by the Group for owner occupation and for sale in the PRC, we have valued such properties by the direct comparison approach assuming sale with the benefit of vacant possession in their existing states by making reference to comparable sales transactions as available in the market.

In valuing the property in Group II, which is held by the Group for operation in the PRC, we have valued such property by discounted cash flow ("DCF") analysis, which involves discounting the future net cash flow of each property until the end of the land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a typical investor for an investment of this type. We have undertaken a discounted cash flow on yearly basis over a 10-year investment horizon for the property. In preparing the DCF analysis, we have also made reference to the projected cash flow and budget of the property provided by the Group.

In valuing the properties in Group III except property No. 5, which are held by the Group for investment in the PRC, we have made reference to the comparable market transactions as available in the market and where appropriate, valued the properties on the basis of capitalization of incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the properties.

In valuing property No. 5 in Group III which is to be held by the Group for investment, and in valuing the properties in Groups V and VI, which are held by the Group under development or for future development in the PRC, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the market and also taken into account the costs that will be expended to complete the developments to reflect the quality of the completed developments. The "market value as if completed" represents our opinion of the aggregate selling prices of the property assuming that it were completed as at the valuation date.

In assessing the properties in Category B, we have attributed no commercial values to the properties on market value basis as transferability of these properties is restricted. However, for the Group's management reference purpose, we have reported the investment values of these properties in the report under Groups VII and VIII.

According to the IVS, which the HKIS Valuation Standards 2017 follows, investment value is defined as "the value of an asset to a particular owner for individual investment or operational objectives." Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not involve a presumed exchange. It must be emphasized that the investment value is not market value.

In valuing the properties in Groups VII and VIII, which are held by the Group for operation and for investment in the PRC, we have valued such properties on the basis of capitalization of income to be generated from Property No. 38 and incomes as shown on the schedules handed to us with due allowance for reversionary income potential of Property No. 39. We have also taken into account the latest renovation schemes provided to us by the Group and assumed that all consents, approvals and licenses from relevant government authorities for the renovation schemes have been obtained.

TITLE INVESTIGATION

We have been provided with copies of the title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a considerable extent on the information given by the Group and the legal opinion issued by the Group's legal adviser, Jingtian & Gongcheng (北京市競天公誠律師事務所), regarding the title to the properties.

SOURCE OF INFORMATION

We have relied to a considerable extent on information and advice from the Group on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, estimated completion dates, transaction records, sales and purchases agreements, operation accounts, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

VALUATION ASSUMPTIONS

In valuing the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable have already been fully paid. Unless otherwise stated, we have also assumed that the Group has good legal titles to the properties and has free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property 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.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the properties. Site inspections of the properties were undertaken by Mr. James Woo and other valuation assistants. Mr. James Woo is a Fellow of The Royal Institution of Chartered Surveyors with over 25 years' experience in valuation properties in PRC. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation or any other structural defect. No test has been carried out to any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi ("RMB").

We enclose herewith our summary of values and valuation report.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C.K. Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Anthony C.K. Lau is a professional surveyor who has over 24 years' experience in valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

Category A — Market Value Basis

No.	Property	Market value in existing state as at December 31, 2017	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2017
Group I — Property held by the Group for owner occupation in the PRC				
1.	Unit Nos. 103, 201, 301, 401, 2301, 2401, 2501, 2601, 2701 and 2801 of Block No. 16 of Hong Yang Tower (弘陽大廈), No. 9 Daqiao Bei Road, Pukou District, Nanjing, Jiangsu Province, PRC	RMB216,800,000	100%	RMB216,800,000
	Group I Sub-total:	*RMB216,800,000*		*RMB216,800,000*
Group II — Properties held by the Group for operation in the PRC				
2.	Nanjing Hong Yang Hotel (弘陽酒店), No. 48 Daqiao Bei Road, Pukou District, Nanjing, Jiangsu Province, PRC	RMB152,000,000	100%	RMB152,000,000
	Group II Sub-total:	*RMB152,000,000*		*RMB152,000,000*
Group III — Properties held by the Group for investment in the PRC				
3.	Retail Unit Nos. 101 and 102, Block No. 8 of Solarise Loving City (旭日愛上城), No. 28 Puwai Road, Hi-tech Development Zone, Pukou District, Nanjing, Jiangsu Province, PRC	RMB83,200,000	100%	RMB83,200,000
4.	A retail unit located of Block No. 55-40 of Sun View City (旭日景城), Mufu Dong Road, Gullou District, Nanjing, Jiang Su Province, PRC	RMB71,400,000	100%	RMB71,400,000

No.	Property	Market value in existing state as at December 31, 2017	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2017
5.	Changzhou Hong Yang Plaza (常州弘陽廣場), West of Changjiang South Road, South of Zhongwu Avenue, Tianning District, Changzhou City, Jiangsu Province, PRC	RMB448,100,000	100%	RMB448,100,000
	Group III Sub-total:	*RMB602,700,000*		*RMB602,700,000*
Group IV — Properties held by the Group for sale in the PRC				
6.	Various unsold residential and retail units of Loving Garden (愛上花園), Land Plot Nos. 1 to 3 of Taishan Street, Pukou High-tech Development Zone, Nanjing, Jiangsu Province, PRC	RMB219,000,000	100%	RMB219,000,000
7.	Portions of Phase I and Phase II, Wuxi Sanwan Qing (無錫三萬頃), Tanxi Village, Mashan, Binhu District, Wuxi, Jiangsu Province, PRC	RMB797,000,000	100%	RMB797,000,000
8.	Portion of Upper Lake Garden (上湖雅苑), West of Dongfang Avenue, South of Guoxin East Road, Economic Development Zone, Wuzhong District, Suzhou, Jiangsu Province, PRC	RMB1,081,700,000	100%	RMB1,081,700,000
9.	Jingye Garden (競業園), North of Laodong Middle Road, East of Lihua North Road, Tianning District, Changzhou City, Jiangsu Province, PRC	RMB568,800,000	70%	RMB398,160,000
	Group IV Sub-total:	*RMB2,666,500,000*		*RMB2,495,860,000*

No.	Property	Market value in existing state as at December 31, 2017	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2017
Group V — Properties held by the Group for under development in the PRC				
10.	Hong Yang Solaris Loving City. Section VIII (弘陽旭日愛上城八區), South of Liuzhou Road, East of Daqiao Avenue, Pukou District, Nanjing, Jiangsu Province, PRC	RMB961,800,000	100%	RMB961,800,000
11.	Spring on West River (春上西江), Yuhuatai Economic Development Zone, Yuhuatai District, Nanjing, Jiangsu Province, PRC	RMB619,500,000	100%	RMB619,500,000
12.	Building No. 5 and portion of Building Nos. 12 and 13 of Hua Impression Golden Palm Garden (旭日華庭金棕櫚園區), No. 9 Daqiao North Road, Pukou District, Nanjing, Jiangsu Province, PRC	RMB209,000,000	100%	RMB209,000,000
13.	Times in the Garden (時光裡花園), East of Pukou Area of Nanjing University, West of Gaoxin North Road, Pukou High-Tech Zone, Nanjing, Jiangsu Province, PRC	RMB1,372,100,000	100%	RMB1,372,100,000
14.	Hong Yang Upper City Phase III (弘陽上城三期), West of Changjiang South Road, South of Zhongwu Avenue, Tianning District, Changzhou City, Jiangsu Province, PRC	RMB939,600,000	100%	RMB939,600,000

No.	Property	Market value in existing state as at December 31, 2017	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2017
15.	Hong Yang Upper City Phase IV (弘陽上城四期), West of Changjiang South Road, South of Zhongwu Avenue, Tianning District, Changzhou City, Jiangsu Province, PRC	RMB491,800,000	100%	RMB491,800,000
16.	New City Hong Yang Garden at Mingfa North Station (明發北站新城弘陽苑), West of Changjiang Avenue, Chahe Town Lai'an County, Chuzhou City, Anhui Province, PRC	RMB51,300,000	100%	RMB51,300,000
17.	Garden with Art Atmosphere (藝境花園), West of Changjiang South Road, Chahe Town, Lai'an County, Chuzhou City, Anhui Province, PRC	RMB756,000,000	33%	RMB249,480,000
18.	In Times (時光裡), Junction of Fuyang North Road and Jinchuan Road, Changfeng County, Heifei, Anhui Province, PRC	RMB720,500,000	100%	RMB720,500,000
19.	Sunrise Joy Garden (昕悦花園), West of Zhang Shan Road, South of Yue Liang Wan Road, Yaohai District, Heifei, Anhui Province, PRC	RMB550,600,000	80%	RMB440,480,000
20.	Golden Seal and Heaven Shire (金璽天郡), South of Jingui Road, West of Huayang Road, Jintan District Changzhou City, Jiangsu Province, PRC	RMB1,249,600,000	50%	RMB624,800,000

No.	Property	Market value in existing state as at December 31, 2017	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2017
21.	Esteeming Virtues Garden (尚德苑), East of Shangde Road, North of Ronghua Xiaoqu, Tongzhou District, Nantong, Jiangsu Province, PRC	RMB296,000,000	33%	RMB97,680,000
22.	Suzhou Land Lot No. 2016-WG-64, East of Sangyuan Road, South of Guihuaqujian Road, Xushu Town, Gaoxin District, Suzhou, Jiangsu Province, PRC	RMB1,244,900,000	100%	RMB1,244,900,000
23.	Luyuan Architecture (甪源名築), North of Luzhi Road, East of Fucheng North Road, Luzhi Town, Wuzhong District, Suzhou, Jiangsu Province, PRC	RMB1,362,000,000	100%	RMB1,362,000,000
24.	Upper Water Garden (上水雅苑), North of Xinxian Road, East of Wenchang Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	RMB1,709,300,000	100%	RMB1,709,300,000
25.	Portion of Phase II, Wuxi Sanwan Qing (無錫三萬頃), Tanxi Village, Mashan, Binhu District, Wuxi, Jiangsu Province, PRC	RMB230,000,000	100%	RMB230,000,000

No.	Property	Market value in existing state as at December 31, 2017	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2017
26.	Hong Yang Mountain View (山卿苑), Baoting Village, Baohua Town, Jurong, Jiangsu Province, PRC	RMB332,000,000	100%	RMB332,000,000
	Group V Sub-total	*RMB13,096,000,000*		*RMB11,656,240,000*
Group VI — Properties held by the Group for future development in the PRC				
27.	Portion of Phase II, Wuxi Sanwan Qing (無錫三萬頃), Tanxi Village, Mashan, Binhu District, Wuxi, Jiangsu Province, PRC	RMB123,000,000	100%	RMB123,000,000
28.	Changzhou Sangma Land Lot C and D1 (常州桑麻C、D1地塊), North of Laodong Middle Road, East of Lihua North Road, Tianning District, Changzhou City, Jiangsu Province, PRC	RMB1,154,500,000	70%	RMB808,150,000
29.	Cheng De Nos. 2017-C-20(A) and (B), East of Jizhuang Road, Southwest of Yundong Road, North of Chengyang Road, Yunting Street Administrative Area, Jiangyin, Jiangsu Province, PRC	RMB417,000,000	100%	RMB417,000,000
30.	Lot No. TX2017-20, No. 3 West of Wenjiang Road, North of Gensi Road, Taixing, Jiangsu Province, PRC	RMB502,000,000	100%	RMB502,000,000

No.	Property	Market value in existing state as at December 31, 2017	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2017
31.	Lot No. XDG-2012-54, Southeast of the junction of Qianzhouwanshou Road and Zhanbei Road, Huishan District, Wuxi, Jiangsu Province, PRC	RMB1,036,000,000	100%	RMB1,036,000,000
32.	Sunrise Joy Masterpiece Residence (昕悦名邸), Lot No. 320582007019GB00030, South of Xinhuzhong Road, East of Habai Road, Daxin Town, Zhangjiagang, Jiangsu Province, PRC	RMB236,000,000	100%	RMB236,000,000
33.	Lot No. 320582001054GB00086, North of Fumin Road, Tangqiao Town, Zhangjiagang, Jiangsu Province, PRC	RMB391,000,000	50%	RMB195,500,000
34.	Garden in Times (時光裡花園), Lot No. 030110080067000, Northeast of the junction of Nanqiao Road and Jingzi Road, Nanqiao District, Chuzhou City, Anhui Province, PRC	RMB498,100,000	100%	RMB498,100,000
35.	Land Lot No. 2017G57, North of Chengxin Road, West of Qinghuai Lake, Jiangning District, Nanjing, Jiangsu Province, PRC	RMB1,400,200,000	100%	RMB1,400,200,000

No.	Property	Market value in existing state as at December 31, 2017	Interests attributable to the Group	Market value attributable to the Group as at December 31, 2017
36.	[Changzhou Sangma Land Lot A] (常州桑麻A地塊), North of Laodong Middle Road, East of Lihua North Road, Tianning District, Changzhou City, Jiangsu Province, PRC	RMB44,300,000	70%	RMB31,010,000
37.	Changzhou Hong Yang Plaza (常州弘陽廣場), West of Changjiang South Road, South of Zhongwu Avenue, Tianning District, Changzhou City, Jiangsu Province, PRC	RMB205,700,000	100%	RMB205,700,000
	Group VI Sub-total	*RMB6,007,800,000*		*RMB5,452,660,000*
	Category A — Grand total:	RMB22,741,800,000		RMB20,576,260,000

Category B — Investment Value (Non Market Value Basis)

Group VII — Property held by the Group for operation in the PRC

No.	Property	Investment value in existing state as at December 31, 2017	Interests attributable to the Group	Investment attributable to the Group as at December 31, 2017
38.	Block B2 of Nanjing Hong Yang Plaza (南京弘陽廣場), No. 48 Daqiao Bei Road, Pukou District, Nanjing, Jiangsu Province, PRC	RMB109,000,000	100%	RMB109,000,000
	Group VII Sub-total	*RMB109,000,000*	*100%*	*RMB109,000,000*

Group VIII — Property held by the Group for investment in the PRC

No.	Property	Investment value in existing state as at December 31, 2017	Interests attributable to the Group	Investment attributable to the Group as at December 31, 2017
39.	Portion of Nanjing Hong Yang Plaza (南京弘陽廣場), No. 48 Daqiao Bei Road, Pukou District, Nanjing, Jiangsu Province, PRC	RMB7,713,000,000	100%	RMB7,713,000,000
	Group VIII Sub-total	*RMB7,713,000,000*	*100%*	*RMB7,713,000,000*
	Category B — Grand Total	RMB7,822,000,000		RMB7,822,000,000

VALUATION REPORT

Group I — Property held by the Group for occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
1.	Unit Nos. 103, 201, 301, 401, 2301, 2401, 2501, 2601, 2701 and 2801 of Block No. 16 of Hong Yang Tower (弘陽大廈), No. 9 Daqiao Bei Road, Pukou District, Nanjing, Jiangsu Province, PRC	Hong Yang Tower is a commercial development erected on a parcel of land with a site area of approximately 49,840.50 sq m. The property is situated at Daqiao Bei Road. Developments in the vicinity are dominated by office and retail buildings. It takes about 40-minute drive to the city center of Nanjing and about 60-minute drive to Nanjing Lukou International Airport. The property comprises various office and retail units with a total gross floor area of approximately 16,359.76 sq m. The usage and breakdown of the gross floor area are as follows: **Usage** — **Approximate Gross Floor Area (sq m)** Office — 8,526.11 Retail — 7,833.65 **Total:** — **16,359.76** As advised by the Group, the property was completed in 2009. The land use rights of the property have been granted for a term expiring on July 21, 2043 for commercial use.	As at the valuation date, the property was occupied by the Group.	RMB216,800,000 (Renminbi Two Hundred Sixteen Million and Eight Hundred Thousand) (100% interest attributable to the Group: RMB216,800,000 (Renminbi Two Hundred Sixteen Million and Eight Hundred Thousand)

Notes:

1. Pursuant to ten Land Use Rights Certificates — Ning Pu Guo Yong (2011) Di Nos. 06302P, 06262P to 06267P, and 06270P to 06272P all dated May 11, 2011, the land use rights of a parcel of land with an apportioned site area of approximately 911.80 sq m have been granted to Nanjing Redsun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) ("Nanjing Redsun"), a 100%-owned subsidiary of the Company, for a term expiring on July 21, 2043 for commercial use.

2. Pursuant to ten Building Ownership Certificates — Nos. Ning Fang Quan Zheng Pu Chu Zi Di Nos. 316625 to 316633 and 318400 dated between March 22, 2011 and April 7, 2011, the building ownership of the property with a total gross floor area of approximately 16,359.76 sq m and the corresponding land use rights are vested in Nanjing Redsun.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Redsun is the owner of the property, which is protected under the PRC laws;

   ii. Nanjing Redsun is entitled to occupy, use, lease, transfer or by other legal means to dispose of the property;

   iii. portion of the property is subject to a mortgage in favor of [Huaxia Bank Company Limited (Nanjing Branch)]; and

   iv. Nanjing Redsun is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB14,900 to RMB16,000 per sq m for office units, and RMB16,800 to RMB18,400 per sq m for retail units (1/F). Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

   In our valuation, we have adopted average unit rates of about RMB15,300 per sq m for office units and RMB16,500 per sq m for retail units, which are consistent with the relevant comparables.

Group II — Properties held by the Group for operation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
2.	Nanjing Hong Yang Hotel (弘陽酒店), No. 48 Daqiao Bei Road, Pukou District, Nanjing, Jiangsu Province, PRC	Nanjing Hong Yang Hotel is an 11-storey hotel development erected on a 3-level commercial podium with a total gross floor area of approximately 12,536.92 sq m. The property is located at Daqiaoi Bei Road. Developments in the vicinity are dominated office and retail buildings. It takes about 40-minute drive to the city center of Nanjing and about 60-minute drive to Nanjing Lukou International Airport. The property accommodates 215 guest rooms with provision of facilities including food and beverage, muit-functional room, conference rooms and fitness center. As advised by the Group, the property was completed and started operation in 2013. The land use rights of the property have been granted for a term expiring on October 31, 2042 for commercial use.	As at the valuation date, the property was in operation. According to the information provided by the Group, the occupancy rate of the property as at the valuation date was approximately 75%.	RMB152,000,000 (Renminbi One Hundred and Fifty Two Million) (100% interest attributable to the Group: RMB152,000,000) (Renminbi One Hundred and Fifty Two Million)

Notes:

1. Pursuant to 107 State-owned Land Use Rights Certificates Ning Pu Guo Yong (2013) Di Nos. 19514P, 19515P, 19517P, 19518P, 19521P, 19524P, 19528P, 19529P, 19530P, 19532P, 19534P, 19535P, 19538P, 19541P, 19545P, 19548P, 19549P, 19551P, 19556P, 19557P, 19560P, 19562P, 19564P, 19567P, 19569P, 19572P, 19577P, 19579P, 19581P, 19584P, 19587P, 19590P, 19591P, 19594P, 19596P, 19598P, 19600P, 19602P, 19604P, 19610P, 19611P, 19613P, 19614P, 19615P, 19618P, 19619P, 19621P, 19625P, 19627P, 19636P, 19641P, 19650P, 19831P to 19836P, 19838P, 19851P, 19854P, 19855P, 198656P, 19860P, 19863P, 19866P, 19869P, 19910P, 19912P, 19916P, 19918P, 19923P, 19925P, 19931P, 19935P, 19936P, 19938P, 19940P, 19944P, 19945P, 19959P, 19960P, 19961P to 19964P, 19966P, 19968P, 19970P, 19972P, 19974P, 19976P, 19978P, 19981P, 19983P, 19987P, 19989P, 19996P, 19999P, 20000P, 20002P, 20049P, 20052P, 20055P, 20057P, 20060P, 20064P dated September 22, 2013, the land use rights of various parcels of land with a total apportioned site area of approximately 784.00 sq m have been granted to Nanjing Redsun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) ("Nanjing Redsun"), a 100%-owned subsidiary of the Company, for a term expiring on October 31, 2042 for commercial use.

2. Pursuant to 119 Building Ownership Certificates Nos. Ning Fang Quan Zheng Pu Chu Zi Di Nos. 401157 to 401159, 401161 to 401166, 429996, 429998, 430003, 430008, 430012, 430019, 430024, 430031, 430033, 430037, 430041, 430046, 430049, 430056, 430060, 430064, 430070, 430076, 430080, 430086, 430091, 430093, 430096, 430099, 430101, 430108, 430111, 430114, 430116, 430117, 430119 to 430123, 430125 to 430133, 430135 to 430140, 430142, 430143, 430144, 430148, 430152, 430158, 430165, 430170, 430175, 430177, 430180, 430181, 430188, 430191, 430192, 430195, 430196, 430197,

430203, 430205 to 430210, 430212, 430213, 430215, 430216, 430217, 430218, 430221, 430223, 430224, 430225, 430226, 430227, 430228, 430230, 430231, 430239, 430240, 430241, 432191 to 432195 and Su (2017) Ning Pu Bu Dong Chan Quan Di Nos. 0068816, 0068932, 0068938, 0068945, 0068946, 0068951, 0068953, 0068957, 0068960, 0068967 and 0068970 dated between January 11, 2013 and June 20, 2013, the building ownership of the property with a total gross floor area of approximately 12,536.92 sq m is vested in Nanjing Redsun.

3. Pursuant to Business License No. 913201110532728194 dated May 25, 2017, Nanjing Hong Yang Hotel Company Limited was established as a limited company with a registered capital of RMB10,000,000 for operation commencing on September 29, 2012.

4. Detail of the guest rooms are shown in the following table:

Room Type	Size (sq m)	Number of Rooms
Business Room	30	124
Luxury Room	30	65
Executive Room	35 – 40	14
Business Suite	60	6
Family Room	80	4
Luxury Suite	100	1
Executive Suite	180	1
	Total	**215**

5. Detail of the facilities and amenities are shown in the following table:

Food and Beverage Outlets	Level	Total Seating Area (sq m)	Maximum Seating Capacity
Buffet Lounge	5	230	100
VIP Room	5	40	12
Hong Yang Zun Di	5	40	12
Hong Yang Lounge	5	100	20
Hong Yang Shang Cheng	5	10	12
		Total	**215**

Functional Facilities	Level	Size (sq m)
Conference Room	5	35
Multi-Function Conference Room	-1	120
	Total	**155**

Other Amenities	Level	Size (sq m)
Fitness Center	5	27
	Total	**27**

6. The key assumptions adopted in our DCF valuation are summarized as follows:

i.	Average daily room rate ("ADR")	:	RMB335
ii.	Capitalization rate	:	6.5%

We have made reference the ADR of similar hotels, which are in the range of between RMB300 to RMB359 per night. The above ADR assumed by us is in line with the market.

7. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. Nanjing Redsun is the owner of the property, which is protected under the PRC laws;

ii. Nanjing Redsun is entitled to occupy, use, lease, transfer or by other legal means to dispose of the property;

iii. the property subject to a mortgage/various mortgages in favour of [name of bank; and

iv. Nanjing Redsun] is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
3.	Retail Unit Nos. 101 and 102, Block No. 8 of Solarise Loving City (旭日愛上城), No. 28 Puwai Road, Hi-tech Development Zone, Pukou District, Nanjing, Jiangsu Province, PRC	Solaris Loving City ("the Development") is a large scale residential development erected on a parcel of land with a site area of approximately 71,029 sq m. The property is situated at Pokou District. Developments in the vicinity are dominated by residential buildings. It takes about a 30-minute drive from the property to the city center of Nanjing. The property comprises two retail units of the Development with a total gross floor area of approximately 7,300.53 sq m. As advised by the Group, the property was completed in 2015. The land use rights of the property have been granted for a term expiring on September 30, 2047 for commercial use.	As at the valuation date, the property is subject to two tenancy agreements with the latest one due to expire on March 31, 2025 at a total monthly rent of approximately RMB203,300.	RMB83,200,000 (Renminbi Eighty Three Million and Two Hundred Thousand) (100% interest attributable to the Group: RMB83,200,000 (Renminbi Eighty Three Million and Two Hundred Thousand)

Notes:

1. Pursuant to two Building Ownership Certificates, the building ownership of the property with a gross floor area of approximately 7,300.53 sq m and the corresponding land use rights are vested in Nanjing Redsun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) ("Nanjing Redsun"), a 100%-owned subsidiary of the Company, for retail use. Details of the said certificates are as follows:

No.	Certificate No.	Issue Date	Gross Floor Area (sq m)
1.	Ning Fang Quan Zheng Pu Chu Zi Di No. 582101	February 3, 2016	2,839.79
2.	Ning Fang Quan Zheng Pu Chu Zi Di No. 582102	February 3, 2016	4,772.92
		Total:	**7,300.53**

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Redsun is the owner of the property, which is protected under the PRC laws;

   ii. Nanjing Redsun is entitled to occupy, use, lease, transfer or by other legal means to dispose of the property;

   iii. the property subject to a mortgage/various mortgages in favor of Industrial Commercial Bank of China Limited; and

iv. Nanjing Redsun is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

3. In undertaking our valuation of the property, we have made reference to market comparables of similar developments which have characteristics comparable to the property. The unit rents of these comparables are in a range between RMB124 to RMB158 per sq m per month for retail units (1/F). Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

   In our valuation, we have adopted an average unit rent of about RMB139 per sq m per month for retail units (1/F), which is consistent with the relevant comparables.

4. Based on our market research, the market yields of comparable retail development are in a range between 6.2% to 7.6% as at the valuation date. Due adjustments to the market yield of these comparables have been made to reflect factors including but not limited to location, size and quality in arriving at the key assumptions.

   In our valuation, we have adopted a capitalization rate of 6.5% for retail units, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
4.	A retail unit located at Block No. 55-40 of Sun View City (旭日景城), Mufu Dong Road, Gullou District, Nanjing, Jiang Su Province, PRC	Sun View City ("the Development") is a residential development erected on a parcel of land with a site area of approximately 128,033 sq m. The Development is located in Gullou District. Developments in the vicinity are dominated by residential buildings. It takes about a 20-minute drive from the property to the city center of Nanjing. The property comprises a retail unit of the Development with a gross floor area of approximately 4,450.27 sq m. As advised by the Group, the property was completed in 2007. The land use rights of the property have been granted for a term expiring on April 14, 2044 for commercial use.	As at the valuation date, the property was subject to a tenancy due to expire on June 27, 2024 at a monthly rent of approximately RMB160,600.	RMB71,400,000 (Renminbi Seventy One Million and Four Hundred Thousand) (100% interest attributable to the Group: RMB71,400,000 (Renminbi Seventy One Million and Four Hundred Thousand)

Notes:

1. Pursuant to a Building Ownership Certificate — Ning Fang Quan Zheng Xia Chu Zi Di No. 279546 dated July 31, 2008, the building ownership of the property with a gross floor area of approximately 4,450.27 sq m is vested in Nanjing Guo Gang Properties Development Co., Ltd. (南京國港置業發展有限公司), ("Nanjing Guo Gang Properties"), a 100%-owned subsidiary of the Company, for a term expiring on April 14, 2044 for commercial use.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Guo Gang Properties is the owner of the property, which is protected under the PRC laws;

   ii. Nanjing Guo Gang Properties is entitled to occupy, use, lease, transfer or by other legal means to dispose of the property; and

   iii. Nanjing Guo Gang Properties is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

3. In undertaking our valuation of the property, we have made reference to market comparables of similar developments which have characteristics comparable to the property. The unit rents of these comparables are in a range between RMB161 per sq m to RMB170 per sq m per month for retail units (1/F). Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

In our valuation, we have adopted an average unit rent of about RMB166 per sq m per month for retail units (1/F), which is consistent with the relevant comparables.

4. Based on our market research, the market yields of comparable retail developments are in a range between 5.5% to 8.3% as at the valuation date. Due adjustments to the market yield of these market comparables have been made to reflect factors including but not limited to location, size and quality in arriving at the key assumptions.

   In our valuation, we have adopted a capitalization rate of 6.5% for retail units, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
5.	Changzhou Hong Yang Plaza (常州弘陽廣場), West of Changjiang South Road, South of Zhongwu Avenue, Tianning District, Changzhou, Jiangsu Province, PRC	Changzhou Hong Yang Plaza together with Hong Yang Upper City Phase IV is large-scale residential and commercial development erected on a parcel of land with a site area of approximately 43,590.00 sq m. The property is located in Tianning District. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive to the Changzhou Station. According to the information provided by the Group, the property will have a total gross floor area of approximately 80,844.00 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB448,100,000 (Renminbi Four Hundred Forty Eight Million and One Hundred Thosuand) (100% interest attributable to the Group: RMB448,100,000) (Renminbi Four Hundred Forty Eight Million and One Hundred Thosuand)

Usage	Approximate Gross Floor Area (sq m)
Commercial	56,020.71
Carpark	23,541.61
Ancillary	1,281.68
Total:	**80,844,00**

As advised by the Group, the property is schedule for completion in October 2018.

The land use rights of the property have been granted for two concurrent terms expiring on October 7, 2053 for business finance use and October 7, 2083 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3204012012CR0096 dated September 10, 2012 and the Supplementary Contract dated October 30, 2012, the land use rights of a parcel of land with a site area of approximately 43,590.00 sq m have been granted to Changzhou Hong Yang Plaza Properties Co., Ltd. (常州弘陽廣場置業有限公司) ("Changzhou Hong Yang Plaza Properties"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB242,000,000.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Chang Guo Yong (2013) Di No. 55231 dated October 28, 2013, the land use rights of a parcel of land with a site area of approximately 43,590.00 sq m have been granted to Changzhou Hong

Yang Plaza Properties for two concurrent terms expiring on October 7, 2053 for business finance use and October 7, 2083 for residential use.

As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320400201600029 dated August 9, 2016, Changzhou Hong Yang Plaza Properties was permitted to use a parcel of land with a site area of approximately 43,590.00 sq m for development.

   As advised by the Group, the property only comprises portion of the land parcel as stated in Construction Land Planning Permit mentioned above.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320400201610024 dated October 21, 2016, the total approved construction scale is approximately 171,511.52 sq m.

   As advised by the Group, the property only comprises portion of the construction scale as stated in the Construction Works Planning Permit mentioned above.

5. Pursuant to the Construction Works Commencement Permit — No. 320400201611180101 dated November 18, 2016, the construction works with a total construction scale of approximately 79,216.14 sq m were approved for commencement.

6. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB160,900,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB187,900,000. We have taken into account the aforesaid amounts in our valuation.

7. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB785,000,000.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Changzhou Hong Yang Plaza Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Changzhou Hong Yang Plaza Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

   iii. Changzhou Hong Yang Plaza Properties has fully paid the land grant premium;

   iv. Changzhou Hong Yang Plaza Properties has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

   v. Changzhou Hong Yang Plaza Properties has obtained the pre-sale permits for the sale of the property.

   vi. the property is subject to a mortgage in favor of Ping An Bank Co., Ltd. Nanjing Branch; and

vii. Changzhou Hong Yang Plaza Properties] is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

9. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB21,000 to RMB25,800 per sq m for commercial premises. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

In our valuation, we have adopted an average unit rate of about RMB22,300 per sq m for commercial premises, which is consistent with the relevant comparables.

Group IV — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
6.	Various unsold residential and retail units of Loving Garden (愛上花園), Land Plot Nos. 1 to 3 of Taishan Street, Pukou High-tech Development Zone, Nanjing, Jiangsu Province, PRC	Loving Garden ("the Development") is a composite development erected on a parcel of land with a site area of approximately 77,367.02 sq m. The Development is situated in 123 Area, Taishan Roads, Pukou High-tech Development Zone, Developments in the vicinity are dominated by residential buildings. It takes about a 40-minute drive to the city center of Nanjing and about a 35-minute drive to Nanjing Railway Station. The property comprises various residential and retail units with a total gross floor area of approximately 10,240.70 sq m. The usage and breakdown of the gross floor area are as follows: **Usage** — **Approximate Gross Floor Area (sq m)** Retail — 9,982.20 Residential — 258.50 **Total: — 10,240.70** As advised by the Group, the Development was completed in 2017. The land use rights of the property have been granted for two concurrent terms expiring on September 15, 2055 for commercial use and September 15, 2085 for residential uses.	As at the valuation date, the property was vacant.	RMB219,000,000 (Renminbi Two Hundred and Nineteen Million) (100% interest attributable to the Group: RMB219,000,000 (Renminbi Two Hundred and Nineteen Million)

Notes:

1. Pursuant to the State-owned Land Use Right Grant Contract No. 3201542015CR0007 dated April 22, 2015, the land use rights of a parcel of land with a site area of approximately 69,367.02 sq m have been granted to Nanjing Hong Yang Heng Rui Real Estate Development Co., Ltd. (南京弘陽恒瑞房地產開發有限公司) ("Nanjing Hong Yang Heng Rui Real Estate"), a 100%-owned subsidiary of the Company, for a term of 70 years for residential use at a land grant fee of RMB630,000,000.

2. Pursuant to the State-owned Land Use Rights Certificate — Ning Pu Guo Yong (2015) No. 28092 dated September 23, 2016, the land use rights of a parcel of land with a site area of approximately 77,367.02 sq m have been granted to Nanjing Hong Yang Heng Rui Real Estate for two concurrent terms expiring on September 15, 2055 for commercial use and September 15, 2085 for residential use,

3. Pursuant to the Construction Land Planning Permit — DZ No. 320111201590009 dated August 1, 2015, Nanjing Hong Yang Heng Rui Real Estate was permitted to use a parcel of land with a site area of approximately 78,172.35 sq m for development.

4. Pursuant to the Construction Works Planning Permit — 320111201590044 dated October 10, 2015, the approved construction scale is approximately 188,588.40 sq m.

5. Pursuant to the Construction Works Commencement Permit No. 320111201511050701 dated November 5, 2015, the construction works with a total construction scale of approximately 188,588.40 sq m were approved for commencement.

6. Pursuant to five Commodity Housing Pre-Sale Permits, various blocks of the Development were approved for pre-sale for residential and commercial uses. Details of the said permits are as follows:

No.	Block No.	Permit No.	Issue Date
1.	4#,6#	Ning Fang Xiao Di No. 2015300155	November 19, 2015
2.	2#, 5#, 14#	Ning Fang Xiao Di No. 2016300004	January 21, 2016
3.	3#, 7#,13#,17#	Ning Fang Xiao Di No. 2016300028	March 24, 2016
4.	8#,11#,15#,16#	Ning Fang Xiao Di No. 2016300046	April 21, 2016
5.	1#, 9#,10# 12#	Ning Fang Xiao Di No. 2016300062	June 3, 2016

7. Pursuant to seventeen Records of Application for Examination of Completion of Works, the construction works of various buildings with a total gross floor area of approximately 144,217.40 sq m for residential use have been examined and such examination has been recorded. Details of the said records are as follows:

No.	Block No.	Record No.	Issue Date	Gross Floor Area (sq m)
1.	1#	Ning Pu Bei Zi No. 2017537	November 24, 2017	14,067.40
2.	2#	Ning Pu Bei Zi No. 2017538	November 24, 2017	8,457.90
3.	3#	Ning Pu Bei Zi No. 2017539	November 24, 2017	8,833.40
4.	4#	Ning Pu Bei Zi No. 2017540	November 24, 2017	6,999.80
5.	5#	Ning Pu Bei Zi No. 2017541	November 24, 2017	10,457.90
6.	6#	Ning Pu Bei Zi No. 2017527	November 24, 2017	10,342.40
7.	7#	Ning Pu Bei Zi No. 2017528	November 24, 2017	7,315.50
8.	8#	Ning Pu Bei Zi No. 2017529	November 24, 2017	8,672.30
9.	9#	Ning Pu Bei Zi No. 2017530	November 24, 2017	9,862.70
10.	10#	Ning Pu Bei Zi No. 2017531	November 24, 2017	7,531.70
11.	11#	Ning Pu Bei Zi No. 2017532	November 24, 2017	7,865.40
12.	12#	Ning Pu Bei Zi No. 2017533	November 24, 2017	5,154.70
13.	13#	Ning Pu Bei Zi No. 2017534	November 24, 2017	7,018.40
14.	14#	Ning Pu Bei Zi No. 2017535	November 24, 2017	8,194.40
15.	15#	Ning Pu Bei Zi No. 2017542	November 24, 2017	7,249.40
16.	16#	Ning Pu Bei Zi No. 2017543	November 24, 2017	8,365.80
17.	17#	Ning Pu Bei Zi No. 2017544	November 24, 2017	7,828.30
			Total	**144,217.40**

As advised by the Group, the property only comprises portion of buildings as stated in the Records of Application of Examination of Completion of Works mentioned above.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 9,805.70 sq m has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB210,530,000. We have taken into account the aforesaid amount in our valuation.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Hong Yang Heng Rui Real Estate is the owner of the property, which is protected under the PRC laws;

   ii. Nanjing Hong Yang Heng Rui Real Estate is entitled to occupy, use, lease, transfer or by other legal means to dispose of the property; and

   iii. Nanjing Hong Yang Heng Rui Real Estate is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

10. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB14,500 to RMB15,300 per sq m for residential units and RMB27,700 to RMB28,200 per sq m for retail units (1/F). Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted average unit rates of about RMB14,800 per sq m for residential units and RMB27,700 per sq m for retail units (1/F), which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
7.	Portions of Phase I and Phase II, Wuxi Sanwan Qing (無錫三萬頃), Tanxi Village, Mashan, Binhu District, Wuxi, Jiangsu Province, PRC	Wuxi Sanwan Qing ("the Development") is a residential development erected on a parcel of land with a site area of approximately 799,999.90 sq m. The Development is located at Mashan International Tourism Island (馬山國際旅遊島). Developments in the vicinity are dominated by various residential buildings and townhouses. It takes about a 50-minute drive from the property to the city center of Wuxi. The property comprises portion of the Development with a total gross floor area of approximately 53,087.59 sq m. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the commercial portion of the property was operated by the Group as hotel whilst the remaining portion of the property was vacant.	RMB797,000,000 (Renminbi Seven Hundred and Ninety Seven Million) (100% interest attributable to the Group: RMB797,000,000) (Renminbi Seven Hundred and Ninety Seven Million) (see Note 6)

Usage	Approximate Gross Floor Area (sq m)
Townhouse	34,348.52
Commercial	17,788.21
Civil Defense	950.86
Total:	**53,087.59**

As advised by the Group, the property was completed 2017.

The land use rights of the property have been granted for three concurrent terms expiring on April 8, 2073 for residential use, April 8, 2043 for commercial use and April 8, 2053 for other use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — Xi Guo Tu Zi Chu He (2003) Di No. 13 and four Supplementary Contracts dated January 24, 2003, April 17, 2003, July 22, 2011, August 1, 2013 and November 10, 2016, the land use rights of a parcel of land with a site area of approximately 799,999.90 sq m have been granted to Wuxi Su Yuan Tan Xi Wan Properties Co., Ltd. (無錫蘇源檀溪灣置業有限公司) ("Wuxi Su Yuan Tan Xi Wan Properties"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB255,000,000.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Xi Bin Guo Yong (2008) Di No. 131 dated June 10, 2008, the land use rights of a parcel of land with a site area of approximately 799,999.90 sq m have been granted to Wuxi Su Yuan Tan Xi Wan Properties for three concurrent terms expiring on April 8, 2073 for residential use, April 8, 2043 for commercial use and April 8, 2053 for other use.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to the three Records of Application for Examination of Completion of Works, the construction works with a total gross floor area of approximately 90,116.59 sq m have been examined and such examination have been recorded. Details of the said records are as follows:

No.	Record No.	Issue Date	Gross Floor Area (sq m)
1.	Xi Jian Kai (2007) No. 65	September 25, 2007	41,182.84
2.	Xi Jian Kai (2008) No. 78	November 5, 2008	35,444.47
3.	Xi Bei Zi No. BH201606	January 12, 2016	13,489.28
		Total:	**90,116.59**

   As advised by the Group, the property only comprises portion of the buildings as stated in the Records of Application for Examination of Completion of Works mentioned above.

4. Pursuant to five Real Estate Title Certificates dated September 13, 2017, the building ownership with a total gross floor area of approximately 2,249.50 sq m are vested in Wuxi Su Yuan Tan Xi Wan Properties.

5. Pursuant to the forty-three Building Ownership Title Certificates dated between May 4, 2011 and September 13, 2017, the building ownership with a total gross floor area of approximately 37,232.60 sq m are vested in Wuxi Su Yuan Tan Xi Wan Properties.

6. In the course of our valuation, we have valued the commercial portion of the property on its optimal use as ancillary commercial use as stated in the Real Estate Title Certificate.

7. Pursuant to the Business License No. 913202113019232397 dated May 24, 2017, Wuxi Hongyang Lokefei Garden Hotel Management Co., Ltd (無錫弘陽洛克菲花園酒店管理有限公司) was established as a limited company with a registered capital of RMB10,000,000 for operation commencing on April 17, 2014.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 12,966.08 sq m has been pre-sold at a total consideration of approximately RMB221,800,000. We have taken into account the aforesaid amount in our valuation.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Wuxi Su Yuan Tan Xi Wan Properties is the owner of the property, which is protected under the PRC laws;

   ii. Wuxi Su Yuan Tan Xi Wan Properties is entitled to occupy, use, lease, transfer or by other legal means to dispose of the property;

iii. Phase I of the property is subject to various mortgages in favor of Agricultural Bank of China Limited Suzhou Industrial Park District Sub-Branch, China Bohai Bank Company Limited Suzhou Branch, China Guangfa Bank Company Limited Nanjing Jiangning Sub-Branch and Hua Xiu Bank Company Limited Nanjing Daxinggong Sub-Branch; and

iv. Wuxi Su Yuan Tan Xi Wan Properties is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

10. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB19,300 to RMB20,100 per sq m for various types of townhouse and RMB14,200 to RMB16,000 per sq m for commercial premises (1/F). Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

In our valuation, we have adopted average unit rates of about RMB17,900 per sq m for various types of townhouse and RMB16,100 per sq m for commercial premises (1/F), which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
8.	Portion of Upper Lake Garden (上湖雅苑), West of Dongfang Avenue, South of Guoxin East Road, Economic Development Zone, Wuzhong District, Suzhou, Jiangsu Province, PRC	Upper Lake Garden (the "Development") is a mixed-use development erected on a parcel of land with a site area of approximately 69,923.00 sq m. The Develoment is located close to the business area in Wuzhong District. Developments in the vicinity are dominated by commercial buildings. It takes about a 5-minute walk to Yinshan Lake Station or Dushuhu South Station of Metro Line No. 2. According to the information provided by the Group, the property comprises portion of the Development with a total gross floor area of approximately 71,168.80 sq m. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was vacant.	RMB1,081,700,000 (Renminbi One Billion Eighty One Million and Seven Hundred Thousand) (100% interest attributable to the Group: RMB1,081,700,000) (Renminbi One Billion Eighty One Million and Seven Hundred Thousand)

Usage	Approximate Gross Floor Area (sq m)
Residential	54,188.02
Commercial	604.09
Carpark	15,795.65
Ancillary	581.04
Total:	71,168.80

As advised by the Group, the property was completed in December 2017.

The land use rights of the property have been granted for two concurrent terms expiring on December 20, 2053 for wholesale & retail use and December 20, 2083 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — 3205012013CR0148 dated July 30, 2013 and its Supplementary Contract dated September 11, 2013, the land use rights of a parcel of land with a site area of approximately 69,923.00 sq m have been granted to Suzhou Hong Yang Real Estate Development Co., Ltd. (蘇州弘陽房地產開發有限公司) ("Suzhou Hong Yang Real Estate"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB1,213,647,032.

2. Pursuant to the State-owned Land Use Rights Certificate — Wu Guo Yong (2014) Di No. 0600293 dated January 7, 2014, the land use rights of a parcel of land with a site area of approximately 69,923.00 sq m have been granted to Suzhou Hong Yang

Real Estate for two concurrent terms expiring on December 20, 2053 for wholesale & retail use and December 20, 2083 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320506201300206 dated October 18, 2013, Suzhou Hong Yang Real Estate was permitted to use a parcel of land with a site area of approximately 69,923.00 sq m for development.

4. Pursuant to four Construction Works Planning Permits, the total approved construction scale is approximately 266,560.86 sq m. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	Jian Zi Di No. 320506201400273	August 18, 2014	99,303.63
2.	Jian Zi Di No. 320506201400112	January 10, 2014	59,898.09
3.	Jian Zi Di No. 320506201400164	August 5, 2014	107,106.35
4.	Jian Zi Di No. 320506201400289	September 19, 2014	252.79
		Total:	**266,560.86**

As advised by the Group, the property only comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. Pursuant to seven Construction Works Commencement Permits, the construction works with a total construction scale of approximately 267,025.10 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	320506201509020201	September 2, 2015	74,473.74
2.	320506201412030101	December 3, 2014	5,195.57
3.	320506201410110101	October 11, 2014	9,582.53
4.	320506201405280401	May 28, 2014	60,878.51
5.	320506201405280301	May 28, 2014	55,659.06
6.	320506201407080101	July 8, 2014	983.02
7.	320506201402200101	February 20, 2014	60,252.67
		Total:	**267,025.10**

As advised by the Group, the property only comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

6. Pursuant to six Commodity Housing Pre-sale Permits, a total gross floor area of approximately 207,811.19 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issued Date	Gross Floor Area (sq m)
1.	Su Fang Yu Wu [2015] No. 063	April 16, 2015	41,278.19
2.	Su Fang Yu Wu Zhong [2015] No. 264	September 30, 2015	10,298.61
3.	Su Fang Yu Wu [2014] No. 189	August 20, 2014	51,405.78
4.	Su Fang Yu Wu [2015] No. 122	June 5, 2015	50,116.41
5.	Su Fang Yu Wu Zhong [2015] No. 377	December 24, 2015	19,847.90
6.	Su Fang Yu Wu Zhong [2016] No. 042	March 2, 2016	34,864.30
		Total:	**207,811.19**

As advised by the Group, the property only comprises portion of the buildings as stated in the Commodity Housing Pre-sale Permits mentioned above.

7. Pursuant to nine Records of Application for Examination of Completion of Works, the construction works with a total gross floor area of approximately 72,547.30 sq m have been examined and such examination have been recorded. Details of the said records are as follows:

No.	Record No.	Issue Date	Gross Floor Area (sq m)
1.	320511403270101-JX-009	December 8, 2017	92.02
2.	320511403270101-JX-008	December 8, 2017	22.11
3.	320511403270101-JX-010	December 8, 2017	252.79
4.	320511403270101-JX-007	December 8, 2017	14,629.89
5.	320511403270101-JX-002	December 8, 2017	16,148.63
6.	320511403270101-JX-003	December 8, 2017	15,535.02
7.	320511403270101-JX-004	December 8, 2017	15,466.55
8.	320511403270101-JX-005	December 8, 2017	5,188.29
9.	320511403270101-JX-006	December 8, 2017	5,212.00
		Total:	**72,547.30**

As advised by the Group, the property only comprises portion of the buildings as stated in the Records of Application for Examination of Completion of Works mentioned above.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 54,658.30 sq m has been pre-sold at a total consideration of approximately RMB1,078,700,000. We have taken into account the aforesaid amount in our valuation.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Suzhou Hong Yang Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Suzhou Hong Yang Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

iii. Suzhou Hong Yang Real Estate has fully paid the land grant premium;

iv. Suzhou Hong Yang Real Estate has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

v. Suzhou Hong Yang Real Estate has obtained the pre-sale permits for the sale of the property.

10. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB21,000 to RMB28,000 per sq m for residential units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

In our valuation, we have adopted an average unit rate of about RMB22,800 per sq m for residential units, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
9.	Jingye Garden (競業園), North of Laodong Middle Road, East of Lihua North Road, Tianning District, Changzhou, Jiangsu Province, PRC	Jingye Garden is a residential development erected on a parcel of land with a site area of approximately 15,050.37 sq m. The property is located in Tianning District. Developments in the vicinity are dominated by various commercial and residential buildings. It takes about a 10-minute drive to Changzhou Railway Station. According to the information provided by the Group, the property has a total gross floor area of approximately 67,089.88 sq m. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was vacant.	RMB568,800,000 (Renminbi Five Hundred Sixty Eight Million and Eight Hundred Thousand) (70% interest attributable to the Group: RMB398,160,000) (Renminbi Three Hundred Ninety Eight Million One Hundred and Sixty Thousand)

Usage	Approximate Gross Floor Area (sq m)
Residential	27,509.31
Commercial	5,773.45
Carpark	33,807.12
Total:	**67,089.88**

As advised by the Group, the property was completed in December 2017.

The land use rights of the property have been granted for two concurrent terms expiring on October 30, 2082 for residential use and October 30, 2052 for commercial use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3204012012CR0015 dated February 22, 2012, and its Supplementary Contract, the land use rights of a parcel of land with a site area of approximately 199,885.15 sq m have been granted to Changzhou Sang Ma Real Estate Property Co., Ltd. (常州桑麻置業有限公司) ("Changzhou Sang Ma Real Estate"), a [70]%-owned subsidiary of the Company, at a land grant fee of RMB1,054,953,946.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract and the Supplementary Contract mentioned above.

2. Pursuant to the Real Estate Title Certificate — Su (2016) Changzhou Shi Bu Dong Chan Quan Di No. 0057252 dated August 9, 2016, the land use rights of a parcel of land with a site area of approximately 15,050.37 sq m have been granted to

Changzhou Sang Ma Real Estate for two concurrent terms expiring on October 30, 2052 for commercial use and October 30, 2082 for residential use.

3. Pursuant to the Construction Land Planning Permit Di Zi Di No. 320400201300013 dated March 13, 2013, Changzhou Sang Ma Real Estate was permitted to use a parcel of land with a site area of approximately 43,770.00 sq m for development.

As advised by the Group, the property only comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320400201300032 dated June 21, 2013, the total approved construction scale is approximately 224,574.00 sq m.

As advised by the Group, the property only comprises portion of the construction scale as stated in the Construction Works Planning Permit mentioned above.

5. Pursuant to the following two Construction Works Commencement Permits, the construction works with a total construction scale of approximately 219,803.42 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	320400201307050101	July 5, 2013	111,345.46
2.	320400201307050201	July 5, 2013	108,457.96
		Total:	**219,803.42**

As advised by the Group, the property only comprises portion of construction scale as stated in the Construction Works Commencement Permits mentioned above.

6. Pursuant to seven Commodity Housing Pre-Sale Permits, a total gross floor area of approximately 199,900.04 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Gross Floor Area (sq m)
1.	(2014) Fang Yu Shou Zheng Di No. (113)	December 9, 2014	25,686.22
2.	(2015) Fang Yu Shou Zheng Di No. (063)	September 25, 2015	25,043.96
3.	(2015) Fang Yu Shou Zheng Di No. (010)	February 2, 2015	25,783.01
4.	(2013) Fang Yu Shou Zheng Di No. (117)	November 15, 2013	15,736.54
5.	(2013) Fang Yu Shou Zheng Di No. (127)	December 12, 2013	44,210.86
6.	(2016) Fang Yu Shou Zheng Di No. (019)	March 18, 2016	29,217.84
7.	(2015) Fang Yu Shou Zheng Di No. (003)	January 13, 2015	34,221.61
		Total:	**199,900.04**

As advised by the Group, the property only comprises portion of the gross floor area as stated in the Commodity Housing Pre-Sale Permits mentioned above.

7. Pursuant to four Records of Application for Examination of Completion of Works, the construction works with a total gross floor area of approximately 218,970.06 sq m have been examined and such examination has been recorded. Details of the said records are as follows:

No.	Record No.	Issue Date	Gross Floor Area (sq m)
1.	3204001304230101-JX-001	December 27, 2017	51,983.89
2.	3204001304230101-JX-002	December 27, 2017	47,650.28
3.	160102	January 7, 2016	58,724.25
4.	160103	January 7, 2016	60,611.64
		Total:	**218,970.06**

As advised by the Group, the property only comprises portion of the gross floor area as stated in the Records of Application for Examination of Completion of Works mentioned above.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 41,327.18 sq m has been pre-sold at a total consideration of approximately RMB380,000,000. We have taken into account the aforesaid amount in our valuation.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. Changzhou Sang Ma Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Changzhou Sang Ma Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

iii. Changzhou Sang Ma Real Estate has fully paid the land grant premium;

iv. Changzhou Sang Ma Real Estate has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

v. Changzhou Sang Ma Real Estate has obtained the pre-sale permits for the sale of the property.

10. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB11,300 to RMB13,600 per sq m for residential units, RMB22,300 to RMB24,200 per sq m for commercial premises and RMB70,000 to RMB100,000 per carparking space. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

In our valuation, we have adopted average unit rates of about RMB[11,700] per sq m for residential units, RMB22,300 per sq m for commercial premises and RMB84,000 per carparking space, which are consistent with the relevant comparables.

Group V — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
10.	Hong Yang Solaris Loving City. Section VIII (弘陽旭日愛上城八區), South of Liuzhou Road, East of Daqiao Avenue, Pukou District, Nanjing, Jiangsu Province, PRC	Hong Yang Solaris Loving City (the "Development") is a large-scale residential and commercial development erected on a parcel of land with a site area of approximately 423,052.10 sq m. The property is located on the south side of Liuzhou Road and the east side of Daqiao Avenue in Pukou District. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 30-minute drive from the property to the city center. According to the information provided by the Group, the property comprises Section VII of the Development with a total gross floor area of approximately 249,870.58 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB961,800,000 (Renminbi Nine Hundred Sixty One Million and Eight Hundred THosuand) (100% interest attributable to the Group: RMB961,800,000) (Renminbi Nine Hundred Sixty One Million and Eight Hundred THosuand)

Usage	Approximate Gross Floor Area (sq m)
Office	135,111.02
Commercial	26,647.70
Carpark	71,814.50
Civil Defense	12,847.00
Ancillary	3,450.36
Total:	**249,870.58**

As advised by the Group, the property is scheduled to be completed in April 2020.

The land use rights of the property have been granted for a term expiring on April 21, 2050 for business financial use.

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate — Ning Pu Guo Yong (2010) Di No. 10322P dated April 23, 2010, the land use rights of a parcel of land with a site area of approximately 40,551.60 sq m have been granted to Nanjing Redsun Real Estate Development Co., Ltd (南京紅太陽房地產開發有限公司) ("Nanjing Redsun"), a 100%-owned subsidiary of the Company, for a term expiring on April 21, 2050 for business financial use.

2. Pursuant to the Construction Land Planning Permit — Ning Gui Pu Kou Yong Di [2007] No. 0050 dated September 24, 2007, Nanjing Redsun was permitted to use a parcel of land with a site area of approximately 672,447.00 sq m for development.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320111201690055 dated August 18, 2016, the total approved construction scale is approximately 234,020.20 sq m.

4. Pursuant to the Construction Works Commencement Permit — No. 320111201609270101 dated September 27, 2016, the construction works with a total construction scale of approximately 233,999.20 sq m were approved for commencement.

5. Pursuant to three Commodity Housing Pre-Sale Permits, various buildings were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Block No.	Issue Date
1.	Ning Fang Xiao Di No. 2017300062	2	August 10, 2017
2.	Ning Fang Xiao Di No. 2017300082	3	October 27, 2017
3.	Ning Fang Xiao Di No. 2017300045	4	June 16, 2017

6. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB264,700,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB875,100,000. We have taken into account the aforesaid amounts in our valuation.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 69,168.64 sq m has been pre-sold at a total consideration of approximately RMB929,800,000. We have taken into account the aforesaid amount in our valuation.

8. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB2,625,000,000.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Redsun is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Nanjing Redsun is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

   iii. Nanjing Redsun has fully paid the land grant premium;

   iv. Nanjing Redsun has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

   v. Nanjing Redsun has obtained the pre-sale permits for the sale of the property;

vi. the property is subject to a mortgage in favor of Ping An Bank Co., Ltd., Nanjing Branch; and

vii. Nanjing Redsun is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

10. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB15,000 to RMB16,400 per sq m for office units and RMB42,600 to RMB50,000 per sq m for commercial premises. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

In our valuation, we have adopted average unit rates of about RMB13,800 per sq m for office units and RMB39,000 per sq m for commercial premises, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
11.	Spring on West River (春上西江), Yuhuatai Economic Development Zone, Yuhuatai District, Nanjing, Jiangsu Province, PRC	Spring on West River is a large-scale residential and commercial development erected on a parcel of land with a site area of approximately 27,961.83 sq m. The property is located at Yuhuatai Economic Development Zone in Yuhuatai District. Developments in the vicinity are dominated by various commercial and residential buildings. It takes about a 30-minute drive from the property to the city center. According to the information provided by the Group, the property will have a total gross floor area of approximately 75,969.00 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB619,500,000 (Renminbi Six Hundred Nineteen Million and Five Hundred Thousand) (100% interest attributable to the Group: RMB619,500,000) (Renminbi Six Hundred Nineteen Million and Five Hundred Thousand

Usage	Approximate Gross Floor Area (sq m)
Residential	53,522.08
Commercial	1,610.56
Carpark	6,304.68
Civil Defense	4,321.60
Ancillary	10,210.08
Total:	**75,969.00**

As advised by the Group, the property is scheduled to be completed in October 2018.

The land use rights of the property have been granted for a term expiring on January 27, 2086 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3201012015CR0081 dated September 10, 2015, the land use rights of a parcel of land with a site area of approximately 27,961.83 sq m have been granted to Nanjing Hong Yang Real Estate Development Co., Ltd. (南京弘陽房地產開發有限公司) ("Nanjing Hong Yang Real Estate"), a 100%-owned subsidiary of the Company, at a land grant fee 270,000,000.

2. Pursuant to the State-Owned Land Use Rights Certificate — Ning Yu Guo Yong (2016) Di No. 03220 dated February 26, 2016, the land use rights of a parcel of land with a site area of approximately 27,961.83 sq m have been granted to Nanjing Hong Yang Zhongrui Real Estate for a term on expiring January 27, 2086 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320114201590033 dated November 25, 2015, Nanjing Hong Yang Zhongrui Real Estate was permitted to use a parcel of land with a site area of approximately 27,961.83 sq m for development.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320114201690031 dated March 11, 2016, the total approved construction scale is approximately 75,969.00 sq m.

5. Pursuant to the Construction Works Commencement Permit — No. 320114201604070101 dated April 7, 2016, the construction works with a total construction scale of approximately 75,728.40 sq m were approved for commencement.

6. Pursuant to three Commodity Housing Pre-Sale Permits, various buildings were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Block No.	Issue Date
1.	Ning Fang Xiao Di No. 2016100180	1, 3, 4	November 25, 2016
2.	Ning Fang Xiao Di No. 2016100101	2, 5, 7	June 24, 2016
3.	Ning Fang Xiao Di No. 2017100056	6, 8, carpark	May 12, 2017

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB146,400,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB99,800,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 55,054.57 sq m has been pre-sold at a total consideration of approximately RMB869,200,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB871,000,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Nanjing Hong Yang Zhongrui Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Nanjing Hong Yang Zhongrui Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Nanjing Hong Yang Zhongrui Real Estate has fully paid the land grant premium;

    iv. Nanjing Hong Yang Zhongrui Real Estate has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

    v. Nanjing Hong Yang Zhongrui Real Estate has obtained the pre-sale permits for the sale of the property.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB22,600 to RMB26,200 per sq m for commercial premises. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted an average unit rate of about RMB23,800 per sq m for commercial premises, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
12.	Building No. 5 and portion of Building Nos. 12 and 13 of Hua Impression Golden Palm Garden (旭日華庭金棕櫚園區), No. 9 Daqiao North Road, Pukou District, Nanjing, Jiangsu Province, PRC	Hua Impression Golden Palm Garden (the "Development") is a large-scale residential and commercial development erected on various parcels of land with a total site area of approximately 205,504.30 sq m. The property is located at No. 9 Daqiao North Road in Pukou District. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 40-minute drive from the property to the city center. According to the information provided by the Group, the property will comprise Building No. 5 and portion of Building Nos. 12 and 13 of the Development with a total gross floor area of approximately 14,263.99 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB209,000,000 (Renminbi Two Hundred and Nine Million) (100% interest attributable to the Group: RMB209,000,000) (Renminbi Two Hundred and Nine Million)

Usage	Approximate Gross Floor Area (sq m)
Commercial	1,190.51
Residential	12,239.32
Ancillary	834.16
Total:	**14,263.99**

As advised by the Group, the property is scheduled to be completed in November 2018.

The land use rights of the property have been granted for two concurrent terms expiring on July 21, 2073 for residential use and July 21, 2043 for commercial use.

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate — Ning Pu Guo Yong (2015) Di No. 37549 dated December 11, 2015, the land use rights of a parcel of land with a site area of approximately 7,496.64 sq m have been granted to Nanjing Redsun Real Estate Development Co., Ltd (南京紅太陽房地產開發有限公司) ("Nanjing Redsun"), a 100%-owned subsidiary of the Company, for two concurrent terms expiring on July 21, 2073 for residential use and July 21, 2043 for commercial use.

2. Pursuant to the Construction Land Planning Permit — No. (2003) 032 dated July 30, 2003, Nanjing Redsun was permitted to use a parcel of land with a site area of approximately 207,664.76 sq m for development.

As advised by the Group, the property only comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to two Construction Works Planning Permits — Pu Gui Jian Zhu (2006) Nos. 017 and 096 dated March 3, 2006 and August 9, 2006, the total approved construction scale is approximately 135,515.51 sq m.

   As advised by the Group, the property only comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

4. Pursuant to two Construction Works Commencement Permits — Nos. 320111201603290301 and 320111201604210101 dated March 29, 2016 and April 21, 2016, the construction works with a total construction scale of approximately 26,114.94 sq m were approved for commencement.

   As advised by the Group, the property only comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above.

5. Pursuant to the Commodity Housing Pre-Sale Permit — Ning Fang Xiao Di No. 201730007 dated February 28, 2017, Block Nos. 5, 12 and 13 were approved for pre-sale.

6. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB33,800,000, and the estimated outstanding construction cost for completion of the property will be approximately RMB87,200,000. We have taken into account the aforesaid amounts in our valuation.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 13,429.83 sq m has been pre-sold at a total consideration of approximately RMB362,200,000. We have taken into account the aforesaid amount in our valuation.

8. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB362,200,000.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Redsun is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Nanjing Redsun is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

   iii. Nanjing Redsun has fully paid the land grant premium;

   iv. Nanjing Redsun has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

   v. Nanjing Redsun has obtained the pre-sale permits for the sale of the property.

10. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The prices of those comparables are in a range between RMB19,600 to RMB20,900 per sq m for residential units and RMB42,600 to RMB50,000 per sq m for commercial premises. Due adjustments to the unit rates of those comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have assumed an average unit price of approximately RMB25,700 per sq m for residential units and RMB40,200 per sq m for commercial premises, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
13.	Times in the Garden (時光裡花園), East of Pukou Area of Nanjing University, West of Gaoxin North Road, Pukou High-Tech Zone, Nanjing, Jiangsu Province, PRC	Times in the Garden is a large-scale residential and commercial development erected on a parcel of land with a site area of approximately 59,533.11 sq m. The property is located on the east side of Pukou Area of Nanjing University and the west side of Gaoxin North Road. Developments in the vicinity are dominated by various commercial and residential buildings. It takes about a 30-minute drive from the property to the city center. According to the information provided by the Group, the property will have a total gross floor area of approximately 164,149.60 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB1,372,100,000 (Renminbi One Billion Three Hundred Seventy Two Million and One Hundred Thousand) (100% interest attributable to the Group: RMB1,372,100,000) (Renminbi One Billion Three Hundred Seventy Two Million and One Hundred Thousand)

Usage	Approximate Gross Floor Area (sq m)
Residential	97,024.30
SOHO	13,042.00
Retail	8,726.00
Carpark	5,283.02
Civil Defense	37,116.28
Ancillary	2,958.00
Total:	**164,149.60**

As advised by the Group, the property is scheduled to be completed in September 2018.

The land use rights of the property have been granted for three concurrent terms expiring on June 18, 2055 for commercial service and commercial uses and June 18, 2085 for residential use.

Notes:

1. Pursuant to two State-owned Land Use Rights Certificates, the land use rights of two parcels of land with a site area of approximately 59,533.11 sq m have been granted to Nanjing Hong Yang Rui Shang Real Estate Development Co., Ltd. (南京弘陽瑞尚房地產開發有限公司) ("Nanjing Hong Yang Rui Shang Real Estate"), a 100%-owned subsidiary of the Company,

for three concurrent terms expiring on June 18, 2055 for commercial service and commercial uses and June 18, 2085 for residential use. Details of the said certificates are as follows:

No.	Certificate No.	Issue Date	Site Area (sq m)
1.	Ning Pu Guo Yong (2015) Di No. 20335	July 27, 2015	48,410.25
2.	Ning Pu Guo Yong (2015) Di No. 20338	July 27, 2015	11,122.86
		Total:	**59,533.11**

2. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320111201590006 dated June 1, 2015, Nanjing Hong Yang Rui Shang Real Estate was permitted to use a parcel of land with a site area of approximately 61,448.69 sq m for development.

   As advised by the Group, the property only comprises portion of the land as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320111201590051 dated November 12, 2015, the total approved construction scale is approximately 164,149.60 sq m.

4. Pursuant to the Construction Works Commencement Permit — No. 320111201512230301 dated December 23, 2015, the construction works with a total construction scale of approximately 162,097.00 sq m were approved for commencement.

5. Pursuant to five Commodity Housing Pre-Sale Permits, various buildings were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Block No.	Issue Date
1.	Ning Fang Xiao Di No. 2016300056	1, 3, 7, 8	May 20, 2016
2.	Ning Fang Xiao Di No. 2016300105	2, 6, 11	September 8, 2016
3.	Ning Fang Xiao Di No. 2016300071	4, 5, 9	June 23, 2016
4.	Ning Fang Xiao Di No. 2017300042	10	June 9, 2017
5.	Ning Fang Xiao Di No. 2017300044	12	June 16, 2017

6. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB381,600,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB207,500,000. We have taken into account the aforesaid amounts in our valuation.

7. As advised by the Group, portion of the property with a total gross floor area of approximately 112,226.90 sq m has been pre-sold at a total consideration of approximately RMB1,758,400,00. We have taken into account the aforesaid amount in our valuation.

8. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB1,902,100,000.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Hong Yang Rui Shang Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Nanjing Hong Yang Rui Shang Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

iii. Nanjing Hong Yang Rui Shang Real Estate has fully paid the land grant premium;

iv. Nanjing Hong Yang Rui Shang Real Estate has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

v. Nanjing Hong Yang Rui Shang Real Estate has obtained the pre-sale permits for the sale of the property;

vi. the property is subject to various mortgages in favor of Agricultural Bank of China Limited, Nanjing Pu Kou Sub-branch; and

vii. Nanjing Hong Yang Rui Shang Real Estate is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

10. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB13,800 to RMB15,000 per sq m for SOHO and RMB42,600 to RMB50,000 per sq m for commercial premises. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted average unit rates of about RMB13,000 per sq m for SOHO and RMB39,700 per sq m for commercial premises, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
14.	Hong Yang Upper City Phase III (弘陽上城三期), West of Changjiang South Road, South of Zhongwu Avenue, Tianning District, Changzhou, Jiangsu Province, PRC	Hong Yang Upper City Phase III is a residential development erected on a parcel of land with a site area of approximately 111,710.00 sq m. The property is located in Tianning District. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive to the Changzhou Station. According to the information provided by the Group, the property will have a total gross floor area of approximately 165,972.50 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB939,600,000 (Renminbi Nine Hundred Thirty Nine Million and Six Hundred Thousand) (100% interest attributable to the Group: RMB939,600,000) (Renminbi Nine Hundred Thirty Nine Million and Six Hundred Thousand)

Usage	Approximate Gross Floor Area (sq m)
Residential	118,976.59
Carpark	32,917.56
Ancillary	14,078.35
Total:	**165,972.50**

As advised by the Group, the property is scheduled to be completed in June 2018.

The land use rights of the property have been granted for two concurrent terms expiring on December 11, 2082 and August 21, 2083 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3204012012CR0097 dated September 11, 2012 and the Supplementary Contract dated October 30, 2012, the land use rights of a parcel of land with a site area of approximately 111,710.00 sq m have been granted to Changzhou Hong Yang Plaza Properties Co., Ltd. (常州弘陽廣場置業有限公司) ("Changzhou Hong Yang Plaza Properties"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB620,000,000.

2. Pursuant to two State-owned Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of approximately 111,710.00 sq m have been granted to Changzhou Hong Yang Plaza Properties for residential use. Details of the said certificates are as follows:

No.	Certificate No.	Issue Date	Site Area (sq m)	Expiry Date
1.	Chang Guo Yong (2013) Di No. 4390	January 25, 2013	49,800.00	December 11, 2082
2.	Chang Guo Yong (2013) Di No. 49163	September 13, 2013	61,910.00	August 21, 2083
		Total:	**111,710.00**	

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320400201300007 dated January 30, 2013, Changzhou Hong Yang Plaza Properties was permitted to use a parcel of land with a site area of approximately 111,710.00 sq m for development.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320400201510020 dated July 28, 2015, the total approved construction scale is approximately 165,972.50 sq m.

5. Pursuant to two Construction Works Commencement Permits, the construction works with a total construction scale of approximately 160,941.75 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	320400201511260201	November 26, 2015	83,435.86
2.	320400201512040101	December 4, 2015	77,505.89
		Total:	**160,941.75**

6. Pursuant to eight Commodity Housing Pre-Sale Permits, a total gross floor area of approximately 151,894.15 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Gross Floor Area (sq m)
1.	(2016) Fang Yu Shou Zheng Di No.059	July 21, 2016	14,237.12
2.	(2016) Fang Yu Shou Zheng Di No.041	May 10, 2016	20,267.17
3.	(2017) Fang Yu Shou Zheng Di No.014	March 17, 2017	18,745.41
4.	(2017) Fang Yu Shou Zheng Di No.006	January 12, 2017	17,402.62
5.	(2016) Fang Yu Shou Zheng Di No.092	November 10, 2016	11,117.64
6.	(2016) Fang Yu Shou Zheng Di No.061	July 21, 2016	19,958.51
7.	(2016) Fang Yu Shou Zheng Di No.082	September 27, 2016	17,248.12
8.	(2017) Fang Yu Shou Zheng Di No.011	March 6, 2017	32,917.56
		Total:	**151,894.15**

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB452,800,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB55,400,000 We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 129,277.44 sq m has been pre-sold at a total consideration of approximately RMB1,057,600,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB1,124,400,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Changzhou Hong Yang Plaza Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Changzhou Hong Yang Plaza Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Changzhou Hong Yang Plaza Properties has fully paid the land grant premium;

    iv. Changzhou Hong Yang Plaza Properties has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

    v. Changzhou Hong Yang Plaza Properties has obtained the pre-sale permits for the sale of the property.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB70,000 to RMB100,000 per carparking space. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted an average unit rate of about RMB84,000 per carparking space, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
15.	Hong Yang Upper City Phase IV (弘陽上城四期), West of Changjiang South Road, South of Zhongwu Avenue, Tianning District, Changzhou, Jiangsu Province, PRC	Hong Yang Upper City Phase IV together with Changzhou Hong Yang Plaza is a residential and commercial development erected on a parcel of land with a site area of approximately 43,590.00 sq m. The property is located in Tianning District. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive to the Changzhou Station. According to the information provided by the Group, the property will have a total gross floor area of approximately 88,772.93 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB491,800,000 (Renminbi Four Hundred Ninety One Million and Eight Hundred Thosuand) (100% interest attributable to the Group: RMB491,800,000) (Renminbi Four Hundred Ninety One Million and Eight Hundred Thosuand)

Usage	Approximate Gross Floor Area (sq m)
Residential	67,010.81
Commercial	2,614.02
Carpark	12,975.90
Ancillary	6172.20
Total:	**88,772.93**

As advised by the Group, the property is scheduled to be completed in August 2018.

The land use rights of the property have been granted for two concurrent terms expiring on October 7, 2053 for business finance use and October 7, 2083 for residential use respectively.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3204012012CR0096 dated September 10, 2012 and its Supplementary Contract dated October 30, 2012, the land use rights of a parcel of land with a site area of approximately 43,590.00 sq m have been granted to Changzhou Hong Yang Plaza Properties Co., Ltd. (常州弘陽廣場置業有限公司) ("Changzhou Hong Yang Plaza Properties"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB242,000,000.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Chang Guo Yong (2013) Di No. 55231 dated October 28, 2013, the land use rights of a parcel of land with a site area of approximately 43,590.00 sq m have been granted to Changzhou Hong Yang Plaza Properties for two concurrent terms expiring on October 7, 2053 for business finance use and October 7, 2083 for residential use.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320400201600029 dated August 9, 2016, Changzhou Hong Yang Plaza Properties was permitted to use a parcel of land with a site area of approximately 43,590.00 sq m for development.

   As advised by the Group, the property only comprises portion of the land parcel as stated in Construction Land Planning Permit mentioned above.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320400201610024 dated October 21, 2016, the total approved construction scale is approximately 171,511.52 sq m.

   As advised by the Group, the property only comprises portion of the construction scale as stated in the Construction Works Planning Permit mentioned above.

5. Pursuant to the Construction Works Commencement Permit — No. 320400201612090101 dated December 9, 2016, the construction works with a total construction scale of approximately 90,426.20 sq m were approved for commencement.

6. Pursuant to four Commodity Housing Pre-Sale Permits, a total gross floor area of approximately 69,624.83 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	**Permit No.**	**Issue Date**	**Gross Floor Area (sq m)**
1.	Chang Tian (2017) Fang Yu Shou Zheng Di No.(055)	August 24, 2017	11,873.39
2.	Chang Tian (2017) Fang Yu Shou Zheng Di No.(058)	September 29, 2017	19,936.24
3.	(2017) Fang Yu Shou Zheng Di No.(032)	May 5, 2017	13,261.48
4.	(2017) Fang Yu Shou Zheng Di No.(044)	June 14, 2017	24,553.72
		Total:	**69,624.83**

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB48,700,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB214,000,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 66,084.93 sq m has been pre-sold at a total consideration of approximately RMB743,700,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB852,200,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Changzhou Hong Yang Plaza Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Changzhou Hong Yang Plaza Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Changzhou Hong Yang Plaza Properties has fully paid the land grant premium;

    iv. Changzhou Hong Yang Plaza Properties has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

    v. Changzhou Hong Yang Plaza Properties has obtained the pre-sale permits for the sale of the property.

    vi. the property is subject to a mortgage/various mortgages in favor of Ping An Bank Co., Ltd. Nanjing Branch; and

    vii. Changzhou Hong Yang Plaza Properties] is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB11,600 to RMB13,400 per sq m for residential units, RMB21,000 to RMB25,800 per sq m for commercial premises and RMB70,000 to RMB100,000 per carparking space. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted average unit rates of about RMB12,500 per sq m for residential units, RMB22,600 per sq m for commercial premises and RMB84,000 per carparking space, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
16.	New City Hong Yang Garden at Mingfa North Station (明發北站新城弘陽苑), West of Changjiang Avenue, Chahe Town Lai'an County, Chuzhou, Anhui Province, PRC	New City Hong Yang Garden at Mingfa North Station is a residential development erected on a parcel of land with a site area of approximately 8,782.00 sq m. The property is situated in Lai'an County. Developments in the vicinity are dominated by various residential buildings. It takes about a 10-minute drive from the property to the center of Chahe Town. According to the information provided by the Group, the property will have a total gross floor area of approximately 18,308.56 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB51,300,000 (Renminbi Fifty One Million and Three Hundred Thousnad) (100% interest attributable to the Group: RMB51,300,000) (Renminbi Fifty One Million and Three Hundred Thousnad)

Usage	Approximate Gross Floor Area (sq m)
Residential	14,496.77
Others	3,811.79
Total:	**18,308.56**

As advised by the Group, the property is scheduled to be completed in June 2019.

The land use rights of the property have been granted for two concurrent terms expiring on December 17, 2056 for commercial use and December 17, 2086 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — 341122 Chu Rang 2017 Nian No. 023 dated May 17, 2017 and its Supplementary Contract dated June 12, 2017, the land use rights of a parcel of land with a site area of approximately 8,782.00 sq m have been granted to Laian Hong Jia Real Estate Development Co., Ltd. (來安弘嘉房地產開發有限公司)("Laian Hong Jia Real Estate"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB47,900,000.

2. Pursuant to the Real Estate Title Certificate — Wan (2017) Lai An Xian Bu Dong Chan Quan Di No. 0016346 dated December 25, 2017, the land use rights of a parcel of land with a site area of approximately 8,782.00 sq m have been granted to Laian Hong Jia Real Estate for two concurrent terms expiring on December 17, 2056 for commercial use and December 17, 2086 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 341122201700067 dated September 11, 2017, Laian Hong Jia Real Estate was permitted to use a parcel of land with a site area of approximately 8,782.00 sq m for development.

4. Pursuant to the Construction Works Planning Permit — No. 2017093 dated December 15, 2017, the total approved construction scale is approximately 18,308.56 sq m.

5. Pursuant to the Construction Works Commencement Permit — No. 3411221708220101-SX-001(Bu) dated December 21, 2017, the construction works with a total construction scale of approximately 18,308.56 sq m were approved for commencement.

6. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB760,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB54,900,000. We have taken into account the aforesaid amounts in our valuation.

7. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB142,100,000.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Laian Hong Jia Real Estate] is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Laian Hong Jia Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

   iii. Laian Hong Jia Real Estate] has fully paid the land grant premium;

   iv. Laian Hong Jia Real Estate] has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

   v. Laian Hong Jia Real Estate] has obtained the pre-sale permits for the sale of the property.

9. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB8,500 to RMB11,000 per sq m for residential units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

   In our valuation, we have adopted an average unit rate of about RMB9,800 per sq m for residential, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
17.	Garden with Art Atmosphere (藝境花園), West of Changjiang South Road, Chahe Town, Lai'an County, Chuzhou, Anhui Province, PRC	Garden with Art is a large-scale residential development erected on a parcel of land with a site area of approximately 60,189.20 sq m. The property is situated in Chahe Town of Lai'an County. Developments in the vicinity are dominated by various residential buildings. It takes about a 5-minute drive from the property to the center of Chahe Town. According to the information provided by the Group, the property will have a total gross floor area of approximately 170,500.84 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB756,000,000 (Renminbi Seven Hundred and Fifty Six Million) (33% interest attributable to the Group: RMB249,480,000) (Renminbi Two Hundred Forty Nine Million Four Hundred and Eighty Thousand)

Usage	Approximate Gross Floor Area (sq m)
Residential	124,715.31
Townhouse	12,053.91
Retail	1,797.76
Carpark	29,427.26
Ancillary	2,506.60
Total:	**170,500.84**

As advised by the Group, the property is scheduled to be completed in June 2019.

The land use rights of the property have been granted for two concurrent terms expiring on January 10, 2057 for other commercial use and August 10, 2087 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — 341122 Chu Rang (2017) Nian No. 043 dated June 6, 2017 and its Supplementary Contract dated June 12, 2017, the land use rights of a parcel of land with a site area of approximately 60,189.20 sq m have been granted to Laian Jin Hong Xin Real Estate Co., Ltd. (來安金弘新房地產有限公司) ("Laian Jin Hong Xin Real Estate"), a 33%-owned subsidiary of the Company, at a land grant fee of RMB723,300,000.

2. Pursuant to the Real Estate Title Certificate — Wan (2017) Lai An Xian Bu Dong Chan Quan Di No. 0014718 dated October 13, 2017, the land use rights of a parcel of land with a site area of approximately 60,189.20 sq m have been granted to Laian Jin Hong Xin Real Estate for two concurrent terms expiring on January 10, 2057 for other commercial use and August 10, 2087 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 34112220170005 dated June 30, 2017, Laian Jin Hong Xin Real Estate was permitted to use a parcel of land with a site area of approximately 60,189.20 sq m for development.

4. Pursuant to two Construction Works Planning Permits, the total approved construction scale is approximately 170,500.84 sq m. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	No. 2017063	September 7, 2017	48,201.19
2.	No. 2017076	November 6, 2017	122,299.65
		Total:	**170,500.84**

5. Pursuant to four Construction Works Commencement Permits, the construction works with a total construction scale of approximately 170,358.70 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	3411221708210110-SX-001	August 29, 2017	48,201.19
2.	3411221708210110-SX-002	December 8, 2017	65,511.54
3.	3411221708210110-SX-003	December 8, 2017	47,264.64
4.	3411221708210110-SX-004	November 29, 2017	9,381.33
		Total:	**170,358.70**

6. Pursuant to two Commodity Housing Pre-sale Permits, a total floor area of approximately 33,001.16 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Gross Floor Area (sq m)
1.	(2017) Fang Yu Shou Zheng Di No. 075	November 22, 2017	10,222.68
2.	(2017) Fang Yu Shou Zheng Di No. 075	December 22, 2017	22,778.48
		Total:	**33,001.16**

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB340,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB502,300,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 11,837.58 sq m has been pre-sold at a total consideration of approximately RMB125,700,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB1,675,700,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Laian Jin Hong Xin Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Laian Jin Hong Xin Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

iii. Laian Jin Hong Xin Real Estate has fully paid the land grant premium;

iv. Laian Jin Hong Xin Real Estate has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

v. Laian Jin Hong Xin Real Estate has obtained the pre-sale permits for the sale of the property.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB8,500 to RMB19,200 per sq m for various types of residential units, RMB16,000 to RMB20,100 per sq m for townhouse and RMB15,000 to RMB25,400 per sq m for commercial premises. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

In our valuation, we have adopted average unit rates of about RMB11,700 per sq m for various types of residential units, RMB16,100 per sq m for townhouse and RMB17,900 per sq m for commercial premises, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
18.	In Times (時光裡), Junction of Fuyang North Road and Jinchuan Road, Changfeng County, Heifei, Anhui Province, PRC	In Times is a residential development erected on a parcel of land with a site area of approximately 42,621.00 sq m. The property is located in Changfeng County. Developments in the vicinity are dominated by various residential buildings. It takes about a 20-minute drive to Hefei East Station. According to the information provided by the Group, the property will have a total gross floor area of approximately 130,448.58 sq m upon completion. The usage and breakdown of the gross floor areas are as follows:	As at the valuation date, the property was under construction.	RMB720,500,000 (Renminbi Seven Hundred Twenty Million and Five Hundred THosuand) (100% interest attributable to the Group: RMB720,500,000) (Renminbi Seven Hundred Twenty Million and Five Hundred THosuand)

Usage	Approximate Gross Floor Area (sq m)
Residential	96,137.71
Carpark	20,971.02
Ancillary	7,486.45
Civil Defense	5,853.40
Total:	**130,448.58**

As advised by the Group, the property is scheduled to be completed in January 2019.

The land use rights of the property have been granted for a term expiring on November 7, 2086 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — 340121 Chu Rang (2016) No. 100 dated November 8, 2016 and its Supplementary Contract dated November 25, 2016, the land use rights of a parcel of land with a site area of approximately 42,621.00 sq m have been granted to Anhui Hong Lan Real Estate Development Co., Ltd. (安徽弘嵐房地產開發有限公司) ("Anhui Hong Lan Real Estate"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB664,872,000.

2. Pursuant to the Real Estate Title Certificate — Wan (2017) Chang Feng Bu Dong Chan Quan Di No. 0008610 dated March 24, 2017, the land use rights of a parcel of land with a site area of approximately 42,621.00 sq m have been granted to Anhui Hong Lan Real Estate for a term expiring on November 7, 2086 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 340121201720005 dated February 7, 2017, Anhui Hong Lan Real Estate was permitted to use a parcel of land with a site area of approximately 42,621.00 sq m for development.

4. Pursuant to sixteen Construction Works Planning Permits, the total approved construction scale of is approximately 126,365.12 sq m. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	Chang Jian Nan Xu (2017) 149	May 12, 2017	6,115.14
2.	Chang Jian Nan Xu (2017) 150	May 12, 2017	4,031.35
3.	Chang Jian Nan Xu (2017) 151	May 12, 2017	5,203.21
4.	Chang Jian Nan Xu (2017) 152	May 12, 2017	4,031.35
5.	Chang Jian Nan Xu (2017) 153	May 12, 2017	5,177.88
6.	Chang Jian Nan Xu (2017) 154	May 12, 2017	5,202.81
7.	Chang Jian Nan Xu (2017) 155	May 12, 2017	2,075.23
8.	Chang Jian Nan Min Xu (2017) 133	May 8, 2017	9,598.77
9.	Chang Jian Nan Min Xu (2017) 134	May 8, 2017	11,078.98
10.	Chang Jian Nan Min Xu (2017) 135	May 8, 2017	11,002.15
11.	Chang Jian Nan Min Xu (2017) 136	May 8, 2017	10,978.37
12.	Chang Jian Nan Min Xu (2017) 094	April 19, 2017	10,061.27
13.	Chang Jian Nan Min Xu (2017) 095	April 19, 2017	10,431.68
14.	Chang Jian Nan Min Xu (2017) 202	July 19, 2017	175.74
15.	Chang Jian Nan Min Xu (2017) 203	July 19, 2017	221.02
16.	Chang Jian Nan Min Xu (2017) 201	July 7, 2017	4,469.39
17.	Chang Jian Nan Xu Min (2017) 157	May 16, 2017	26,510.78
		Total:	**126,365.12**

5. Pursuant to four Construction Works Commencement Permits, the construction works of with a total construction scale of approximately 126,344.92 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	3401211703150101-SX-003	June 1, 2017	98,930.79
2.	3401211703150101-SX-002	June 1, 2017	2,055.03
3.	3401211703150101-SX-001	May 3, 2017	20,492.95
4.	3401211703150101-SX-004	August 16, 2017	4,866.15
		Total:	**126,344.92**

6. Pursuant to six Commodity Housing Pre-Sale Permits, a total gross floor area of approximately 53,939.40 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Gross Floor Area (sq m)
1.	Chang Fang Yu Shou Zheng Di No. 20177120	July 13, 2017	6,250.08
2.	Chang Fang Yu Shou Zheng Di No. 20177121	July 13, 2017	4,129.94
3.	Chang Fang Yu Shou Zheng Di No. 20177122	July 13, 2017	10,347.11
4.	Chang Fang Yu Shou Zheng Di No. 20177123	July 13, 2017	10,739.92
5.	Chang Fang Yu Shou Zheng Di No. 20177203	November 16, 2017	11,230.16
6.	Chang Fang Yu Shou Zheng Di No. 20177204	November 16, 2017	11,242.19
		Total	**53,939.40**

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB72,000,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB296,500,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 14,103.69 sq m has been pre-sold at a total consideration of approximately RMB164,000,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB1,272,800,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Anhui Hong Lan Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Anhui Hong Lan Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Anhui Hong Lan Real Estate has fully paid the land grant premium;

    iv. Anhui Hong Lan Real Estate has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

    v. Anhui Hong Lan Real Estate has obtained the pre-sale permits for the sale of the property.

    vi. the property is subject to a mortgage in favor of Chang'an International Trust Co., Ltd.; and

    vii. [Anhui Hong Lan Real Estate] is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB11,000] to RMB[14,800 per sq m for various types of residential units, and RMB60,000] to RMB[70,000 per carparking space. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted average unit rates of about RMB12,900 per sq m for various types of residential units, and RMB67,000 per carparking space, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
19.	Sunrise Joy Garden (昕悦花園), West of Zhang Shan Road, South of Yue Liang Wan Road, Yaohai District, Heifei, Anhui Province, PRC	Sunrise Joy Garden is a residential development erected on a parcel of land with a site area of approximately 37,253.98 sq m. The property is located in Yaohai District. Developments in the vicinity are dominated in residential development. It takes about a 20-minute drive to Hefei Railway Station. According to the information provided by the Group, the property will have a total gross floor area of approximately 104,117.84 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB550,600,000 (Renminbi Five Hundred Fifty Million and Six Hundred Thosuand) (80% interest attributable to the Group: RMB440,480,000) (Renminbi Four Hundred Forty Million Four Hundred and Eighty Thousand)

Usage	Approximate Gross Floor Area (sq m)
Residential	75,146.90
Carpark	13,837.96
Civil Defense	6,682.00
Ancillary	8,450.98
Total:	**104,117.84**

As advised by the Group, the property is scheduled to be completed in April 2019.

The land use rights of the property have been granted for a term expiring on January 12, 2087 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — He Di Yao Hai Jing Ying [2016] No. 182 dated December 13, 2016 and its Supplementary Contract dated January 10, 2017, the land use rights of a parcel of land with a site area of approximately 37,253.98 sq m have been granted to Anhui Hong Peng Properties Co., Ltd. (安徽弘鵬置業有限公司) ("Anhui Hong Peng Properties"), a 80%-owned subsidiary of the Group, at a land grant fee of RMB620,269,999.

2. Pursuant to the Real Estate Title Certificate — Wan (2017) He Bu Dong Chan Quan Di No. 0062734 dated March 30, 2017, the land use rights of a parcel of land with a site area of approximately 37,253.98 sq m have been granted to Anhui Hong Peng Properties for a term expiring on January 12, 2087 for residential use.

3. Pursuant to the Construction Land Planning Permit — No. 340102201700005 dated January 19, 2017, Anhui Hong Peng Properties was permitted to use a parcel of land with a site area of approximately 37,253.98 sq m for development.

4. Pursuant to two Construction Works Planning Permits, the total approved construction scale of is approximately 102,769.79 sq m. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	He Gui Jian Min Xu No.2017242	May 22, 2017	89,419.15
2.	He Gui Jian Min Xu No.2017168	April 21, 2017	13,350.64
		Total:	**102,769.79**

5. Pursuant to three Construction Works Commencement Permits, the construction works with a total construction scale of approximately 102,769.64 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	3401021703140101-SX-001	May 8, 2017	1,607.88
2.	3401021703140101-SX-002	May 8, 2017	11,742.76
3.	3401021703140101-SX-003	May 27, 2017	89,419.00
		Total:	**102,769.64**

6. Pursuant to nine Commodity Housing Pre-Sale Permits, a total gross floor area of approximately 58,940.93 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Gross Floor Area (sq m)
1.	He Fang Yu Shou Zheng Di No. 20170817	October 26, 2017	4,672.21
2.	He Fang Yu Shou Zheng Di No. 20170472	July 28, 2017	6,827.85
3.	He Fang Yu Shou Zheng Di No. 20170863	November 8, 2017	8,736.47
4.	He Fang Yu Shou Zheng Di No. 20170473	July 28, 2017	8,671.18
5.	He Fang Yu Shou Zheng Di No. 20171083	December 7, 2017	4,700.46
6.	He Fang Yu Shou Zheng Di No. 20171084	December 7, 2017	6,685.58
7.	He Fang Yu Shou Zheng Di No. 20171085	December 7, 2017	6,945.86
8.	He Fang Yu Shou Zheng Di No. 20170420	July 13, 2017	4,744.92
9.	He Fang Yu Shou Zheng Di No. 20170421	July 13, 2017	6,956.40
		Total:	**58,940.93**

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB57,700,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB240,400,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 20,205.11 sq m has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB260,900,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB1,042,800,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Anhui Hong Peng Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Anhui Hong Peng Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

iii. Anhui Hong Peng Properties has fully paid the land grant premium;

iv. Anhui Hong Peng Properties has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

v. Anhui Hong Peng Properties has obtained the pre-sale permits for the sale of the property.

vi. the property is subject to a mortgage in favor of Ping An Bank Co., Ltd. Hefei Branch; and

vii. [Anhui Hong Peng Properties] is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB12,800 to RMB15,000 per sq m for various types of residential units, and RMB80,000 to RMB110,000 per carparking space. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

In our valuation, we have adopted average unit rates of about RMB13,500 per sq m for various types of residential units and RMB85,000 per carparking space, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
20.	Golden Seal and Heaven Shire (金璽天郡), South of Jingui Road, West of Huayang Road, Jintan District, Changzhou, Jiangsu Province, PRC	Golden Seal and Heaven Shire is a residential development erected on a parcel of land with a site area of approximately 88,719.00 sq m. The property is located in Jintan District. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 10-minute drive to the Jintan Bus Terminal. According to the information provided by the Group, the property will have a total gross floor area of approximately 326,455.39 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB1,249,600,000 (Renminbi One Billion Two Hundred Forty Nine Million and Six Hundred Thousand) (50% interest attributable to the Group: RMB624,800,000) (Renminbi Six Hundred Twenty Four Million and Eight Hundred Thousand)

Usage	Approximate Gross Floor Area (sq m)
Residential	200,090.80
Townhouse	20,105.44
Commercial	1,940.04
Carpark	71,890.48
Ancillary	32,428.63
Total:	**326,455.39**

As advised by the Group, the property is scheduled to be completed in December 2019.

The land use rights of the property have been granted for two concurrent terms expiring on November 12, 2057 for commercial use and November 12, 2087 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3204822017CR0103 dated June 19, 2017, the land use rights of a parcel of land with a site area of approximately 88,719.00 sq m have been agreed to Changzhou Jin Tan Xu Run Properties Co., Ltd. (常州金壇旭潤置業有限公司) ("Changzhou Jin Tan Xu Run Properties"), a 50%-owned subsidiary of the Company, at a land grant fee of RMB1,147,149,600.

2. Pursuant to the Real Estate Title Certificate — (Su 2017) Jintan Qu Bu Dong Chan Quan Di No. 0017360 dated August 1, 2017, the land use rights of a parcel of land with a site area of approximately 88,719.00 sq m have been granted to Changzhou

Jin Tan Xu Run Properties for two concurrent terms expiring on November 12, 2057 for commercial use and November 12, 2087 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi No.320482201700061 dated August 4, 2017, Changzhou Jin Tan Xu Run Properties was permitted to use a parcel of land with a site area of approximately 88,719.00 sq m for development.

4. Pursuant to four Construction Works Planning Permits, the total approved construction scale is approximately 327,890.80 sq m. Details of the said permits are as follows:

No.	**Permit No.**	**Issue Date**	**Construction Scale (sq m)**
1.	Jian Zi Di No. 320482201700115	September 30, 2017	180,002.50
2.	Jian Zi Di No. 320482201700118	October 10, 2017	39,109.06
3.	Jian Zi Di No. 320482201700119	October 10, 2017	65,011.58
4.	Jian Zi Di No. 320482201700117	October 10, 2017	43,767.66
		Total:	**327,890.80**

5. Pursuant to two Construction Works Commencement Permits, the construction works with a total construction scale of approximately 323,692.00 sq m were approved for commencement. Details of the said permits are as follows:

No.	**Permit No.**	**Issue Date**	**Construction Scale (sq m)**
1.	320482201710270301	October 27, 2017	323,692.00
2.	320482201710270401	October 27, 2017	
		Total:	**323,692.00**

6. Pursuant to three Commodity Housing Pre-Sale Permits, a total gross floor area of approximately 102,056.37 sq m were approved for pre-sale. Details of the said permits are as follows :

No.	**Permit No.**	**Issue Date**	**Gross Floor Area (sq m)**
1.	Chang Tan (2017) Fang Yu Shou Zheng Di No. (040)	November 10, 2017	85,548.54
2.	Chang Tan (2017) Fang Yu Shou Zheng Di No. (037)	November 3, 2017	8,813.39
3.	Chang Tan (2017) Fang Yu Shou Zheng Di No. (038)	November 3, 2017	7,694.44
		Total:	**102,056.37**

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB60,800,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB883,800,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 45,382.03 sq m has been pre-sold at a total consideration of approximately RMB511,800,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB3,004,900,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Changzhou Jin Tan Xu Run Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Changzhou Jin Tan Xu Run Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Changzhou Jin Tan Xu Run Properties has fully paid the land grant premium;

    iv. Changzhou Jin Tan Xu Run has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

    v. Changzhou Jin Tan Xu Run Properties has obtained the pre-sale permits for the sale of the property.

    vi. the property is subject to a mortgage in favor of China Bohai Bank Co., Ltd Nanjing Branch; and

    vii. Changzhou Jin Tan Xu Run Properties is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB10,500 to RMB14,900 per sq m for various types of residential units, RMB17,000 to RMB19,500 per sq m for townhouse, RMB16,000 to RMB16,500 per sq m for commercial premises and RMB80,000 to RMB100,000 per carparking space. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted average unit rates of about RMB12,100 per sq m for various types of residential units, RMB19,900 per sq m for townhouse, RMB16,500 per sq m for commercial premises and RMB89,000 per carparking space, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
21.	Esteeming Virtues Garden (尚德苑), East of Shangde Road, North of Ronghua, Xiaoqu, Tongzhou District, Nantong, Jiangsu Province, PRC	Esteeming Virtues Garden is a residential development erected on a parcel of land with a site area of approximately 37,348.00 sq m. The property is located at Tongzhou District. Developments in the vicinity are dominated by residential and auxiliary retail buildings. It takes about a 20-minute drive to Nantong Xindong International Airport. According to the information provided by the Group, the property will have a total gross floor area of approximately 61,478.67 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB296,000,000 (Renminbi Two Hundred and Ninety Six Million) (33% interest attributable to the Group: RMB97,680,000) (Renminbi Ninety Seven Million Six Hundred and Eighty Thousnad)

Usage	Approximate Gross Floor Area (sq m)
Townhouse	12,449.92
Residential	25,396.60
Carpark	10,609.66
Ancillary	8,720.76
Civil Defense	4,301.73
Total:	**61,478.67**

As advised by the Group, the property is scheduled to be completed in February 2019.

The land use rights of the property have been granted for a term expiring on July 3, 2087 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No. 3206832017CR0048 dated May 24, 2017 and its Supplementary Contract dated July 10, 2017, the land use rights of a parcel of land with a site area of approximately 37,348.00 sq m have been granted to Nantong Jin Li Properties Co., Ltd. (南通錦力置業有限公司) ("Nantong Jin Li Properties"), a 33%-owned subsidiary of the Company, at a land grant fee of RMB301,024,880.

2. Pursuant to the Real Estate Title Certificate — Su (2017) Tong Zhou Qu Bu Bong Chan Quan No. 0023358 dated October 30, 2017, the land use rights of a parcel of with a site area of approximately 37,348.00 sq m have been granted to Nantong Jin Li Properties for a term expiring on July 3, 2087 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320604201710072 dated July 17, 2017, Nantong Jin Li Properties was permitted to use a parcel of land with a site area of approximately 37,348.00 sq m for development.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320604201710205 dated November 29, 2017, the total approved construction scale is approximately 61,561.26 sq m.

5. Pursuant to the Construction Works Commencement Permit No. 320683201712080301 dated December 8, 2017, the construction works with a total construction scale of approximately 61,561.26 sq m were approved for commencement.

6. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB6,800,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB184,300,000. We have taken into account the aforesaid amounts in our valuation.

7. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB631,300,000.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Nantong Jin Li Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Nantong Jin Li Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Nantong Jin Li Properties has fully paid the land grant premium;

    iv. Nantong Jin Li Properties has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

    v. Nantong Jin Li Properties has obtained the pre-sale permits for the sale of the property.

9. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB21,500 to RMB24,700 per sq m for townhouse and RMB11,400 to RMB13,600 per sq m for residential units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted average unit rates of about RMB24,800 per sq m for townhouse and RMB12,700 per sq m for residential units, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
22.	Suzhou Land Lot No. 2016-WG-64, East of Sangyuan Road, South of Guihuaqujian Road, Xushu Town, Gaoxin District, Suzhou, Jiangsu Province, PRC	Suzhou Land Lot No. 2016-WG-64 is a residential development erected on two parcels of land with a total site area of approximately 44,700.50 sq m. The property is located at Xushu Town. Developments in the vicinity are dominated by residential and auxiliary retail buildings. It takes about a 5-minute drive to Suzhou New District Railway Station. According to the information provided by the Group, the property will have a total gross floor area of approximately 95,339.18 sq m upon completion. The usage and breakdown of the total gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB1,244,900,000 (Renminbi One Billion Two Hundred Forty Four Million and Nine Hundred Thousnad) (100% interest attributable to the Group: RMB1,244,900,000) (Renminbi One Billion Two Hundred Forty Four Million and Nine Hundred Thousnad)

Usage	**Approximate Gross Floor Area (sq m)**
Residential	69,743.96
Carpark	22,011.28
Ancillary	3,583.94
Total:	**95,339.18**

As advised by the Group, the residential units will be sold with fine decoration.

As advised by the Group, the property is scheduled to be completed in September 2018.

The land use rights of the property have been granted for a term expiring on December 12, 2086 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No. 3205012016CR0110 dated October 18, 2016 and its Supplementary Contract dated November 4, 2016, the land use rights of a parcel of land with a site area of approximately 44,700.50 sq m have been granted to Suzhou Hong Yang Investment Co., Ltd. (蘇州弘陽投資有限公司) ("Suzhou Hong Yang Investment"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB1,328,620,447.

2. Pursuant to two Real Estate Title Certificates, the land use rights of two parcels of land with a total site area of approximately 44,700.50 sq m have been granted to Suzhou Hong Yang Investment for a term expiring on December 12, 2086 for residential use. Details of the said certificates are as follows:

No.	Certificate No.	Issue Date	Site Area (sq m)
1.	Su (2017) Su Zhou Shi Bu Dong Chan Quan Di No. 5046595	February 23, 2017	17,508.70
2.	Su (2017) Su Zhou Shi Bu Dong Chan Quan Di No. 5046594	February 23, 2017	27,191.80
		Total:	**44,700.50**

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320505201700007 dated January 18, 2017, Suzhou Hong Yang Investment was permitted to use a parcel of land with a site area of approximately 44,700.50 sq m for development.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320505201700015 dated January 25, 2017, the total approved construction scale is approximately 95,339.18 sq m.

5. Pursuant to the Construction Works Commencement Permit No. 320591201703100201 dated March 10, 2017, the construction works with a total construction scale of approximately 95,339.18 sq m were approved for commencement.

6. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB77,700,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB531,400,000. We have taken into account the aforesaid amounts in our valuation.

7. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB2,092,300,000.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Suzhou Hong Yang Investment is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Suzhou Hong Yang Investment is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

   iii. Suzhou Hong Yang Investment has fully paid the land grant premium;

   iv. Suzhou Hong Yang Investment has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

   v. Suzhou Hong Yang Investment has obtained the pre-sale permits for the sale of the property.

   vi. the property is subject to a mortgage/various mortgages in favor of Industrial and Commercial Bank of China Limited Suzhou Gaoxin District Sub-branch; and

vii. Suzhou Hong Yang Investment is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

9. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range of RMB27,600 to RMB32,200 per sq m for residential units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

In our valuation, we have adopted an average unit rate of about RMB30,000 per sq m for residential units, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
23.	Luyuan Architecture (甪源名築), North of Luzhi Road, East of Fucheng North Road, Luzhi Town, Wuzhong District, Suzhou, Jiangsu Province, PRC	Luyuan Architecture is a residential development erected on a parcel of land with a site area of approximately 60,960.50 sq m. The property is located at Luzhi Town. Developments in the vicinity are dominated by residential and auxiliary retail buildings. It takes about a 30-minute drive to Suzhou Railway Station. According to the information provided by the Group, the property will have a total gross floor area of approximately 149,634.41 sq m upon completion. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB1,362,000,000 (Renminbi One Billion Three Hundred Sixty Two Million and Six Hundred Thousand) (100% interest attributable to the Group: RMB1,362,000,000) (Renminbi One Billion Three Hundred Sixty Two Million and Six Hundred Thousand)

Usage	Approximate Gross Floor Area (sq m)
Residential	106,654.42
Commercial	819.90
Carpark	20,440.69
Ancillary	13,019.40
Civil Defense	8,700.00
Total:	**149,634.41**

As advised by the Group, the property is scheduled to be completed in June 2020.

The land use rights of the property have been granted for a term expiring on May 17, 2086 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No. 320502016CR0059 dated May 18, 2016 and its Supplementary Contract dated June 1, 2016, the land use rights of a parcel of land with a site area of approximately 60,960.50 sq m have been granted to Suzhou Hong Yang Land Co., Ltd. (蘇州弘陽置地有限公司) ("Suzhou Hong Yang Land"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB1,538,183,982.

2. Pursuant to the Real Estate Title Certificate — Su (2016) Su Zhou Shi Bu Dong Chan Quan Di No. 6024610 dated July 29, 2016, the land use rights of parcel of land with a site area of approximately 60,960.40 sq m have been granted to Suzhou Hong Yang Land for a term expiring on May 17, 2086 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320506201600143 dated July 21, 2016, Suzhou Hong Yang Land was permitted to use a parcel of land with a site area of approximately 60,960.50 sq m for development.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320506201600232 dated November 7, 2016, the total approved construction scale is approximately 147,848.96 sq m.

5. Pursuant to two Construction Works Commencement Permits, the construction works with a total construction scale of approximately 147,848.96 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	320506201611180101	November 18, 2016	74,753.83
2.	320506201612200101	December 20, 2016	73,095.13
		Total:	**147,848.96**

6. Pursuant to the Commodity Housing Pre-sale Permit — Su Fang Yu Wu Zhong [2017] No.164 dated August 18, 2017, a total gross floor area of approximately 51,790.64 sq m was approved for pre-sale.

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB263,900,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB190,500,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 2,807.27 sq m has been pre-sold at a total consideration of approximately RMB56,200,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB2,237,600,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Suzhou Hong Yang Land is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Suzhou Hong Yang Land is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Suzhou Hong Yang Land has fully paid the land grant premium;

    iv. Suzhou Hong Yang Land has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

    v. Suzhou Hong Yang Land has obtained the pre-sale permits for the sale of the property;

    vi. the property is subject to a mortgage/various mortgages in favor of China Bohai Bank Co., Ltd. Suzhou Branch and Agricultural Bank of China Limited Suzhou Industrial Park Sub-branch; and

    vii. Suzhou Hong Yang Land is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB17,700 to RMB23,100 per sq m for various types of residential units and RMB14,000 to RMB15,000 per sq m for commercial premises. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted average unit rates of about RMB20,900 per sq m for various types of residential units and RMB16,600 per sq m for commercial premises, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
24.	Upper Water Garden (上水雅苑), North of Xinxian Road, East of Wenchang Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	Upper Water Garden is a residential development erected on two parcels of land with a total site area of approximately 69,325.40 sq m. The property is located Gaoxin District. Developments in the vicinity are dominated by residential and auxiliary retail buildings. It takes about a 5-minute drive to Suzhou New District Railway Station. According to the information provided by the Group, the property will have a total gross floor area of approximately 197,866.94 sq m upon completion. The usage and breakdown of the total gross floor area are as follows:	As at the valuation date, the property was under construction.	RMB1,709,300,000 (Renminbi One Billion Seven Hundred Nine Million and Three Hundred Thousnad) (100% interest attributable to the Group: RMB1,709,300,000) (Renminbi One Billion Seven Hundred Nine Million and Three Hundred Thousnad)

Usage	Approximate Gross Floor Area (sq m)
Residential	149,192.47
Carpark	39,900.58
Ancillary	8,773.89
Total:	**197,866.94**

As advised by the Group, the property is scheduled to be completed in November 2018.

The land use rights of the property have been granted for a term expiring on March 23, 2086 for residential use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No. 3205012016CR0007 dated January 12, 2016 and its Supplementary Contract dated February 18, 2016, the land use rights of two parcels of land with a site area of approximately 69,325.40 sq m have been granted to Suzhou Hong Yang Properties Co., Ltd. (蘇州弘陽置業有限公司) ("Suzhou Hong Yang Properties"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB1,053,508,998.

2. Pursuant to two Real Estate Title Certificates, the land use rights of two parcels of land with a total site area of approximately 69,325.40 sq m have been granted to Suzhou Hong Yang Properties for a term expiring on March 23, 2086 for residential use. Details of the said certificates are as follows:

No.	Lot No.	Certificate No.	Issue Date	Site Area (sq m)
1.	320505001076GB00066W00000000	Su (2016) Su Zhou Shi Bu Dong Chan Quan Di No. 5009813	April 15, 2016	18,595.20
2.	320505001076GB00067W00000000	Su (2016) Su Zhou Shi Bu Dong Chan Quan Di No. 5009815	April 15, 2016	50,730.20
			Total:	**69,325.40**

3. Pursuant to the Construction Land Planning Permit – Di Zi Di No. 320505201600013 dated March 17, 2016, Suzhou Hong Yang Properties was permitted to use a parcel of land with a site area of approximately 69,325.40 sq m for development.

4. Pursuant to two Construction Works Planning Permits, the total approved construction scale is approximately 197,938.07 sq m.

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	Jian Zi Di No. 320505201600048	April 1, 2016	56,386.97
2.	Jian Zi Di No. 320505201600092	May 31, 2016	141,551.1
		Total:	**197,938.07**

5. Pursuant to three Construction Works Commencement Permits, the construction works with a total construction scale of approximately 197,938.07 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	320591201604280501	April 28, 2016	56,386.97
2.	320591201607250101	July 25, 2016	62,174.10
3.	320591201607250201	July 25, 2016	79,377.00
		Total:	**197,938.07**

6. Pursuant to four Commodity Housing Pre-sale Permits, a total gross floor area of approximately 149,192.47 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issued Date	Gross Floor Area (sq m)
1.	Su Fang Yu Gao Xin [2016] No. 244	August 26, 2106	43,863.99
2.	Su Fang Yu Gao Xin [2016] No. 316	December 9, 2016	33,043.14
3.	Su Fang Yu Gao Xin [2017] No. 046	April 19, 2017	36,161.38
4.	Su Fang Yu Gao Xin [2017] No. 118	June 16, 2017	36,123.96
		Total:	**149,192.47**

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB328,100,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB356,100,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 130,653.50 sq m has been pre-sold at a total consideration of approximately RMB2,176,400,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB2,510,100,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Suzhou Hong Yang Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Suzhou Hong Yang Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Suzhou Hong Yang Properties has fully paid the land grant premium;

    iv. Suzhou Hong Yang Properties has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

    v. Suzhou Hong Yang Properties has obtained the pre-sale permits for the sale of the property.

    vi. the property is subject to a mortgage/various mortgages in favor of Agricultural Bank of China Limited Suzhou Industrial Park Sub-branch and Bank of China Limited Suzhou Gaoxin District Sub-branch; and

    vii. Suzhou Hong Yang Properties is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB15,700 to RMB17,500 per sq m for residential units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted an average unit rate of about RMB18,000 per sq m for residential units, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
25.	Portion of Phase II, Wuxi Sanwan Qing (無錫三萬頃), Tanxi Village, Mashan, Binhu District, Wuxi, Jiangsu Province, PRC	Wuxi Sanwan Qing ("the Development") is a residential development erected on a parcel of land with a site area of approximately 799,999.90 sq m. The Development is located at Mashan International Tourism Island (馬山國際旅遊島). Developments in the vicinity are dominated by various residential buildings and townhouses. It takes about a 50-minute drive from the property to the city center of Wuxi. The property comprises portion of the Development with a total gross floor area of approximately 24,072.06 sq m. The usage and breakdown of the gross floor area as follows:	As at the valuation date, the property was under construction.	RMB230,000,000 (Renminbi Two Hundred and Thirty Million) (100% interest attributable to the Group: RMB230,000,000) (Renminbi Two Hundred and Thirty Million)

Usage	Approximate Gross Floor Area (sq m)
Townhouse	20,169.54
Commercial	3,902.52
Total:	**24,072.06**

As advised by the Group, the property is scheduled to be completed in December 2019.

The land use rights of the property have been granted for three concurrent terms expiring on April 8, 2073 for residential use, April 8, 2043 for commercial use and April 8, 2053 for other use.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — Xi Guo Tu Zi Chu He (2003) Di No. 13 and four Supplementary Contracts dated January 24, 2003, April 17, 2003, July 22, 2011, August 1, 2013 and November 10, 2016, the land use rights of a parcel of land with a site area of approximately 799,999.90 sq m have been granted to Wuxi Su Yuan Tan Xi Wan Properties Co., Ltd. (無錫蘇源檀溪灣置業有限公司) ("Wuxi Su Yuan Tan Xi Wan Properties"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB255,000,000.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Right Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Xi Bin Guo Yong (2008) Di No. 131 dated June 10, 2008, the land use rights of a parcel of land with a site area of approximately 799,999.90 sq m have been granted to Wuxi Su Yuan Tan Xi Wan Properties for three concurrent terms expiring on April 8, 2073 for residential use, April 8, 2043 for commercial use and April 8, 2053 for other use.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. Pursuant to the Construction Land Planning Permit — Xi Gui De Xu (2003) Di No. 063 dated April 4, 2003, Wuxi Su Yuan Tan Xi Wan Properties was permitted to use a parcel of land with a site area of approximately 800,000.00 sq m for development.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to three Construction Works Planning Permits, the approved construction scale is approximately 115,421.00 sq m. Details of the said premits are as follows:

No.	**Permit No.**	**Issue Date**	**Construction Scale (sq m)**
1.	Jian Zi Di No. 3202112013C0009	June 6, 2013	40,218.00
2.	Jian Zi Di No. 3202112013C0013	July 8, 2013	18,499.00
3.	Jian Zi Di No. 3202112013C0020	August 27, 2013	56,704.00
		Total:	**115,421.00**

   As advised by the Group, the property only comprises portion of the buildings as stated in the Construction Works Planning Permits mentioned above.

5. Pursuant to five Construction Works Commencement Permits, the construction works with a total construction scale of approximately 60,154.34 sq m were approved for commencement. Details of the said premits are as follows:

No.	**Permit No.**	**Issue Date**	**Construction Scale (sq m)**
1.	320211020130089	August 29, 2013	18,499.00
2.	320211020130099	September 17, 2013	13,489.28
3.	320211020140009	January 20, 2014	19,433.06
4.	320211201711020201	November 2, 2017	8,733.00
		Total:	**60,154.34**

   As advised by the Group, the property only comprises portion of the buildings as stated in the Construction Works Commencement Permits mentioned above

6. Pursuant to the Commodity Housing Pre-sale Permit — (2018) Yu Xiao Zhun Zi Di No. 002, a gross floor area of approximately 8,478.97 sq m were approved for pre-sale.

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB196,800,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB135,400,000. We have taken into account the aforesaid amounts in our valuation.

8. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB512,300,000.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Wuxi Su Yuan Tan Xi Wan Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Wuxi Su Yuan Tan Xi Wan Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

   iii. Wuxi Su Yuan Tan Xi Wan Properties has fully paid the land grant premium;

   iv. Wuxi Su Yuan Tan Xi Wan Properties has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property;

   v. Wuxi Su Yuan Tan Xi Wan Properties has obtained the pre-sale permits for the sale of the property.

   vi. the property is subject to various mortgages in favor of Agricultural Bank of China Limited Suzhou Industrial Park District Sub-Branch, China Bohai Bank Company Limited Suzhou Branch and China Guangfa Bank Company Limited Nanjing Jiangning Sub-Branch; and

   vii. Wuxi Su Yuan Tan Xi Wan Properties is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

10. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB19,800 to RMB31,300 per sq m for townhouse. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted an average unit rate of about RMB25,400 per sq m for townhouse, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
26.	Hong Yang Mountain View (山卿苑), Baoting Village, Baohua Town, Jurong, Jiangsu Province, PRC	Hong Yang Mountain View is a residential, commercial and recreational development erected on three parcels of land with a total site area of approximately 70,028.48 sq m. The property is located at Baoting Village. Developments in the vicinity are dominated by various residential buildings. It takes about a 40-minute drive to the both Nanjing city center and Jurong city center. As advised by the Group, the property will have a total gross floor area of approximately 82,104.50 sq m upon completion. The usage and breakdown of the gross floor area are as follows: **Usage** — **Approximate Gross Floor Area (sq m)** Townhouse — 35,630.69 Carpark — 44,373.05 Ancillary Facilities — 2,100.76 **Total:** — **82,104.50** As advised by the Group, the property is scheduled to be completed in June 2019. The land use rights of the property have been granted for various terms, details of the land use term and usage are stated in Note 2.	As at the valuation date, the property was under construction.	RMB332,000,000 (Renminbi Three Hundred and Thirty Two Million) (100% interest attributable to the Group: RMB332,000,000) (Renminbi Three Hundred and Thirty Two Million)

Notes:

1. Pursuant to two Land Use Rights Grant Contracts, the land use rights of two parcels of land with a site area of approximately 75,800.78 sq m have been granted to Jiangsu Baohua Tourism Development Co., Ltd. (江蘇寶華旅遊開發有限公司) at a total land grant fee of RMB21,885,000. Details of the said contracts are as follows:

No.	Lot No.	Contract No.	Issue Date	Site Area (sq m)
1.	12	2003-07-12 (Gua)	January 8, 2004	60,910.78
2.	07, 08, 09 and 10	2007-03-07~10 (Gua)	January 10, 2008	14,890.00
			Total:	**75,800.78**

2. Pursuant to three State-owned Land Use Rights Certificates, the land use rights of three parcels of land with a site area of approximately 70,028.48 sq m has been granted to Ju Rong Zi Jin Real Estate Development Co., Ltd. (句容紫金房地產開發有限公司) ("Ju Rong Zi Jin Real Estate"), a 100%-owned subsidiary of the Company. Details of the said certificates are as follows:

No.	Certificate No.	Land Use Term and Use	Issue Date	Site Area (sq m)
1.	Ju Tu Guo Yong (2010) Di No. 019417	expiring on January 8, 2074 for residential use and January 8, 2044 for commercial use	April 10, 2010	47,820.00
2.	Ju Tu Guo Yong (2010) Di No. 019418	expiring on January 8, 2074 for residential use and January 8, 2044 for commercial use	April 10, 2010	13,095.48
3.	Ju Tu Guo Yong (2010) Di No. 019419	expiring on January 10, 2078 for residential use and January 10, 2048 for commercial tourism use	April 10, 2010	9,113.00
			Total:	**70,028.48**

3. Pursuant to three Construction Land Planning Permits, Ju Rong Zi Jin Real Estate was permitted to use three parcels of land with a site area of approximately 70,023.78 sq m for development. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Site Area (sq m)
1.	De Zi No. 3211832017 60008	March 16, 2017	9,113.00
2.	De Zi No. 3211832017 60009	March 16, 2017	13,090.56
3 ·	De Zi No. 3211832017 60010	March 17, 2017	47,820.22
		Total:	**70,023.78**

4. Pursuant to four Construction Works Planning Permits, the total approved construction scale of is approximately 37,731.45 sq m. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	Jian Zi Di No. 321183201760087	[July 31, 2017]	8,811.47
2.	Jian Zi Di No. 321183201760089	August 11, 2017	15,097.09
3.	Jian Zi Di No. 321183201760090	August 11, 2017	6,536.86
4.	Jian Zi Di No. 321183201760094	August 18, 2017	7,286.03
		Total:	**37,731.45**

5. Pursuant to seven Construction Works Commencement Permits, the construction works with a total construction scale of approximately 82,104.50 sq m were approved for commencement. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Construction Scale (sq m)
1.	321183201709290101	September 29, 2017	28,164.91
2.	321183201709300201	September 30, 2017	22,259.86
3.	321183201710130201	October 13, 2017	1,932.12
4.	321183201710130101	October 13, 2017	1,648.70
5.	321183201709220101	September 22, 2017	7,779.20
6.	321183201709220301	September 22, 2017	6,536.86
7.	321183201709220201	September 22, 2017	13,782.85
		Total:	**82,104.50**

6. Pursuant to two Commodity Housing Pre-Sale Permits, a total gross floor area of approximately 20,016.62 sq m were approved for pre-sale. Details of the said permits are as follows:

No.	Permit No.	Issue Date	Gross Floor Area (sq m)
1.	Ju Fang Yu Zi Di No. 2017122	November 7, 2017	8,361.64
2.	Ju Fang Yu Zi Di No. 2017154	December 1, 2017	11,654.98
		Total:	**20,016.62**

7. As advised by the Group, the total construction cost expended as at the valuation date was approximately RMB35,900,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB315,300,000. We have taken into account the aforesaid amounts in our valuation.

8. As advised by the Group, portion of the property with a total gross floor area of approximately 10,657.61 sq m has been pre-sold at a total consideration of approximately RMB265,000,000. We have taken into account the aforesaid amount in our valuation.

9. The market value of the property as if completed as at the valuation date is estimated to be approximately RMB861,900,000.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Ju Rong Zi Jin Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Ju Rong Zi Jin Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

    iii. Ju Rong Zi Jin Real Estate has fully paid the land grant premium;

    iv. Ju Rong Zi Jin Real Estate has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

    v. Ju Rong Zi Jin Real Estate has obtained the pre-sale permits for the sale of the property.

11. In undertaking our valuation of the property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit prices of these comparables are in a range between RMB18,700 to RMB24,200 per sq m for townhouse. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

    In our valuation, we have adopted an average unit rate of about RMB23,900 per sq m for townhouse, which is consistent with the relevant comparables.

Group VI — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
27.	Portion of Phase II, Wuxi Sanwan Qing (無錫三萬頃), Tanxi Village, Mashan, Binhu District, Wuxi, Jiangsu Province, PRC	Wuxi Sanwan Qing ("the Development") is a residential development erected on a parcel of land with a site area of approximately 799,999.90 sq m. The Development is located at Mashan International Tourism Island (馬山國際旅遊島). Developments in the vicinity are dominated by various residential buildings and townhouses. It takes about a 50-minute drive from the property to the city center of Wuxi. According to the information provided by the Group, the property comprises a parcel of land with a site area of approximately 166,079.85 sq m and a planned gross floor area of approximately 33,215.97 sq m. The land use rights of the property have been granted for three concurrent terms expiring on April 8, 2073 for residential use, April 8, 2043 for commercial use and April 8, 2053 for other use.	As at the valuation date, the property was vacant and pending for future development.	RMB123,000,000 (Renminbi One Hundred and Twenty Three Million) (100% interest attributable to the Group: RMB123,000,000) (Renminbi One Hundred and Twenty Three Million)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — Xi Guo Tu Zi Chu He (2003) Di No. 13 and four Supplementary Contracts dated January 24, 2003, April 17, 2003, July 22, 2011, August 1, 2013 and November 10, 2016, the land use rights of a parcel of land with a site area of approximately 799,999.90 sq m have been granted to Wuxi Su Yuan Tan Xi Wan Properties Co., Ltd. (無錫蘇源檀溪灣置業有限公司) ("Wuxi Su Yuan Tan Xi Wan Properties"), a [100]%-owned subsidiary of the Company, at a land grant fee of RMB255,000,000.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Xi Bin Guo Yong (2008) Di No. 131 dated June 10, 2008, the land use rights of a parcel of land with a site area of approximately 799,999.90 sq m have been granted to Wuxi Su Yuan Tan Xi Wan Properties for three concurrent terms expiring on April 8, 2073 for residential use, April 8, 2043 for commercial use and April 8, 2053 for other use.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the Land Use Rights Certificate mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Wuxi Su Yuan Tan Xi Wan Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Wuxi Su Yuan Tan Xi Wan Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

   iii. Wuxi Su Yuan Tan Xi Wan Properties has fully paid the land grant premium;

   iv. the property is subject to various mortgages in favor of Agricultural Bank of China Limited Suzhou Industrial Park District Sub-Branch, China Bohai Bank Company Limited Suzhou Branch and China Guangfa Bank Company Limited Nanjing Sub-Branch; and

   v. Wuxi Su Yuan Tan Xi Wan Properties is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

4. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB3,000 to RMB3,900 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB3,700 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
28.	Changzhou Sangma Land Lot C and D1 (常州桑麻C、D1地塊), North of Laodong Middle Road, East of Lihua North Road, Tianning District, Changzhou, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 136,866.64 sq m. The property is located in Tianning District. Developments in the vicinity are dominated by various commercial and residential buildings. It takes about a 10-minute drive to Changzhou Railway Station. According to the information provided by the Group, Lot C will be developed into various commercial and culture exhibition buildings, and Lot D1 will be developed into a residential development with a planned gross floor area of approximately 246,597.47 sq m. The land use rights of the Lot C have been granted for two concurrent terms expiring on October 30, 2082 for residential use and October 30, 2052 for other commercial service use. The land use rights of the Lot D1 have been granted for two concurrent terms expiring on February 6, 2088 for residential use and February 6, 2058 for other commercial service use.	As at the valuation date, the property was vacant and pending for future development.	RMB1,154,500,000 (Renminbi One Billion One Hundred Fifty Four Million and Five Hundred Thosuand) (70% interest attributable to the Group: RMB808,150,000) (Renminbi Eight Hundred Eight Million One Hundred and Fifty Thousand)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3204012012CR0015 dated February 22, 2012 and its Supplementary Contract, the land use rights of a parcel of land with a site area of approximately 199,885.15 sq m have been granted to Changzhou Sang Ma Real Estate Co., Ltd. (常州桑麻置業有限公司) ("Changzhou Sang Ma Real Estate"), a 70%-owned subsidiary of the Company, at a land grant fee of RMB1,054,953,946.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract and the Supplementary Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Chang Guo Yong (2014) Di No. 43250 dated August 13, 2014, the land use rights of a parcel of land with a site area of approximately 113,273.14 sq m have been granted to Changzhou Sang Ma Real Estate for two concurrent terms expiring on October 30, 2082 for residential use and October 30, 2052 for other commercial service use.

3. Pursuant to the Real Estate Title Certificate — Su (2018) Changzhou Shi Bu Dong Chan Quan Di No. 0009830 dated February 12, 2018, the land use rights of a parcel of land with a site area of approximately 23,593.50 sq m have been granted to Changzhou Sang Ma Real Estate for two concurrent terms expiring on February 6, 2088 for residential use and February 6, 2058 for other commercial service use.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Changzhou Sang Ma Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Changzhou Sang Ma Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

   iii. Changzhou Sang Ma Real Estate has fully paid the land grant premium;

   iv. Changzhou Sang Ma Real Estate has obtained the relevant certificates, permits and approvals from the government authorities for the construction of the property; and

   v. Changzhou Sang Ma Real Estate has obtained the pre-sale permits for the sale of the property.

5. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB5,500 to RMB7,500 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area, time and development restrictions in arriving at the key assumptions.

   In our valuation, we have adopted accommodation values of about RMB4,300 per sq m for Lot C, and RMB[6,200] per sq m for Lot D1, which are consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
29.	Cheng Di Nos. 2017-C-20(A) and (B), East of Jizhuang Road, Southwest of Yundong Road, North of Chengyang Road, Yunting Street Administrative Area, Jiangyin, Jiangsu Province, PRC	The property comprises two parcels of land with a total site area of approximately 138,902.00 sq m. The property is located at the Wuxi Village. Developments in the vicinity are dominated by various residential buildings. It takes about a 25-minute drive from the property to the city center of Jiangyin. According to the information provided by the Group, the property has a total planned gross floor area of approximately 291,694.20 sq m. The land use rights of the property have been granted for two concurrent terms expiring on November 22, 2087 for residential use and November 22, 2057 for other commercial service use.	As at the valuation date, the property was vacant and pending for future development.	RMB417,000,000 (Renminbi Four Hundred and Seventeen Million) (100% interest attributable to the Group: RMB[417,000,000]) (Renminbi Four Hundred and Seventeen Million)

Notes:

1. Pursuant to two State-owned Land Use Rights Grant Contracts and four Supplementary Contracts dated November 23, 2017 and November 28, 2017, the land use rights of two parcels of land with a total site area of approximately 138,902.00 sq m have been granted to Jiangyin Jia Hong Real Estate Development Co., Ltd. (江陰嘉鴻房地產開發有限公司) ("Jiangyin Jia Hong Real Estate"), a 100%-owned subsidiary of the Company, at a total land grant fee of RMB416,720,000. Details of the said contracts are as follows:

No.	Lot No.	Contract No.	Issue Date	Site Area (sq m)
1.	Cheng Di 2017-C-20(A)	3202812017CR0089	November 23, 2017	69,451.00
2.	Cheng Di 2017-C-20(B)	3202812017CR0090	November 23, 2017	69,451.00
			Total:	**138,902.00**

2. Pursuant to the Real Estate Title Certificate — Su (2017) Jiang Yin Shi Bu Dong Chan Quan Di No. 0046103 dated December 12, 2017, the land use rights of a parcel of land with a site area of approximately 138,902.00 sq m have been granted to Jiangyin Jia Hong Real Estate for two concurrent terms expiring on November 22, 2087 for residential use and November 22, 2057 for other commercial service use.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Jiangyin Jia Hong Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Jiangyin Jia Hong Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property; and

iii. Jiangyin Jia Hong Real Estate has fully paid the land grant premium.

4. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB1,300 to RMB1,400 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

In our valuation, we have adopted an accommodation value of about RMB1,400 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
30.	Lot No. TX2017-20, No. 3 West of Wenjiang Road, North of Gensi Road, Taixing, Jiangsu Province, PRC	The property comprises parcel of land with a site area of approximately 56,230.00 sq m. The property is located at Taixing. Developments in the vicinity are dominated by various residential buildings. It takes about a 10-minute drive from the property to the city center of Taixing. According to the information provided by the Group, the property has a planned gross floor area of approximately 123,706.00 sq m. The land use rights of the property have been granted for two concurrent terms expiring on November 26, 2087 for residential use and November 26, 2057 for wholesale & retail, and business financial uses.	As at the valuation date, the property was vacant and pending for future development.	RMB502,000,000 (Renminbi Five Hundred and Two Million) (100% interest attributable to the Group: RMB502,000,000) (Renminbi Five Hundred and Two Million)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No. 3212832017CR0117 dated September 28, 2017, the land use rights of a parcel of land with a site area of approximately 56,230.00 sq m has been granted to Nanjing Hong Yang Rui Shang Real Estate Development Co., Ltd. (南京弘陽瑞尚房地產開發有限公司) at a total land grant fee of RMB498,880,000.

2. Pursuant to the Real Estate Title Certificate — Su (2017) Tai Xing Shi Bu Dong Chan Quan Di No. 0034591 dated November 30, 2017, the land use rights of a parcel of land with a site area of approximately 56,230.00 sq m have been granted to [Taixing Rui Shang Real Estate Development Co., Ltd.] (泰興市瑞尚房地產開發有限公司) ("Taixing Rui Shang Real Estate"), a 100%-owned subsidiary of the Company, for two concurrent terms expiring on November 26, 2087 for residential use and November 26, 2057 for wholesale & retail, and business financial uses.

3. Pursuant to the Construction Land Planning Permit — Tai Gui Hua De Zi No. 321283201700205 dated November 13, 2017, Taixing Rui Shang Real Estate was permitted to use a parcel of land with a site area of approximately 56,230.00 sq m for development.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Taixing Rui Shang Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

    ii. Taixing Rui Shang Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property; and

    iii. Taixing Rui Shang Real Estate has fully paid the land grant premium.

5. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB4,000 to RMB4,600 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB4,100 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
31.	Lot No. XDG-2012-54, Southeast of the junction of Qianzhouwanshou Road and Zhanbei Road, Huishan District, Wuxi, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 85,122.00 sq m. The property is located at Huishan District. Developments in the vicinity are dominated by various residential buildings. It takes about a 30-minute drive from the property to the city center of Wuxi. According to the information provided by the Group, the property has a planned gross floor area of approximately 212,805.00 sq m. The land use rights of the property have been granted for a term expiring on November 21, 2087 for residential use.	As at the valuation date, the property was vacant and pending for future development.	RMB1,036,000,000 (Renminbi One Billion and Thirty Six Million) (100% interest attributable to the Group: RMB1,036,000,000) (Renminbi One Billion and Thirty Six Million)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3202842017CR0051 and its Supplementary Contract dated November 15, 2017 and December 5, 2017, the land use rights of a parcel of land with a site area of approximately 85,122.00 sq m have been granted to Wuxi Xi Yang Real Estate Development Co., Ltd. (無錫熙陽房地產開發有限公司) ("Wuxi Xi Yang Real Estate"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB1,035,000,000.

2. Pursuant to the Real Estate Title Certificate — Su (2018) Wu Xi Shi Bu Dong Chan Quan Di No. 0028113 dated March 2, 2018, the land use rights of a parcel of land with a site area of approximately 85,122.00 sq m have been granted to Wuxi Xi Yang Real Estate for a term expiring on November 21, 2087 for residential use.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Wuxi Xi Yang Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws];

   ii. Wuxi Xi Yang Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property; and

   iii. Wuxi Xi Yang Real Estate has fully paid the land grant premium.

4. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB3,600 to RMB8,200 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB4,900 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
32.	Sunrise Joy Masterpiece Residence (昕悦名邸), Lot No. 320582007019GB00030, South of Xinhuzhong Road, East of Habai Road, Daxin Town, Zhangjiagang, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 47,706.39 sq m. The property is located at Daxin Town. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 25-minute drive to the city center of Zhangjiagang. According to the information provided by the Group, the property will be developed into a residential development, namely Sunrise Joy Masterpiece Residence, with a planned gross floor area of approximately 71,559.86 sq m. The land use rights of the property have been granted for two concurrent terms expiring on November 13, 2087 for residential use and November 13, 2057 for commercial service use.	As at the valuation date, the property was vacant and pending for future development.	RMB236,000,000 (Renminbi Two Hundred and Thirty Six Million) (100% interest attributable to the Group: RMB236,000,000) (Renminbi Two Hundred and Thirty Six Million)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No. 3205822017CR0068 and its Supplementary Contract dated October 10, 2017 and November 6, 2017, the land use rights of a parcel of land with a site area of approximately 47,706.39 sq m have been granted to Zhang Jia Gang Hong Chen Co., Ltd. (張家港弘晨置業有限公司) ("Zhang Jia Gang Hong Chen"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB235,000,000.

2. Pursuant to the State-owned Land Use Rights Certificate — Su (2017) Zhang Jia Gang Shi Bu Dong Chan Quan Di No. 0116827 dated November 21, 2017, the land use rights of a parcel of land with a site area of approximately 47,706.39 sq m have been granted to Zhang Jia Gang Hong Chen for two concurrent terms expiring on November 13, 2087 for residential use and November 13, 2057 for commercial service use.

3. Pursuant to the Construction Land Planning Permit — De Zi Di No. 320582201721028 dated November 22, 2017, Zhang Jia Gang Hong Chen has been permitted to use a parcel of land with a site area of approximately 47,706.39 sq m for development.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320582201731075 dated November 30, 2017, the total approved construction scale is approximately 101,083.45 sq m.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Zhang Jia Gang Hong Chen is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Zhang Jia Gang Hong Chen is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property; and

iii. Zhang Jia Gang Hong Chen has fully paid the land grant premium.

6. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB2,900 to RMB3,900 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB3,300 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
33.	Lot No. 320582001054GB00086, North of Fumin Road, Tangqiao Town, Zhangjiagang, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 36,829.18 sq m. The property is located at Tangqiao Town. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive to the city center of Zhangjiagang. According to the information provided by the Group, the property has a planned gross floor area of approximately 66,292.52 sq m. The land use rights of the property have been granted for two concurrent terms expiring on November 14, 2087 for residential use and November 14, 2057 for commercial service use.	As at the valuation date, the property was vacant and pending for future development.	RMB391,000,000 (Renminbi Three Hundred and Ninety One Million) (50% interest attributable to the Group: RMB195,500,000) (Renminbi One Hundred Ninety Five Million and Five Hundred Thousand)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3205822017CR0059 dated September 13, 2017, the land use rights of a parcel of land with a site area of approximately 36,829.18 sq m have been granted to Suzhou Quan Zhuo Property Co., Ltd. (蘇州全卓置業有限公司) at a land grant fee of RMB390,650,000.

2. Pursuant to the Real Estate Title Certificate — Su (2017) Zhang Jia Gang Shi Bu Dong Chan Quan Di No. 0117128 dated November 23, 2017, the land use rights of a parcel of land with a site area of approximately 36,829.18 sq m have been granted to Zhang Jia Gang Rui Cheng Properties Co., Ltd. (張家港銳誠置業有限公司) ("Zhang Jia Gang Rui Cheng Properties"), a 50%-owned subsidiary of the Company, for two concurrent terms expiring on November 14, 2087 for residential use and November 14, 2057 for commercial service use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320582201721027 dated November 22, 2017, Zhang Jia Gang Rui Cheng Properties was permitted to use the parcel of land with a site area of approximately 36,829.18 sq m for development.

4. Pursuant to the Construction Works Planning Permit — Jian Zi Di No. 320582201731076 dated November 30, 2017, the total approved construction scale is approximately 92,069.04 sq m.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Zhang Jia Gang Rui Cheng Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Zhang Jia Gang Rui Cheng Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property; and

iii. Zhang Jia Gang Rui Cheng Properties has fully paid the land grant premium.

6. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB3,300 to RMB5,400 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB5,900 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
34.	Garden in Times (時光裡花園), Lot No. 030110080067000, Northeast of the junction of Nanqiao Road and Jingzi Road, Nanqiao District, Chuzhou, Anhui Province, PRC	The property comprises a parcel of land with a site area of approximately 89,886.00 sq m. The property is located in Nanqiao District. Developments in the vicinity are dominated by various residential buildings. It takes about a 20-minute drive to the city center of Zhangjiagang and a 25-minute drive to Zhangjiagang Railway Station. According to the information provided by the Group, the property will be developed into a residential development, namely Garden in Times, with a planned gross floor area of approximately 179,728.00 sq m. The land use rights of the property have been granted for two concurrent terms expiring on October 9, 2087 for residential use and October 9, 2057 for wholesale & retail use respectively.	As at the valuation date, the property was vacant and pending for future development.	RMB498,100,000 (Renminbi Four Hundred Ninety Eight Miliion and One Hundred Thousand) (100% interest attributable to the Group: RMB498,100,000) (Renminbi Four Hundred Ninety Eight Miliion and One Hundred Thousand)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — 341100 Chu Rang (2017) No.61 dated July 26, 2017 and its Supplementary Contract dated August 3, 2017, the land use rights of a parcel of land with a site area of approximately 89,886.00 sq m have been granted to Chuzhou Hong Yang] Real Estate Development Co., Ltd. (滁州弘陽房地產開發有限公司) ("Chuzhou Hong Yang Real Estate"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB466,000,000.

2. Pursuant to the Real Estate Title Certificate — Wan (2017) Chu Zhou No. 0037245 dated November 6, 2017, the land use rights of a parcel of land with a site area of approximately 89,886.00 sq m have been granted to Chuzhou Hong Yang Real Estate for two concurrent terms expiring on October 9, 2087 for residential use and October 9, 2057 for wholesale & retail use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 341100201700097 dated August 30, 2017, Chuzhou Hong Yang Real Estate was permitted to use a parcel of land with a site area of approximately 89,886.00 sq m for development.

4. Pursuant to the Construction Works Planning Permit — No. 20170176 dated December 14, 2017, the total approved construction scale is approximately 32,510.15 sq m.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. Chuzhou Hong Yang Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Chuzhou Hong Yang Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property; and

iii. Chuzhou Hong Yang Real Estate has fully paid the land grant premium;

6. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB2,600 to RMB3,700 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB2,800 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
35.	Land Lot No. 2017G57, North of Chengxin Road, West of Qinghuai Lake, Jiangning District, Nanjing, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 58,024.06 sq m. The property is located on the north side of Chengxin Road and the west side of Qinghuai Lake in Jiangning District. Developments in the vicinity are dominated by various residential buildings. It takes about a 40-minute drive from the property to the city center. According to the information provided by the Group, the property will be developed into a residential and commercial development with a planned gross floor area of approximately 69,628.87 sq m. The land use rights of the property have been granted for two concurrent terms expiring on November 27, 2087 for residential use and November 27, 2057 for commercial service use.	As at the valuation date, the property was vacant and pending for future development.	RMB1,400,200,000 (Renminbi One Billion Four Hundred Million and Two Hundred Thousand) (100% interest attributable to the Group: RMB1,400,200,000) (Renminbi One Billion Four Hundred Million and Two Hundred Thousand)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3201212017CR0084 dated November 8, 2017, the land use rights of a parcel of land with a site area of 58,024.06 sq m have been granted to Nanjing Jinhui Real Estate Development Co., Ltd. (南京金匯房地產開發有限公司) and Nanjing Redsun Real Estate Development Co., Ltd (南京紅太陽房地產開發有限公司) ("Nanjing Redsun"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB1,390,000,000.

2. Pursuant to the Real Estate Title Certificate — Su (2017) Ning Jiang Bu Dong Chan Quan Di No. 0224160 dated December 21, 2017, the land use rights of a parcel of land with a site area of approximately 58,024.06 sq m have been granted to Nanjing Rui Sheng Real Estate Development Co., Ltd. (南京鋭晟房地產開發有限公司) ("Nanjing Rui Sheng Real Estate"), a 100%-owned subsidiary of the Company, for two concurrent terms expiring on November 27, 2087 for residential use and November 27, 2057 for commercial service use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320115201710701 dated December 11, 2017, Nanjing Rui Sheng Real Estate was permitted to use a parcel of land with a site area of approximately 58,024.06 sq m for development.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Rui Sheng Real Estate is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Nanjing Rui Sheng Real Estate is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property; and

iii. Nanjing Rui Sheng Real Estate has fully paid the land grant premium.

5. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB16,000 to RMB20,000 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB20,100 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
36.	Changzhou Sangma Land Lot A (常州桑麻A地塊), North of Laodong Middle Road, East of Lihua North Road, Tianning District, Changzhou, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 44,534.85 sq m. The property is located in Tianning District. Developments in the vicinity are dominated by various commercial and residential buildings. It takes about a 10-minute drive to Changzhou Railway Station. According to the information provided by the Group, the property is planned to be developed into a cultural complex with a total gross floor area of approximately 14,765.44 sq m. The land use rights of the property have been granted for two concurrent terms expiring on October 30, 2082 for residential use and October 30, 2052 for other commercial service use respectively.	As at the valuation date, the property was vacant and pending for future development.	RMB44,300,000 (Renminbi Forty Four Million and Three Hundred Thousand) (70% interest attributable to the Group: RMB31,010,000) (Renminbi Thirty One Million and Ten Thousand)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3204012012CR0015 dated February 22, 2012, and its Supplementary Contract, the land use rights of a parcel of land with a site area of approximately 44,534.85 sq m have been granted to Changzhou Sang Ma Culture Expo Park Co., Ltd. (常州桑麻文化博覽園有限公司) ("Changzhou Sang Ma Culture Expo Park"), a 70%-owned subsidiary of the Company, at a land grant fee of RMB235,046,054.

2. Pursuant to two State-owned Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of approximately 44,534.85 sq m have been granted to Changzhou Sang Ma Culture Expo for two concurrent terms expiring on October 30, 2082 for residential use and October 30, 2052 for other commercial service use. Details of the said certificates are as follows:

No.	Certificate No.	Issue Date	Site Area (sq m)
1.	Chang Guo Yong (2013) Di No. 33440	June 20, 2013	44,523.81
2.	Chang Guo Yong (2013) Di No. 33448	June 20, 2013	11.04
		Total:	**44,534.85**

3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320400201500020 dated May 4, 2015, Changzhou Sang Ma Culture Expo was permitted to use a parcel of land with a site area of approximately 44,476 sq m for development.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Changzhou Sang Ma Culture Expo Park] is the owner of the land use rights of the property, which is protected under the PRC laws;

   ii. Changzhou Sang Ma Culture Expo Park] is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property; and

   iii. Changzhou Sang Ma Culture Expo Park] has fully paid the land grant premium.

5. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB2,900 to RMB4,800 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area, time and development restrictions in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB3,000 per sq m, which is consistent with the relevant comparables.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2017
37.	Changzhou Hong Yang Plaza (常州弘陽廣場), West of Changjiang South Road, South of Zhongwu Avenue, Tianning District, Changzhou, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 11,189.21 sq m. The property is located in Tianning District. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive to the Changzhou Station. According to the information provided by the Group, the property will be developed into a office and hotel development, namely Changzhou Hong Yang Plaza, with a planned gross floor area of approximately 47,282.10 sq m. The land use rights of the property have been granted for two concurrent terms expiring on October 7, 2053 for business finance use and October 7, 2083 for residential use respectively.	As at the valuation date, the property was vacant and pending for development.	RMB205,700,000 (Renminbi Two Hundred Five Million and Seven Hundred Thousand) (100% interest attributable to the Group: RMB205,700,000) (Renminbi Two Hundred Five Million and Seven Hundred Thousand)

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract — No. 3204012012CR0096 dated September 10, 2012 and its Supplementary Contract dated October 30, 2012, the land use rights of a parcel of land with a site area of approximately 43,590.00 sq m have been granted to Changzhou Hong Yang Plaza Properties Co., Ltd. (常州弘陽廣場置業有限公司) ("Changzhou Hong Yang Plaza Properties"), a 100%-owned subsidiary of the Company, at a land grant fee of RMB242,000,000.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — Chang Guo Yong (2013) Di No. 55231 dated October 28, 2013, the land use rights of a parcel of land with a site area of approximately 43,590.00 sq m have been granted to Changzhou Hong Yang Plaza Properties for two concurrent terms expiring on October 7, 2053 for business finance use and October 7, 2083 for residential use.

   As advised by the Group, the property only comprises portion of the land parcel as stated in the State-owned Land Use Rights Certificate mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Changzhou Hong Yang Plaza Properties is the owner of the land use rights of the property, which is protected under the PRC laws;

ii. Changzhou Hong Yang Plaza Properties is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the property;

iii. Changzhou Hong Yang Plaza Properties has fully paid the land grant premium;

iv. the property is subject to a mortgage in favor of Ping An Bank Co., Ltd. Nanjing Branch; and

v. Changzhou Hong Yang Plaza Properties] is entitled to transfer, lease, re-mortgage or by other legal means to dispose of the mortgaged portion of the property after obtaining the consent from the mortgagee.

4. In undertaking our valuation of the property, we have made reference to various land transactions which have characteristics comparable to the property. The accommodation values of the land transactions are in the range between RMB4,500 to RMB4,800 per sq m. Due adjustments to the unit rates of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at the key assumptions.

   In our valuation, we have adopted an accommodation value of about RMB4,350 per sq m, which is consistent with the relevant comparables.

Category B — Investment Value (Non-market value basis)

Group VII — Property held by the Group for operation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Investment value in existing state as at December 31, 2017
38.	Block B2 of Nanjing Hong Yang Plaza (南京弘陽廣場), No. 48 Daqiao Bei Road, Pukou District, Nanjing, Jiangsu Province, PRC	Nanjing Hong Yang Plaza ("the Development") is a commercial development erected on a parcel of land with a site area of approximately 230,870.76 sq m. The Development is located at northeast corner of the junction between Daqiao Bei Road and Taida Road. It is close to the bus station. Developments in the vicinity are dominated by retail and residential developments. The property comprises Block B2 of the Development. It is a 2-storey entertainment complex with a gross floor area of approximately 27,456.25 sq m. As advised by the Group, the property was completed in 2011 and is currently under renovation. The land use rights of the property have been granted for a term expiring on October 31, 2042 for commercial use.	As at the valuation date, the property was under renovation.	RMB109,000,000 Renminbi One Hundred and Nine Million (100% interest attributable to the Group: RMB109,000,000 Renminbi One Hundred and Nine Million) (This is not a commercial value and see Note 9)

Notes:

1. Pursuant to a Building Ownership Certificate No. Su (2017) Ning Pu Bu Dong Chan Quan No. 0002145 dated January 9, 2017, the building ownership of the property with a total gross floor area of approximately 334,898.37 sq m and the corresponding land use rights is vested in Nanjing Redsun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) ("Nanjing Redsun"), a 100%-owned subsidiary of the Company.

2. Pursuant to Business License 9132011167132273X6 dated December 16, 2016, Nanjing Hong Yang Commercial Management Company Limited was established as a limited company with a registered capital of RMB5,000,000 for an operation period commencing on September 29, 2012 to March 16, 2038.

3. As advised by the Group, the total paid renovation cost of the property as at the valuation date was approximately RMB46,980,000 and the estimated outstanding renovation cost for completion of the property will be approximately RMB212,190,000. We have taken into account the aforesaid amounts in our valuation.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Redsun is the owner of the property, which is protected under the PRC laws; and

   ii. the property cannot be freely transferred.

5. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rent of these comparables are in a range between RMB90 per sq m per month to RMB121 per sq m per month for retail units (1/F). Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

   In our valuation, we have adopted an average unit rent of about RMB115 per sq m for retail units (1/F), which is consistent with the relevant comparables.

6. Based on our market research, the market yields of comparable retail development are in a range between 4.2% to 5.5% as at the valuation date. Due adjustment to the market yield of these comparable have been made to reflect factors including but not limited to location, size and quality in arriving at the key assumption.

   In our valuation, we have adopted a capitalization rate of 4.5% for retail units, which is consistent with the relevant comparables.

7. We have attributed no commercial value, i.e. market value to the property as the transferability of the property is restricted. However, for the Group's management reference, we have reported the investment value of the property in its existing state to the Group.

Group VIII — Property held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Investment value in existing state as at December 31, 2017
39.	Portion of Nanjing Hong Yang Plaza (南京弘陽廣場), No. 48 Daqiao Bei Road, Pukou District, Nanjing, Jiangsu Province, PRC	Nanjing Hong Yang Plaza ("the Development") is a commercial development erected on a parcel of land with a site area of approximately 230,870.76 sq m. The Development is located at northeast corner of the junction between Daqiao Bei Road and Taida Road. It is close to the bus station. Developments in the vicinity are dominated by retail and residential developments. The property comprises 8 retail blocks and basement car parking spaces of the Development with a total gross floor area of approximately 435,163.95 sq m. The usage and breakdown of the gross floor area are as follows:	As at the valuation date, Blocks A1 to A4 and C1 to C3 of the property were subject to various tenancies with the latest one due to expire on May 15, 2031. Block B1 of the property was undergoing renovation as at the valuation date.	RMB7,713,000,000 (Renminbi Seven Billion Seven Hundred and Thirteen Million) (100% interest attributable to the Group: RMB7,713,000,000 (Renminbi [Seven Billion Seven Hundred and Thirteen Million]) (This is not a commercial value and see Note 6)

Blocks	Usage	Approximate Gross Floor Area (sq m)
A1	commercial	64,771.91
A2	commercial	55,250.53
A3	commercial	75,973.90
A4	commercial	44,902.01
B1	commercial	66,543.07
C1	commercial	46,603.00
C2	commercial	13,003.18
C3	commercial	38,322.62
Basement	car parking spaces	29,793.73
Total:		**435,163.95**

As advised by the Group, the property was completed in stages between 2008 and 2016.

The land use rights of the property have been granted for a term expiring on October 31, 2042 for commercial use.

Notes:

1. Pursuant to five Building Ownership Certificates, the building ownership of the property with a gross floor area of approximately 462,620.90 sq m and the corresponding land use rights are vested in Nanjing Redsun Real Estate Development

Co., Ltd. (南京紅太陽房地產開發有限公司) ("Nanjing Redsun"), a 100%-owned subsidiary of the Company. Details of the said certificates are as follows:

No.	Building	Certificate No.	Issue Date	Gross Floor Area (sq m)	Usage
1.	A1, A2, A3, A4, B1 and B2	Su (2017) Ning Pu Bu Dong Chan Quan Di No. 0002145	January 9, 2017	334,898.37	Retail, car park
2.	C1	Ning Fang Quan Zheng Pu Chu Zi Di No. 326182	June 17, 2011	46,603.00	Retail
3.	Basement of C1&C2	Ning Fang Quan Zheng Pu Chu Zi Di No. 326185	June 17, 2011	29,793.73	Basement
4.	C2	Ning Fang Quan Zheng Pu Chu Zi Di No. 326184	June 17, 2011	13,003.18	Retail
5.	C3	Ning Fang Quan Zheng Pu Chu Zi Di No. 341971	November 23, 2011	38,322.62	Retail
			Total:	**462,620.90**	

2. As advised by the Group, the total renovation cost of B1 of the property as at the valuation date was approximately RMB37,560,000 and the estimated outstanding renovation cost for completion of the property will be approximately RMB243,580,000. We have taken into account the aforesaid amounts in our valuation.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Nanjing Redsun is the owner of the property, which is protected under the PRC laws;

   ii. the property is subject to various mortgages; and

   iii. the property cannot be freely transferred.

4. In undertaking our valuation of the property, we have made reference to market comparables of similar developments which have characteristics comparable to the property. The unit rents of these comparables are in a range between RMB187 per sq m to RMB252 per sq m per month for retail units (1/F). Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor difference and quality in arriving at the key assumptions.

   In our valuation, we have adopted an average unit rent of about RMB190 per sq m per month for retail units (1/F), which is consistent with the relevant comparables.

5. Based on our market research, the market yields of comparable retail developments are in a range between 4.2% to 5.5% as at the valuation date. Due adjustments to the market yield of these comparables have been made to reflect factors including but not limited to location, size and quality in arriving at the key assumptions.

In our valuation, we have adopted a capitalization rate of 4.5% for retail units, which is consistent with the relevant comparables.

6. We have attributed no commercial value, i.e. market value to the property as the transferability of the property is restricted. However, for the Group's management reference, we have reported the investment value of the property in its existing state to the Group.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 21, 2017 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [date]. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) ***Alteration of capital***

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

(iv) ***Transfer of shares***

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register.

All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) ***Power of the Company to purchase its own shares***

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) ***Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) ***Calls on shares and forfeiture of shares***

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or installment of a call on the day appointed for payment, the Board may, for so long as any part of the call or installment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) **Directors**

(i) ***Appointment, retirement and removal***

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) ***Power to allot and issue shares and warrants***

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) ***Power to dispose of the assets of the Company or any of its subsidiaries***

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) ***Borrowing powers***

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) ***Remuneration***

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) ***Compensation or payments for loss of office***

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) ***Loans and provision of security for loans to Directors***

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) ***Disclosure of interest in contracts with the Company or any of its subsidiaries***

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(c) **Proceedings of the Board**

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(d) **Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(e) **Meetings of member**

(i) ***Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) ***Voting rights and right to demand a poll***

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorized corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorized as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized in accordance with this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) ***Annual general meetings***

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorized by the Stock Exchange at such time and place as may be determined by the Board.

(iv) ***Notices of meetings and business to be conducted***

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) ***Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) ***Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorized officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(f) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorized by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarized financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(g) **Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by check or warrant sent through the post. Every such check or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending checks for dividend entitlements or dividend warrants by post if such checks or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a check or warrant is returned undelivered.

(h) **Inspection of corporate records**

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(i) **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(j) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed pari passu among such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(k) **Subscription rights reserve**

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on December 21, 2017 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) **Company operations**

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) **Share capital**

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) **Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorize the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as canceled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either canceled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) **Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) **Disposal of assets**

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) **Accounting and auditing requirements**

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities. Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from February 8, 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) **Inspection of corporate records**

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) **Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) **Register of Directors and officers**

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) **Winding up**

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) **Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on December 21, 2017. Our Company has established a place of business in Hong Kong at 18/F., Tesbury Center, 28 Queen's Road East, Wanchai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 26, 2018. Ms. Ko Nga Kit of 18/F., Tesbury Center, 28 Queen's Road East, Wanchai, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

The operation of our Company is subject to the Companies Law and its constitution, which comprises the Memorandum and Articles. A summary of certain provisions of the Articles and relevant aspects of the Companies Law is set forth in Appendix [IV] to this document.

2. Changes in the share capital of our Company

The authorized share capital of our Company as of the date of its incorporation was HK$ 380,000 divided into 38,000,000 Shares of HK$0.01 each.

On December 21, 2017, one Share was allotted and issued to Walkers Nominees Limited as the initial subscriber. On the same day, the Share was transferred to Mr. Zeng.

On March 1, 2018, 99 Shares were allotted and issued to Redsun Properties Group (Holdings).

Immediately following the **[REDACTED]** and completion of the **[REDACTED]** but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme, the issued share capital of our Company will be HK$**[REDACTED]** divided into **[REDACTED]** Shares, all fully paid or credited as fully paid, and **[REDACTED]** Shares will remain unissued.

Save for the aforesaid and as mentioned in the paragraph headed "3. Resolutions in writing of our sole Shareholder passed on [●], 2018" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of our sole Shareholder passed on [●], 2018

(i) Pursuant to the resolutions in writing of our sole Shareholder passed on [●], 2018:

(a) our Company approved and adopted the Articles which will come into effect upon **[REDACTED]**;

(b) the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$[1,000,000,000] divided into [100,000,000,000] Shares by the creation of our additional [99,962,000,000] Shares;

(c) conditional on (i) the Listing Committee of the Stock Exchange granting the approval for the **[REDACTED]** of, and permission to deal in, the Shares in issue and the Shares to be issued (pursuant to the **[REDACTED]**, the **[REDACTED]** and the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Scheme Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme); and (ii) the obligations of the **[REDACTED]** under the **[REDACTED]** becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the **[REDACTED]**) (on behalf of the **[REDACTED]**) and the **[REDACTED]** not being terminated in accordance with their terms or otherwise:

   (i) the **[REDACTED]**, the **[REDACTED]** and **[REDACTED]** were approved and our Directors were authorized to effect the same and to allot and issue new Shares pursuant to the **[REDACTED]** and the **[REDACTED]**;

   (ii) the proposed **[REDACTED]** was approved and our Directors were authorized to implement the **[REDACTED]**; and

   (iii) the rules of the Post-**[REDACTED]** Share Option Scheme, the principal terms of which are set forth in the paragraph headed "D. Other Information — 2. Post-**[REDACTED]** Share Option Scheme" in this appendix, were approved and adopted with effect from the **[REDACTED]** and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Post-**[REDACTED]** Share Option Scheme and to take all such actions as may be necessary and/or desirable to implement and give effect to the Post-**[REDACTED]** Share Option Scheme;

(d) subject to the share premium account of our Company being credited as a result of the issue of **[REDACTED]** pursuant to the **[REDACTED]**, our Directors were authorized to allot and issue a total of **[REDACTED]** Shares credited as fully paid at par value to the holders of Shares on the register of members of our Company at the close of business on the business day immediately preceding the **[REDACTED]** (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of **[REDACTED]** of the sum of HK$**[REDACTED]** standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares;

(e) a general unconditional mandate was granted to our Directors to, inter alia, allot, issue and deal with Shares, securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares or such convertible securities with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the **[REDACTED]** referred to in sub-paragraph (d) above and completion of the **[REDACTED]**.

This mandate does not cover Shares to be allotted, issued or dealt with under a rights issue, any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, specific authority granted by the Shareholders in general meeting or upon the exercise of the **[REDACTED]** and options granted under the Pre-**[REDACTED]** Share Option Scheme and options which may be granted under the Post-**[REDACTED]** Share Option Scheme. Such mandate will expire:

(i) at the conclusion of the next annual general meeting of our Company;

(ii) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles; or

(iii) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever occurs first;

(f) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the **[REDACTED]** and completion of the **[REDACTED]** (excluding Shares which may be allotted and issued upon the exercise of the **[REDACTED]** and options granted under the Pre-**[REDACTED]** Share Option Scheme and options which may be granted under the Post-**[REDACTED]** Share Option Scheme).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and which are in accordance with all applicable laws and regulations. Such mandate will expire:

(i) at the conclusion of the next annual general meeting of our Company;

(ii) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles; or

(iii) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever occurs first; and

(g) the general unconditional mandate as mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (f) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the **[REDACTED]** and completion of the **[REDACTED]**, excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]** and options granted under the Pre-**[REDACTED]** Share Option Scheme and options which may be granted under the Post-**[REDACTED]** Share Option Scheme).

4. **Reorganization**

The companies comprising our Group underwent the Reorganization in preparation for the **[REDACTED]**. Please refer to the section headed "History, Reorganization and Group Structure" for further details.

5. **Changes in the share capital of our subsidiaries**

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document:

Redsun Properties Investment (Holdings)

On December 22, 2107, Redsun Properties Investment (Holdings) was incorporated under the laws of the BVI with limited liability and is authorized to issue a maximum of 50,000 ordinary shares of USD 1 each. On the same day, it allotted and issued one ordinary share to Mr. Zeng.

On March 1, 2018, Redsun Properties Investment (Holdings) allotted and issued 99 ordinary shares to our Company.

Hong Yang Properties Investment

On January 22, 2018, Hong Yang Properties Investment was incorporated under the laws of Hong Kong with limited liability. On the same day, it allotted and issued one ordinary share to Redsun Properties Investment (Holdings).

On March 22, 2018, Hong Yang Properties Investment allotted and issued 99 ordinary shares to Redsun Properties Investment (Holdings).

Nanjing Redsun

On November 25, 2016, the registered capital of Nanjing Redsun was increased from RMB200,946,211 to RMB340,446,211.

On August 8, 2017, the registered capital of Nanjing Redsun was increased from RMB340,446,211 to RMB540,446,211.

On November 29, 2017, the registered capital of Nanjing Redsun was increased from RMB540, 446,211 to RMB1,990,446,211.

Changzhou Hong Yang Business Management

On August 15, 2017, Changzhou Hong Yang Business Management was established in the PRC as a limited liability company with a registered capital of RMB5 million.

Nanjing Hong Yu Life Services

On May 27, 2017, Nanjing Hong Yu was established in the PRC as a limited liability company with a registered capital of RMB 5 million.

On November 17, 2017, the registered capital of Nanjing Hong Yu was increased to RMB 50 million.

Jiangsu Run Hong

On October 30, 2017, Jiangsu Run Hong was established in the PRC as a limited liability company with a registered capital of RMB10 million.

Suzhou Hong Yang Land

On May 12, 2016, the registered capital of Suzhou Hong Yang Land was increased from RMB20 million to RMB120 million.

Suzhou Hong Yang Investment

On October 8, 2016, Suzhou Hong Yang Investment was established in the PRC as a limited liability company with a registered capital of RMB100 million.

Zhang Jia Gang Hong Chen

On October 20, 2017, Zhang Jia Gang Hong Chen was established in the PRC as a limited liability company with a registered capital of RMB20 million.

Ju Rong Zi Jin Real Estate

On July 18, 2017, the registered capital of Ju Rong Zi Jin Real Estate was increased from RMB 48 million to RMB100 million.

Nanjing Hong Che Real Estate

On February 6, 2017, Nanjing Hong Che was established in the PRC as a limited liability company with a registered capital of RMB1 million.

Jiangsu Tuo Si Le Construction Material

On September 29, 2017, Jiangsu Tuo Si Le was established in the PRC as a limited liability company with a registered capital of RMB10 million.

Laian Hong Jia Real Estate

On June 1, 2017, Laian Hong Jia was established in the PRC as a limited liability company with a registered capital of RMB1,740,000.

Chuzhou Hong Yang Real Estate

On August 1, 2017, Chuzhou Hong Yang was established in the PRC as a limited liability company with a registered capital of RMB20 million.

Xicang Si De Rui Construction Management

On October 20, 2017, Xicang Si De Rui was established in the PRC as a limited liability company with a registered capital of RMB10 million.

Jiangyin Jia Hong Real Estate

On November 7, 2017, Jiangyin Jia Hong was established in the PRC as a limited liability company with a registered capital of RMB20 million.

Nanjing De Xuan Properties

On July 21, 2017, Nanjing De Xuan Properties was established in the PRC as a limited liability company with a registered capital of RMB4 million.

Wuhan Hong Yang Han Dou Real Estate

On September 22, 2017, Wuhan Hong Yang Han Dou Real Estate was established in the PRC as a limited liability company with a registered capital of RMB20 million.

Nanjing Lin Rui Properties

On March 9, 2017, Nanjing Lin Rui Properties was established in the PRC as a limited liability company with a registered capital of RMB5 million.

Nantong Jin Li Properties

On June 5, 2017, Nantong Jin Li Properties was established in the PRC as a limited liability company with a registered capital of RMB5 million.

On August 25, 2017, the registered capital of Nantong Jin Li Properties was increased from RMB5 million to RMB8 million.

Nanjing Rui Sheng Real Estate

On November 8, 2017, Nanjing Rui Sheng Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10 million.

Wuxi Xu Yang Real Estate

On November 21, 2017, Wuxi Xu Yang Real Estate was established in the PRC as a limited liability company with a registered capital of RMB20 million.

Zhang Jia Gang Rui Sheng Properties

On September 22, 2017, Zhang Jia Gang Rui Sheng Properties was established in the PRC as a limited liability company with a registered capital of RMB50 million.

Changzhou Xu Jing Properties

On February 21, 2017, Changzhou Xu Jing Properties was established in the PRC as a limited liability company with a registered capital of RMB20 million.

On October 21, 2017, the registered capital of Changzhou Xu Jing Properties was increased from RMB20 million to RMB40 million.

Changzhou Jin Tan Xu Run Properties

On June 9, 2017, Changzhou Jin Tan Xu Run Properties was established in the PRC as a limited liability company with a registered capital of RMB20 million.

Anhui Hong Lan Real Estate

On November 9, 2016, Anhui Hong Lan Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10 million.

On May 19, 2017, the registered capital of Anhui Hong Lan Real Estate was increased from RMB10 million to RMB406 million.

Jiangsu Jun Ke Engineering Technology

On February 28, 2017, Jiangsu Jun Ke Construction Technology was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Suzhou Quan Zhou Engineering Technology

On February 16, 2017, Suzhou Quan Zhou Engineering Technology was established in the PRC as a limited liability company with a registered capital of RMB20 million.

On December 14, 2017, the registered capital of Suzhou Quan Zhou Engineering Technology was increased from RMB20 million to RMB50 million.

Taixing Rui Shang Real Estate

On October 17, 2017, Taixing Rui Shang Real Estate was established in the PRC as a limited liability company with a registered capital of RMB8 million.

On December 12, 2017, the registered capital of Taixing Rui Shang Real Estate was increased from RMB8 million to RMB20 million.

Laian Jin Hong Xin Real Estate

On June 7, 2017, Laian Jin Hong Xin Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10 million.

Jiangsu Mao Hong Corporate Management

On June 16, 2017, Jiangsu Mao Hong Corporate Management was established in the PRC as a limited liability company with a registered capital of RMB400 million.

Wuhan Hong Yang Jin Huang Properties

On November 17, 2017, Wuhan Hong Yang Jin Huang Properties was established in the PRC as a limited liability company with a registered capital of RMB20 million.

Zhong Shan Ding Real Estate Development

On November 10, 2017, Zhong Shan Ding Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10 million.

Zhong Shan Hong Dou Real Estate Development

On January 22, 2018, Zhong Shan Hong Dou Real Estate was established in the PRC as a limited liability company with a registered capital of RMB8.88 million.

Zhong Shan Hong Long Real Estate Development

On December 21, 2017, Zhong Shan Hong Long Real Estate was established in the PRC as a limited liability company with a registered capital of RMB8.98 million.

6. **Particulars of our subsidiaries**

Particulars of our subsidiaries are set forth in "II. Notes to the Historical Financial Information — 1." to the Accountant's Report, the text of which is set forth in Appendix I to this document.

7. **Repurchase of Shares by our Company**

(a) ***Provisions of the Listing Rules***

The Listing Rules permit companies whose primary listings are on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) *Shareholders' approval*

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(*Note*: Pursuant to the resolutions in writing of our sole Shareholder passed on [●], a general unconditional mandate (the "**Buyback Mandate**") was granted to our Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the **[REDACTED]** and completion of the **[REDACTED]** (excluding Shares which may be issued upon the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme]), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.)

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

(b) ***Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) ***Funding of repurchases***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits or share premium of our Company or from the proceeds of a fresh issue of shares made for the purpose of the purchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this document in the event that the Buyback Mandate is exercised in full.

(d) ***Share capital***

Exercise in full of the Buyback Mandate, on the basis of **[REDACTED]** Shares in issue immediately after the **[REDACTED]** (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]**

Share Option Scheme), could accordingly result in up to **[REDACTED]** Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

(e) ***General***

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Code**"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of the increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following the **[REDACTED]** and completion of the **[REDACTED]**, then, taking no account of any Shares which may be allotted and issued upon the exercise of the **[REDACTED]** and options granted under the Pre-**[REDACTED]** Share Option Scheme and options which may be granted under the Post-**[REDACTED]** Share Option Scheme, the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be **[REDACTED]** Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The shareholding percentage of Redsun Holdings, a Controlling Shareholder, will increase to approximately **[REDACTED]**% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. In the event that the Buyback Mandate is exercised in full, the number of Shares held by the public would fall below 25% of the total number of Shares in issue. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue may only be implemented with the approval of the Stock Exchange to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of our business) have been entered into by us within the two years preceding the date of this document and are or may be material:

(1) a share swap agreement dated December 18, 2017 entered into between Nanjing Redsun and Redsun Materials City, pursuant to which Nanjing Redsun would transfer its entire equity interest in Wuxi Hong Yang Business Management to Redsun Materials City and Redsun Materials City would transfer its entire equity interest in Jiangsu Mao Hong Corporate Management to Nanjing Redsun and pay Nanjing Redsun a sum of RMB374.13 million in cash;

(2) an equity transfer agreement dated February 6, 2018 entered into between our Company and Redsun Properties Group (Holdings), pursuant to which Redsun Properties Group (Holdings) agreed to transfer its entire equity interest in Nanjing Redsun to our Company and our Company agreed to acquire the entire equity interest in Nanjing Redsun;

(3) the deed of indemnity dated [●] as described in the subsection headed "— D. Other Information — 3. Tax and Other Indemnity" in this appendix;

(4) the Deed of Non-Competition (as defined in the section headed "Relationship with Controlling Shareholders" in this document); and

(5) the **[REDACTED]**.

2. Intellectual property rights of our Group

Trademarks

(a) *Trademarks for which registration has been granted*

(i) As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registration No.	Registered Owner	Class[1]	Valid Period
1		PRC	6313177	Nanjing Redsun	2	July 14, 2010 to July 13, 2020
2		PRC	6313179	Nanjing Redsun	6	March 28, 2010 to March 27, 2020
3		PRC	6313180	Nanjing Redsun	8	May 7, 2010 to May 6, 2020
4		PRC	6313181	Nanjing Redsun	9	May 7, 2010 to May 6, 2020
5		PRC	6313184	Nanjing Redsun	14	March 28, 2010 to March 27, 2020
6		PRC	6313168	Nanjing Redsun	20	March 28, 2010 to March 27, 2020
7		PRC	6313169	Nanjing Redsun	21	March 28, 2010 to March 27, 2020
9		PRC	10057922	Wuxi Su Yuan	37	July 7, 2013 to May 6, 2018
10		PRC	10057888	Wuxi Su Yuan	36	December 7, 2012 to December 6, 2022

No.	Trademark	Place of registration	Registration No.	Registered Owner	Class(1)	Valid Period
11	RSUN THE LAKEFORT 弘阳三万顷	PRC	10061575	Wuxi Su Yuan	42	December 7, 2012 to December 6, 2022

Notes:

(1) *For details of the classification of goods for trademarks, please see the paragraph headed "— B. Further Information About Our Business — 2. Intellectual Property Rights of our Group — Trademarks — (c) Classification of goods for trademarks" in this appendix.*

(ii) As of the Latest Practicable Date, we had the right to use the following licensed trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registration /application No.	Licensor	Licensee	Class(1)	Effective date of the license	Valid period
1	RSUN	Hong Kong	301187532	Hong Yang Group Company	our Company	1, 2, 6, 19, 20, 35, 36, 37, 39, 42, 43	August 25, 2008	August 24, 2018
2	弘阳	Hong Kong	301187541	Hong Yang Group Company	our Company	6, 19, 35, 36, 37, 39	August 25, 2008	August 24, 2018
3	RSUN	PRC	6313189	Hong Yang Group Company	our Company	39	[●]	June 27, 2020
4	RSUN	PRC	6313191	Hong Yang Group Company	our Company	41	[●]	June 27, 2020
5	RSUN	PRC	6313126	Hong Yang Group Company	our Company	36	[●]	March 27, 2020
6	RSUN	PRC	6313192	Hong Yang Group Company	our Company	42	[●]	June 27, 2020
7	RSUN	PRC	6920972	Hong Yang Group Company	our Company	39	[●]	February 20, 2021

No.	Trademark	Place of registration	Registration /application No.	Licensor	Licensee	Class(1)	Effective date of the license	Valid period
8	RSUN	PRC	6920974	Hong Yang Group Company	our Company	36	[●]	February 27, 2021
9	RSUN	PRC	6920973	Hong Yang Group Company	our Company	37	[●]	September 6, 2023
10	RSUN	PRC	10935101	Hong Yang Group Company	our Company	36	[●]	September 6, 2023
11	RSUN	PRC	6920990	Hong Yang Group Company	our Company	41	[●]	February 20, 2021
12	RSUN	PRC	10935102	Hong Yang Group Company	our Company	37	[●]	October 6, 2023
13	rsun	PRC	11078072	Hong Yang Group Company	our Company	45	[●]	October 27
14	rsun	PRC	10935106	Hong Yang Group Company	our Company	36	[●]	September 6, 2023
15	弘阳	PRC	10935097	Hong Yang Group Company	our Company	43	[●]	September 6, 2023
16	弘阳	PRC	10935099	Hong Yang Group Company	our Company	45	[●]	September 6, 2023
17	弘阳	PRC	17716352	Hong Yang Group Company	our Company	35	[●]	October 6, 2026
18	弘阳	PRC	6994598	Hong Yang Group Company	our Company	39	[●]	October 13, 2020

No.	Trademark	Place of registration	Registration /application No.	Licensor	Licensee	Class[1]	Effective date of the license	Valid period
19	弘阳	PRC	11078076	Hong Yang Group Company	our Company	36	[●]	October 27, 2023
20	弘阳	PRC	6984235	Hong Yang Group Company	our Company	37	[●]	June 20, 2020
21	弘阳	PRC	10935098	Hong Yang Group Company	our Company	44	[●]	September 6, 2023
22	弘阳	PRC	6984233	Hong Yang Group Company	our Company	35	[●]	August 13, 2020
23	弘阳	PRC	6984237	Hong Yang Group Company	our Company	41	[●]	October 6, 2020
24	弘阳	PRC	6984251	Hong Yang Group Company	our Company	3	[●]	June 6, 2020
25	弘阳	PRC	6984213	Hong Yang Group Company	our Company	43	[●]	July 20, 2020
26	弘阳	PRC	6984238	Hong Yang Group Company	our Company	42	[●]	October 6, 2020
27	弘阳	PRC	6984234	Hong Yang Group Company	our Company	36	[●]	June 20, 2020
28	弘阳	PRC	11078077	Hong Yang Group Company	our Company	35	[●]	October 27, 2023
29	弘阳·欢乐世界	PRC	15208264	Hong Yang Group Company	Our Company	41	[●]	October 6, 2025

No.	Trademark	Place of registration	Registration /application No.	Licensor	Licensee	Class(1)	Effective date of the license	Valid period
30	RSUN	PRC	17716395	Hong Yang Group Company		35, 43	—(Note 2)	—(Note 2)
31	RSUN	PRC	15207837	Hong Yang Group Company		35, 43	—(Note 3)	—(Note 3)

Note:

(1) For details of the classification of goods for trademarks, please refer to the paragraph headed "— B. Further Information About Our Business — 2. Intellectual Property Rights of our Group — Trademarks — (c) Classification of goods for trademarks" in this appendix.

(2) The trademark expired on November 22, 2016, and is currently under the process of a renewal application.

(3) The trademark expired on April 13, 2017, and is currently under the process of a renewal application.

(b) *Trademarks under application*

As of the Latest Practicable Date, we had one pending application for the registration of a trademark which we consider to be or may be material to our business:

No.	Trademark	Applicant	Class(1)	Application No.	Application Date
1	RSUN THE LAKEFORT 弘陽三萬頃	Wuxi Su Yuan	35, 36, 37, 43	26978553	October 19, 2017

Note:

(1) *For details of the classification of goods for trademarks, please refer to the paragraph headed "— B. Further Information About Our Business — 2. Intellectual Property Rights of our Group — Trademarks — (c) Classification of goods for trademarks" in this appendix.*

(c) *Classification of goods for trademarks*

The table below sets out the classification of goods for trademarks (the detailed classification in relation to the relevant trademarks depends on the details set out in the relevant trademark certificates and may differ from the list below):

Class Number	Goods
1	Chemicals for use in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; fire extinguishing and fire prevention compositions; tempering and soldering preparations; substances for tanning animal skins and hides; adhesives for use in industry; putties and other paste fillers; compost, manures, fertilizers; biological preparations for use in industry and science.
2	Paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; colorants, dyes; inks for printing, marking and engraving; raw natural resins; metals in foil and powder form for use in painting, decorating, printing and art.
3	Non-medicated cosmetics and toiletry preparations; non-medicated dentifrices; perfumery, essential oils; bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations.
6	Common metals and their alloys, ores; metal materials for building and construction; transportable buildings of metal; non-electric cables and wires of common metal; small items of metal hardware; metal containers for storage or transport; safes.
8	Hand tools and implements, hand-operated; cutlery; side arms, except firearms; razors.
9	Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; compact discs, DVDs and other digital recording media; mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment, computers; computer software; fire-extinguishing apparatus.
14	Precious metals and their alloys; jewellery, precious and semi-precious stones; horological and chronometric instruments.
19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal.

Class Number	Goods
20	Furniture, mirrors, picture frames; containers, not of metal, for storage or transport; unworked or semi-worked bone, horn, whalebone or mother-of-pearl; shells; meerschaum; yellow amber.
21	Household or kitchen utensils and containers; cookware and tableware, except forks, knives and spoons; combs and sponges; brushes, except paintbrushes; brush-making materials; articles for cleaning purposes; unworked or semi-worked glass, except building glass; glassware, porcelain and earthenware.
35	Advertising; business management; business administration; office functions.
36	Insurance; financial affairs; monetary affairs; real estate affairs.
37	Building construction; repair; installation services.
39	Transport; packaging and storage of goods; travel arrangement.
41	Education; providing of training; entertainment; sporting and cultural activities.
42	Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.
43	Services for providing food and drink; temporary accommodation.
44	Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.
45	Legal services; security services for the physical protection of tangible property and individuals; personal and social services rendered by others to meet the needs of individuals.

Domain Names

As of the Latest Practicable Date, we have registered the following domain name which we consider to be or may be material to our business:

Domain Name	Registrant	Registration Date	Expiration Date
www.rsunproperty.hk	our Company	March 28, 2018	March 27, 2023

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) ***Disclosure of interest — interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations***

Immediately following the **[REDACTED]** and completion of the **[REDACTED]**, assuming that the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme are not exercised, the interest or short position of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once the Shares are listed, are as follows:

Interests in Shares of our Company

Name of Director	Nature of interest	Number of Shares(1)	Percentage of shareholding(1)
Mr. Zeng(2)	Interest in controlled corporation	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** (assuming none of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme are exercised).

(2) Redsun Properties Group (Holdings) is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) (a company wholly owned by Mr. Zeng) and Mr. Zeng, respectively. Accordingly, each of Hong Yang Group Company, Hong Yang International, Hong Yang Group (Holdings) and Mr. Zeng is deemed to be interested in the Shares held by Redsun Properties Group (Holdings) by virtue of the SFO.

(b) ***Particulars of service contracts and letters of appointment***

Each of Mr. Zeng and Mr. He Jie, being our executive Directors, entered into a service contract with our Company on [●]. Each service contract is for an initial term of three years commencing from the **[REDACTED]**.

Each of Mr. Jiang Daqiang, Mr. Zhang Liang and Mr. Zhang Hongwn, being our non-executive Directors, and each of Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Auyeung Po Fung, being our independent non-executive Directors, entered into a letter of appointment with our Company on [●]. Each letter of appointment is for an initial term of three years commencing from the **[REDACTED]**.

(c) ***Directors' remuneration***

The aggregate amount of remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances, benefits-in-kind and discretionary bonuses) paid to our Directors for the three years ended December 31, 2017 was RMB4,144,000.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended December 31, 2017.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended December 31, 2017 by any member of our Group to any of our Directors.

Our independent non-executive Directors have been appointed for a term of three years. Our Company intends to pay a director's fee of RMB200,000 per annum to each of the independent non-executive Directors.

Under the arrangements currently in force, the aggregate amount of remuneration payable by our Group to our Directors for the year ended December 31, 2018 will be approximately RMB14,400,000. During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the three years ended December 31, 2017 for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

Further details of the terms of the above service contracts are set forth in the paragraph headed "C. Further Information About Our Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts and letters of appointment" in this appendix.

2. **Substantial Shareholders**

(a) So far as our Directors are aware, immediately following the **[REDACTED]** and completion of the **[REDACTED]**, assuming that the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme are not exercised, the following persons (other than our Directors and chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares	Percentage of shareholding
Redsun Properties Group (Holdings)(Note 1)	Beneficial owner	**[REDACTED]**	**[REDACTED]**
Hong Yang Group Company(Note 1)	Interest in controlled corporation	**[REDACTED]**	**[REDACTED]**

Name	Capacity	Number of Shares	Percentage of shareholding
Hong Yang International(Note 1)	Interest in controlled corporation	**[REDACTED]**	**[REDACTED]**
Hong Yang Group Holdings(Note 1)	Interest in controlled corporation	**[REDACTED]**	**[REDACTED]**
Ms. Chen Sihong(Note 2)	Interest of spouse	**[REDACTED]**	**[REDACTED]**

Notes:

(1) Redsun Properties Group (Holdings) is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International, which in turn is owned as to 50% by Hong Yang Group (Holdings). Accordingly, each of Hong Yang Group Company, Hong Yang Group and Hong Yang Group (Holdings) is deemed to be interested in the Shares held by Redsun Properties Group (Holdings) by virtue of the SFO.

(2) Ms.Chen Sihong is the spouse of Mr. Zeng and is therefore deemed to be interested in the Shares in which Mr. Zeng is interested by virtue of the SFO.

(b) As of the Latest Practicable Date, so far as is known to our Directors, the following persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of our Company in respect of such capital:

Name of Member of our Group	Name of Shareholder	Percentage of Shareholding
Zhong Shan Hong Du Real Estate	Zhongshan Shi Li Fu Real Estate Investment Co., Ltd.	7%
	Zhongshan Shi Yu Long Industries Co, Ltd.	13%
Zhong Shan Hong Long Real Estate	Zhongshan Shi Yu Long Industries Co., Ltd.	20%
Wuhan Hong Yang Jin Huang Properties	Wuhan Han Yang Huang Jin Kou Investment Co., Ltd.	30%
Anhui Hong Lan Real Estate	Chang An International Trust Co., Ltd.	97.54%
Jiangsu Run Hong	Song Feng Corporate Management (Shanghai) Co., Ltd.	49%
Changzhou Sang Ma Cultural Expo	Yang Zi Jiang International Co., Ltd.	15%
	Da Cheng Tuo Zhen Co., Ltd.	14.7%
	Changzhou Ming Li Fang Zhi Co., Ltd.	0.3%

Name of Member of our Group	Name of Shareholder	Percentage of Shareholding
Chuzhuo Hong Yang Real Estate	Nanjing Gao Chun Bi Gui Yuan Real Estate Co., Ltd.	30%
	Nanjing Zhengrong Zhengsheng Properties Co., Ltd.	30%
Suzhou Jin Han Ze Investment . . .	Nanjing Xin Cheng Wan Jia Real Estate Co., Ltd.	33%
	Jin Di Group Shanghai Real Estate Co., Ltd.	34%
Anhui Hong Peng Properties	Chuzhou Jin Peng Properties Co., Ltd.	20%
Changzhou Xu Jing Properties . . .	Shanghai Zhong Liang Real Estate Group Co., Ltd.	50%
Changzhou Jin Tan Xu Run Properties	Zhong Xin Trust Co., Ltd.	49%
Suzhou Quan Zhuo	Suzhou Zhong Rui Shang Cheng Properties Co., Ltd.,	47.5%
	Jia Xing Rui Tu Investment Partnership Limited	2.5%
Zhang Jia Gang Hong Chen	Suzhou Wei Chen Investment Co., Ltd.	30%

3. **Personal Guarantees**

Save as disclosed in this document, our Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

4. **Agency fees or commissions received**

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital of any member of our Group.

5. **Related-Party Transactions**

During the two years preceding the date of this document, we engaged in related party transactions as described in the Accountants' Report set out in Appendix I to this document under the paragraph headed "II. Notes to the Historical Financial Information — 38. Related Party Transactions"

6. **Disclaimers**

Save as disclosed herein:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

(b) none of our Directors or experts referred to under paragraph headed "D. Other Information — 10. Consents of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the **[REDACTED]**, none of our Directors or chief executive knows of any person (not being a Director or chief executive of our Company) who will, immediately following the **[REDACTED]** and completion of the **[REDACTED]**, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Pre-[REDACTED] Share Option Scheme

The following is a summary of the principal terms of the Pre-**[REDACTED]** Share Option Scheme effective from [●] 2018. The terms of the Pre-**[REDACTED]** Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-**[REDACTED]** Share Option Scheme will not involve the grant of options by us to subscribe for Shares after the **[REDACTED]**.

(a) ***Purpose***

The purpose of the Pre-**[REDACTED]** Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Pre-**[REDACTED]** Share Option Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) ***Who may join***

Our Board (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may determine any directors and employees of any member of our Group and Hong Yong Group Company (including nominees and/or trustees of any employee benefit trusts established for them), who our Board considers, in its sole discretion, have contributed to our Group, to take up options to subscribe for Shares.

(c) ***Maximum number of Shares***

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-**[REDACTED]** Share Option Scheme at any time shall not exceed **[REDACTED]** Shares, representing **[REDACTED]** of the total issued Shares immediately following the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme) (the "**Scheme Limit**").

(d) ***Vesting Period***

The underlying Shares in respect of the options may be vested in the Grantees in accordance with the vesting schedule set out below, subject to the satisfaction of performance condition as determined by the Board at its discretion.

Vesting date	Maximum percentage of underlying Shares in respect of the options may be vested
July 1, 2019	25%
July 1, 2020	25%
July 1, 2021	25%
July 1, 2022	25%

Notwithstanding the above, the Board may in its sole discretion amend the vesting schedule and vest any percentage of the underlying Shares in respect of the options.

(e) ***Subscription price for Shares***

The subscription price in relation to each option granted under the Pre-**[REDACTED]** Share Option Scheme shall be 80% of the **[REDACTED]**.

A nominal consideration of RMB1.00 is payable by a Grantee upon acceptance of the grant of the options.

(f) ***Time of acceptance and exercise of option***

An option may be accepted by a participant within ten business days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Pre-**[REDACTED]** Share Option Scheme at any time during a period to be determined and notified by our Directors to each Grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Pre-**[REDACTED]** Share Option Scheme.

(g) ***Cancelation of options granted***

Any options granted but not exercised may be canceled if the relevant Grantee so agrees in writing. Issuance of new options to the same Grantee may only be made if there are unissued options available under the Pre-**[REDACTED]** Share Option Scheme (excluding the canceled options) and in compliance with the terms of the Pre-**[REDACTED]** Share Option Scheme.

(h) ***Lapse of an option***

An option shall lapse automatically (to the extent not already exercised and subject always to the terms and conditions upon which such option was granted) on the earliest of the expiry of the period referred to in sub-paragraph (f) or:

(i) the expiry of the periods or dates referred to in sub-paragraphs (j), (k), (m) and (n);

(ii) the date on which the Grantee (being an employee or a director of the Group) ceases to be a participant by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offense involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily;

(iii) the date on which the Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of our Company;

(iv) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;

(v) unless our Board otherwise determines, and other than in the circumstances referred to in subparagraphs (j) or (k), the date the Grantee ceases to be a participant (as determined by a Board resolution) for any other reason;

(vi) the date on which the Board determines at its sole discretion that allowing the relevant Grantee to exercise the option is not in the best interests of the Company; or

(vii) the date on which the Board determines at its sole discretion that there is no reasonable prospect of obtaining the listing approval for the Shares to be issued pursuant to the exercise of the options from the Stock Exchange.

(i) ***Period of the Pre-*****[REDACTED]** ***Share Option Scheme***

The Pre-**[REDACTED]** Share Option Scheme will remain in force for the period ending on the latest practicable date for ascertaining certain information contained in this document prior to the printing of this document (inclusive of the date).

(j) ***Rights on ceasing employment***

If the Grantee of an option is an eligible employee and ceases to be an eligible employee for any reason other than death, or on other grounds referred to in sub-paragraph (l) below before exercising his or her option in full, the Grantee may exercise the options then vested at any time prior to or the date of cessation unless the Board otherwise determines, in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the Grantee was physically at work with our Group whether salary is paid in lieu of notice or not.

(k) ***Rights on death***

If the Grantee of an option ceases to be a participant by reason of his death, before exercising the option in full, the personal representative(s) of the Grantee shall be entitled to exercise the option in whole or in part within a period following the date of death of the Grantee as determined by the Board.

(l) ***Rights on dismissal***

If the Grantee of an option ceases to be a participant by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offense involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily, his option will lapse automatically.

(m) ***Rights on a general offer, a compromise or arrangement***

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if our Company shall forthwith give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to all our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

In the event of a compromise or arrangement, other than a scheme of arrangement, between our Company and our Shareholders and/or creditors being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors summoning the meeting to consider such a scheme or arrangement and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(n) ***Rights on winding up***

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee (or in the case of the death of the Grantee, his personal representatives(s)) may at any time within such period as shall be notified by our Company, subject to the provisions of all applicable laws, exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed general meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(o) ***Adjustments***

In the event of an alteration in the capital structure of the Company whilst any option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:–

(i) the number or nominal amount of Shares comprised in each option so far as unexercised; and/or

(ii) the subscription price; and/or

(iii) the method of exercise of the option,

or any combination thereof, as the auditors or a financial adviser engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) in this sub- paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the auditors or financial adviser (as the case may be) shall be borne by the Company.

(p) ***Others***

The exercise of the Pre-**[REDACTED]** Share Options is conditional on the Listing Committee granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the **[REDACTED]** of and permission to deal in such number of Shares to be issued pursuant to the exercise of any Pre-**[REDACTED]** Share Options and the commencement of dealings in the Shares on the Stock Exchange. Application has been made to the Listing Committee for the **[REDACTED]** of and permission to deal in the Shares to be issued pursuant to the exercise of any Pre-**[REDACTED]** Share Options.

The rights of the Grantee of an option referred to in sub-paragraphs (j) to (n) above are subject to the terms and conditions upon the option was granted.

Any alterations to the terms and conditions of the Pre-**[REDACTED]** Share Option Scheme which are of a material nature or any change to the terms of options granted (except changes made to the terms and conditions of options granted at the request of the Stock Exchange and/or other regulatory authorities) must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Pre-**[REDACTED]** Share Option Scheme.

Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Pre-**[REDACTED]** Share Option Scheme shall be approved by our Shareholders in a general meeting.

(q) ***Outstanding options granted***

The grant of options under the Pre-**[REDACTED]** Share Option Scheme to the Grantees as set out below was approved by the Board on [●]. The overall limit on the number of underlying Shares pursuant to the Pre-**[REDACTED]** Share Option Scheme is **[REDACTED]** Shares. The number of underlying Shares pursuant to the outstanding options to be granted under the Pre-**[REDACTED]** Share Option Scheme will amount to **[REDACTED]** Shares, representing **[REDACTED]** of the total issued Shares immediately following the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme).

The table below sets out the details of options granted to [●] Grantees, including [●] connected persons of the Company, [●] members of our senior management team and [●] other Grantees under the Pre-**[REDACTED]** Share Option Scheme:

Name of Grantee	Address	Number of Shares under the options granted	Date of grant	Option period	Approximate percentage of issued Shares immediately after completion of the [REDACTED] *(Note)*
Subtotal:	[●] Grantees	**[REDACTED]**			**[REDACTED]**

Note: The above table assumes that the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme are not exercised. On every vesting date, a maximum of 25% of the underlying Shares in respect of the Pre-**[REDACTED]** Share Options may be vested in the Grantee, subject to the satisfaction of performance condition as determined by the Board at its discretion. Notwithstanding the above, the Board may in its sole discretion amend the vesting schedule and vest any percentage of the underlying Shares in respect of the Pre-**[REDACTED]** Share Options.

Save and except as set out above, no other options have been granted or agreed to be granted by the Company under the Pre-**[REDACTED]** Share Option Scheme.

As of the Latest Practicable Date, all of the Pre-**[REDACTED]** Share Options were not exercised and remained outstanding. Assuming full vesting and exercise of the outstanding Pre-**[REDACTED]** Share Options, the shareholding percentage of our Shareholders immediately following the **[REDACTED]** would be diluted by approximately **[REDACTED]** as calculated based on **[REDACTED]** Shares then in issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]** and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme).

Application has been made to the Stock Exchange for the **[REDACTED]** of and permission to deal in Shares to be issued pursuant to the exercise of the Pre-**[REDACTED]** Share Options.

(r) ***Ranking of Shares***

Shares allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of our Company and subject to all the provisions of the Memorandum and Articles and will rank pari passu with the fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

Unless the context otherwise requires, references to "Shares" in this sub- paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

(s) ***Termination***

Our Company may by ordinary resolution in a general meeting or the Board may at any time resolve to terminate the operation of the Pre-**[REDACTED]** Share Option Scheme prior to the expiry of the Pre-**[REDACTED]** Share Option Scheme and in such event no further options shall be offered or granted but the provisions of the Pre-**[REDACTED]** Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-**[REDACTED]** Share Option Scheme. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Pre-**[REDACTED]** Share Option Scheme.

2. **Post-[REDACTED] Share Option Scheme**

The following is a summary of the principal terms of the Post-**[REDACTED]** Share Option Scheme conditionally adopted by the resolutions in writing of our Shareholders passed on [●], 2018.

(a) ***Purpose of the Post-*[REDACTED]** ***Share Option Scheme***

The purpose of the Post-**[REDACTED]** Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-**[REDACTED]** Share Option Scheme will provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) ***Selected participants to the Post-*[REDACTED]** ***Share Option Scheme***

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-**[REDACTED]** Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(c) ***Maximum number of Shares***

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-**[REDACTED]** Share Option Scheme and any other schemes is **[REDACTED]**, being no more than 10% of the Shares in issue on the date the Shares **[REDACTED]** on the Stock Exchange (the "**Option Scheme Mandate Limit**") (excluding any Shares which may be issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme). Options which have lapsed in accordance with the terms of the rules of the Post-**[REDACTED]** Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-**[REDACTED]** Share Option Scheme and any other share option schemes of the Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the "**Option Scheme Limit**"). No options may be granted under any schemes of our Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-**[REDACTED]** Share Option Scheme and any other share option schemes of our Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, canceled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Our Company may also grant options in excess of the Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by Shareholders in general meeting.

(d) ***Maximum entitlement of a grantee***

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-**[REDACTED]** Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders (with such selected participant and his associates abstaining from voting).

(e) ***Performance target***

The Post-**[REDACTED]** Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(f) ***Subscription price***

The amount payable for each Share to be subscribed for under an option (the "**Subscription Price**") in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant.

(g) ***Rights are personal to grantee***

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or *create* any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-**[REDACTED]** Share Option Scheme.

(h) ***Options granted to directors or substantial shareholders of the Company***

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options).

Where any grant of options to a substantial shareholder or an independent non-executive Director of our Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of options must also be first approved by the Shareholders (voting by way of poll) in a general meeting. In obtaining the approval, our Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. All connected persons of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(i) ***Grant offer letter and notification of grant of options***

An offer shall be made to selected participants by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favor of our Company of HK$1.00 by way of consideration for the grant thereof, which must be received by the Company within 20 business days from the date on which the offer letter is delivered to the grantee.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(j) ***Restriction of grant of options***

No offer shall be made and no option shall be granted to any selected participant in circumstances prohibited by the Listing Rules or at a time when the selected participant would or might be prohibited from dealing in the Shares by the

Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no option shall be granted to any selected participant where such person is in possession of any unpublished inside information in relation to our Company until such inside information has been published in an announcement in accordance with the Listing Rules. Furthermore, no offer shall be made and no option shall be granted:

(i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

Such period will also cover any period of delay in the publication of any results announcement.

(k) ***Time of exercise of an option***

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(l) ***Cancelation of options***

Any breaches of the rules of the Post-**[REDACTED]** Share Option Scheme by a grantee may result in the options granted to such grantee being canceled by the Company. Any options granted but not exercised may be canceled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-**[REDACTED]** Share Option Scheme (excluding the canceled options) and in compliance with the terms of the Post-**[REDACTED]** Share Option Scheme.

(m) ***Lapse of option***

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than ten years from the date of grant (the "**Option Period**");

(ii) the expiry of any of the periods for exercising the option as referred to in paragraphs (p), (q) and (r) below; and

(iii) the date on which the grantee commits a breach of the rules of the Post-**[REDACTED]** Share Option Scheme.

(n) ***Voting and dividend rights***

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

(o) ***Effects of alterations in the capital structure of the company***

In the event of an alteration in the capital structure of the Company whilst any option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:

(i) the number or nominal amount of Shares comprised in each option so far as unexercised; and/or

(ii) the Subscription Price; and/or

(iii) the method of exercise of the option,

or any combination thereof, as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or financial advisor (as the case may be) shall be borne by our Company.

(p) ***Retirement, death or permanent physical or mental disability of an selected participant***

If a grantee ceases to be selected participant by reason of (i) death of the grantee, (ii) termination of the grantee's employment or contractual engagement with the Group or its affiliate by reason of his/her permanent physical or mental disablement, (iii) retirement of the grantee, the option may be exercised within the Option Period, or such other period as the Board or its delegate(s) may decide in their sole discretion.

In the case of death of a grantee, the option may be exercised within that period by the personal representatives of the grantee. In the case where a grantee no longer has any legal capacity to exercise the option, the option may be exercised within that period by the persons charged with the duty of representing the grantee under the relevant laws in Hong Kong. If the option is not exercised within the time mentioned above, the option shall lapse.

If a grantee, being an employee whose employment is terminated by the Group or its affiliate (as applicable) by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the grantee having been convicted of any criminal offense involving his integrity or honesty, the option shall immediately lapse.

If a grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his creditors generally, the option shall immediately lapse.

If a grantee being an employee ceases to be selected participant due to termination of his or her employment or contractual engagement with the Group by reason of redundancy, the option may be exercised within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

If a grantee ceases to be selected participant other than in any of the circumstances described above, unless otherwise provided in the option agreement, a grantee may exercise his or her option within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

(q) ***Rights on takeover and schemes of compromise or arrangement***

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the offer becomes or is declared unconditional in all respects, the grantee shall be entitled to exercise the option (to the extent not already exercised) at any time within one month (or such other period as the Board or its delegate(s) may decide in their sole discretion) after the date on which the offer becomes or is declared unconditional. If the option is not exercised within the time specified, the option shall lapse.

If a compromise or arrangement between the Company and its members or creditors is proposed, our Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with earlier of the date two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Post-**[REDACTED]** Share Option Scheme. Our Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement. If the option is not exercised within the time specified, the option shall lapse.

(r) ***Rights on a voluntary winding up***

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate

subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

(s) ***Ranking of shares***

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of the Company and subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank pari passu with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(t) ***Duration***

The Post-**[REDACTED]** Share Option Scheme shall be valid and effective for the period of ten years commencing on the **[REDACTED]** (after which, no further options shall be offered or granted under the Post-**[REDACTED]** Share Option Scheme), but in all other respects the provisions of the Post-**[REDACTED]** Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-**[REDACTED]** Share Option Scheme.

(u) ***Alteration of the Post-*****[REDACTED]** ***Share Option Scheme***

The Board may subject to the rules of the Post-**[REDACTED]** Share Option Scheme amend any of the provisions of the Post-**[REDACTED]** Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-**[REDACTED]** Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-**[REDACTED]** Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-**[REDACTED]** Share Option Scheme in relation to any alteration of the terms of the Post-**[REDACTED]** Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-**[REDACTED]** Share Option Scheme which are of a material nature, or any change to the terms and conditions of options granted, must also, to be effective, be approved by the Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-**[REDACTED]** Share Option Scheme. The options and the Post-**[REDACTED]** Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alternation to the terms of the Post-**[REDACTED]** Share Option Scheme must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the Post-**[REDACTED]** Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Law or the Takeovers Code.

(v) ***Termination***

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Post-**[REDACTED]** Share Option Scheme prior to the expiry of the Post-**[REDACTED]** Share Option Scheme and in such event no further options will be offered or granted but the provisions of the Post-**[REDACTED]** Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-**[REDACTED]** Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Post-**[REDACTED]** Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Post-**[REDACTED]** Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-**[REDACTED]** Share Option Scheme.

Details of the options granted, including options exercised or outstanding, under the Post-**[REDACTED]** Share Option Scheme shall be disclosed in the circular to the Shareholders seeking approval of the new scheme established after the termination of the Post-**[REDACTED]** Share Option Scheme.

2. **Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

3. **Tax and Other Indemnity**

Mr. Zeng, Hong Yang Group Holdings, Hong Yang International, Hong Yang Group Company, and Redsun Properties Group (Holdings) (together, the "**Indemnifiers**") have entered into a deed of indemnity in favor of our Group (being a material contract referred to in the paragraph headed "B. Further Information About Our Business — 1. Summary of Material Contracts" in this appendix) to provide the indemnities on a joint and several basis in respect of, among other things, taxation resulting from profits or gains earned, accrued or received, as well as any penalties imposed due to non-compliance of any members of our Group with applicable laws and regulations on or before the date when the **[REDACTED]** becomes unconditional.

4. **Litigation**

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this document and so far as our Directors are aware, we were not engaged in any litigation, arbitration or claim of material importance and no litigation or claim of material importance (to our Group's financial condition or results of operation) is pending or threatened against any member of our Group.

5. **Joint Sponsors**

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the **[REDACTED]** and the Shares to be issued as mentioned in this document (including any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]**, the Pre-**[REDACTED]** Share Options and the options which may be granted under the Post-**[REDACTED]** Share Option Scheme). All necessary arrangements have been made to enable such Shares to be admitted into **[REDACTED]**.

Each of the Joint Sponsors has declared its independence pursuant to Rule 3A.07 of the Listing Rules. The amount of fees payable to the Jointed Sponsors by our Company is USD1.5 million.

6. **Preliminary Expenses**

Our estimated preliminary expense are immaterial and are payable by our Company.

7. **Promoter**

We do not have any promoter for the purpose of the Listing Rules. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefits have been paid, allotted or given nor are any proposed cash, securities or other benefits to be paid, allotted or given to any promoters.

8. **Taxation of holders of Shares**

(a) ***Hong Kong***

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) ***Cayman Islands***

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) ***Consultation with professional advisers***

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the **[REDACTED]** will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

9. Qualification of Experts

The followings are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualifications
CCB International Capital Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Huatai Financial Holdings (Hong Kong) Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
ABCI Capital Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Jingtian & Gongcheng	Legal adviser to our Company as to PRC laws
Savills Valuation and Professional Services Limited	Property valuer
Walkers	Cayman counsel to our Company
Savills Real Estate Valuation (Beijing) Limited	Industry consultant

10. Consents of Experts

Each of CCB International Capital Limited, Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Ernst & Young, Jingtian & Gongcheng, Savills Valuation and Professional Services Limited, Walkers and Savills Real Estate Valuation (Beijing) Limited has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or summary of values and/or valuation certificates and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our Subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our Subsidiaries.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

   (i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

   (ii) no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;

   (iii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our Subsidiaries;

   (iv) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our Subsidiaries;

(b) save as disclosed in this document, there are no founder, management or deferred shares nor any debentures in our Company or any of our Subsidiaries;

(c) save as disclosed in this document, none of the persons named under the sub-paragraph headed "D. Other Information — 10. Consents of Experts" in this appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(d) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since [December 31, 2017] (being the date to which the latest audited combined financial statements of our Group were made up);

(e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(f) the register of members of our Company will be maintained in Hong Kong by **[REDACTED]**. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our **[REDACTED]** in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to **[REDACTED]**;

(g) no company within our Group is listed on any stock exchange or traded on any trading system and at present, and our Group is not seeking or proposing to seek any **[REDACTED]** of, or permission to deal in, the share or loan capital of our Company on any other stock exchange; and

(h) there is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration included:

(a) copies of each of the **[REDACTED]**, **[REDACTED]** and **[REDACTED]**;

(b) a copy of each of the material contracts referred to in the section entitled "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this document; and

(c) the written consents referred to in the section entitled "Statutory and General Information — D. Other Information — 10. Consents of Experts" in Appendix V to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Paul Hastings at 21-22/F, Bank of China Tower, 1 Garden Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

(a) the Memorandum and Articles of Association;

(b) the Accountant's Report for the three years ended December 31, 2017 from Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited combined financial statements of our Group for the three years ended December 31, 2017;

(d) the report on the unaudited pro forma financial information from Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by Savills Valuation and Professional Services Limited, the text of which is set out in Appendix III to this document;

(f) the legal opinions issued by our PRC Legal Adviser, dated the date of this document in respect of certain aspects of the Group and the property interests of the Group;

(g) the letter of advice prepared by Walkers, our legal advisor as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Companies Law referred to in Appendix IV to this document;

(h) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this document;

(i) the written consents referred to in the section headed "Statutory and General Information — D. Other Information — 10. Consents of Experts" in Appendix V to this document;

(j) service contracts and the letters of appointment referred to in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts and letters of appointment" in Appendix V to this document;

(k) the relevant sections in the offering memorandum dated May 22, 2017 for the issuance of the May 2017 Notes and the offering memorandum dated November 15, 2018 for the issuance of the November 2018 Notes, as the case may be, in connection with the covenants and restrictions relating to the Group;

(k) the Cayman Companies Law;

(l) the industry report issued by Savills Real Estate Valuation (Beijing) Limited; and

(m) the rules of the Pre-**[REDACTED]** Share Option Scheme and Post-**[REDACTED]** Share Option Scheme.