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

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SUNAC CHINA HOLDINGS LIMITED

融創中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

MAJOR TRANSACTION

**ACQUISITION OF EQUITY AND DEBT INTERESTS IN
TIANJIN XINGYAO**

Capitalised terms used on this cover page have the same meaning as defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

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

The Acquisition has been approved by written shareholder's approval obtained from Sunac International, the controlling shareholder of the Company, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being dispatched to the Shareholders for information only.

31 August 2017

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DEFINITIONS

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

“Acquisition”	the acquisition by Tianjin Sunac (or the subsidiary designated by it) of (i) 80% equity interest in Tianjin Xingyao from Kunming Xingyao and (ii) the outstanding borrowing owed by Tianjin Xingyao to the Third Party Investors and accrued outstanding interest, as mentioned in the Cooperation Agreement
“Announcement”	the announcement of the Company dated 12 May 2017
“AVIC Trust”	中航信託股份有限公司 (AVIC Trust Stockholding Company Limited*), a company established in the PRC with limited liability
“Board”	the board of Directors
“CITIC Trust”	中信信託有限責任公司 (CITIC Trust Company Limited*), a company established in the PRC with limited liability
“Company”	Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01918)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 12 May 2017 entered into between Tianjin Sunac and Kunming Xingyao with respect to the Acquisition
“Director(s)”	the director(s) of the Company
“Effective Date”	the effective date of the Cooperation Agreement, being 12 May 2017
“Enlarged Group”	the Group immediately upon completion of the Acquisition
“Framework Agreement”	the framework agreement dated 29 June 2017 entered into between Sunac Real Estate, Tianjin Sunac, AVIC Trust and Tianjin Xingyao with respect to, among other matters, the transfer of 5% equity interest in Tianjin Xingyao from Tianjin Sunac to AVIC Trust
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huaneng Trust”	華能貴誠信託有限公司 (Huaneng Guicheng Trust Company Limited*), a company established in the PRC with limited liability
“Huarong Trust”	華融國際信託有限責任公司 (Huarong International Trust Company Limited*), a company established in the PRC with limited liability
“Kunming Xingyao” or “Vendor”	昆明星耀體育運動城有限公司 (Kunming Xingyao Sports City Company Limited*), a company established in the PRC with limited liability
“Latest Practicable Date”	25 August 2017, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Restructuring”	the restructuring of Tianjin Xingyao involving, among other matters, repayment of certain debts owed by Tianjin Xingyao to the Third Party Investors, details of which are set out under “Restructuring Agreement” in the “Letter from the Board” of this circular
“Restructuring Agreement”	an agreement dated 12 May 2017 entered into between Kunming Xingyao, Tianjin Xingyao, Tianjin Sunac and the Third Party Investors in relation to the Restructuring and all supplemental agreements thereto
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunac International”	Sunac International Investment Holdings Ltd, a company incorporated under the laws of the British Virgin Islands, a controlling shareholder of the Company as at the Latest Practicable Date

DEFINITIONS

“Sunac Real Estate”	融創房地產集團有限公司 (Sunac Real Estate Group Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Third Party Investors”	collectively, CITIC Trust, Huaneng Trust and Huarong Trust, which were the third party investors of Tianjin Xingyao prior to the Acquisition and invested in Tianjin Xingyao by way of provision of debt financings through a collective investment trust scheme (i.e. Tianjin Xingyao Collective Investment Trust Scheme* (天津星耀聯合投資集合信託計劃)) established by them
“Tianjin Sunac” or “Purchaser”	天津融創奧城投資有限公司 (Tianjin Sunac Aocheng Investment Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Tianjin Xingyao”	天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited*), a company established in the PRC with limited liability
“sq.m.”	square metre(s)
“%”	per cent.

* For identification purposes only

LETTER FROM THE BOARD



SUNAC CHINA HOLDINGS LIMITED

融創中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

Executive Directors:

Mr. SUN Hongbin (*Chairman*)
Mr. WANG Mengde (*Chief Executive Officer*)
Mr. JING Hong
Mr. CHI Xun
Mr. TIAN Qiang
Mr. SHANG Yu
Mr. HUANG Shuping
Mr. SUN Kevin Zheyi

Independent non-executive Directors:

Mr. POON Chiu Kwok
Mr. ZHU Jia
Mr. LI Qin
Mr. MA Lishan
Mr. TSE Chi Wai

Registered Office:

190 Elgin Avenue
George Town
Grand Cayman KY1- 9005
Cayman Islands

Head Office:

10/F, Building C7
Magnetic Plaza
Binshuixi Road
Nankai District
Tianjin 300381
PRC

Principal Place of Business in Hong Kong:

36/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

31 August 2017

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION

**ACQUISITION OF EQUITY AND DEBT INTERESTS IN
TIANJIN XINGYAO**

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Acquisition which constituted a major transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

This circular is despatched to the Shareholders for information purposes only. No general meeting will be convened to approve the Acquisition as the Company had obtained written approval for the Acquisition in accordance with Rule 14.44 of the Listing Rules from Sunac International, the controlling shareholder of the Company, which held approximately 52.51% of the issued share capital of the Company as at the date of such approval. In addition, to the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders had any material interest in the Acquisition and therefore no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

The Acquisition was completed on 15 May 2017. Immediately upon completion of the Acquisition, Tianjin Xingyao was owned as to 80% by Tianjin Sunac and 20% by Kunming Xingyao.

The purpose of this circular is to provide you with, among others, (i) further details of the Acquisition; (ii) the financial information of the Group; (iii) the financial information of Tianjin Xingyao; (iv) the unaudited pro forma financial information of the Enlarged Group; and (v) other information as required under the Listing Rules.

Details of the Acquisition are set out below.

THE ACQUISITION

Acquisition Agreement

The principal terms of the Acquisition Agreement are set out below.

Date

12 May 2017

Parties

- (i) Tianjin Sunac, as purchaser; and
- (ii) Kunming Xingyao, as vendor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquires, Kunming Xingyao and its ultimate beneficial owners are independent of the Company and connected persons of the Company.

Assets to be acquired

Pursuant to the Cooperation Agreement, Tianjin Sunac (or the subsidiary designated by it) agreed to acquire:

- (i) 80% equity interest in Tianjin Xingyao; and

LETTER FROM THE BOARD

- (ii) the outstanding debts of RMB5,481,541,022.72 owed by Tianjin Xingyao to the Third Party Investors and accrued outstanding interest of RMB895,450,774.76 (the “**Third Party Debts**”).

Consideration

The total consideration for the Acquisition was RMB10,254,240,579.30, consisting of:

- (i) the consideration for equity interest, being RMB3,877,248,781.82; and
- (ii) full repayment amount of the Third Party Debts, being RMB6,376,991,797.48.

Basis of the consideration

The consideration for the Acquisition was determined by the parties after arm’s length negotiations primarily with reference to the market value of the assets of Tianjin Xingyao, and the outstanding debts owed by Tianjin Xingyao to the Third Party Investors and accrued outstanding interest. The fair value of the net assets of Tianjin Xingyao as adjusted by valuation as at 31 March 2017 was approximately RMB7,598,923,000. The borrowings, related interest expenses and overdue penalty owed by Tianjin Xingyao to the Third Party Investors as at 31 March 2017 amounted to approximately RMB15,323,412,000, but it was agreed by the relevant parties under the Restructuring Agreement dated 12 May 2017 that such amount shall be settled in full at approximately RMB5,481,541,022.72 for the outstanding debts and RMB895,450,774.76 for the accrued outstanding interest.

The total consideration for the Acquisition, being RMB10,254,240,579.30, represented a discount to the fair value of the assets and debts of Tianjin Xingyao primarily because of (i) the Group’s long term analysis of the Tianjin property market; (ii) the Group’s assessment of the regional supply and demand relationship; (iii) the development status, geographical location and planning indicators of the property projects of Tianjin Xingyao as well as other comparable projects in nearby locations.

Taking into account the foregoing factors and the benefits set out under “REASONS FOR AND BENEFITS OF THE ACQUISITION” below, the Directors are of the view that the consideration for the Acquisition is fair and reasonable.

Payment of the consideration

The consideration for equity interest under the Acquisition shall be paid in the following manner:

- (i) within one (1) day after the Effective Date of the Cooperation Agreement, Tianjin Sunac shall pay a sum of RMB1,000,000,000 to Kunming Xingyao or to a bank account designated by it;
- (ii) within sixty (60) days after the Effective Date of the Cooperation Agreement, and subject to fulfillment of the condition (a) below, Tianjin Sunac shall pay a sum of

LETTER FROM THE BOARD

RMB1,000,000,000 to the Vendor's bank account as jointly controlled by Purchaser and the Vendor. Within one working day after fulfilment of the condition (b) below, joint control shall be lifted and the amount shall be retained for the benefit of Kunming Xingyao. For the above purposes, the conditions are: (a) Tianjin Sunac having obtained 80% equity interest in Tianjin Xingyao and completed the requisite business registration changes; and (b) the pledge over the land use rights of Tianjin Xingyao for securing the debts owed to the Third Party Investors having been fully released and discharged; and

- (iii) within one (1) working day after fulfillment of the conditions (a) and (b) in (ii) above, Tianjin Sunac shall pay the balance of the consideration for equity interest of RMB1,877,248,781.82 to Kunming Xingyao, which agreed that a portion of the amount, being RMB937,248,781.82, shall be lent to Tianjin Xingyao to repay the debts owed by Tianjin Xingyao to Tianjin Sunac, and such amount would not required to be paid in cash by Tianjin Sunac and would be set-off.

The consideration for debt interest under the Acquisition shall be paid in the following manner:

- (i) within one (1) working day after the entering into of the Restructuring Agreement, Tianjin Sunac shall, on behalf of Tianjin Xingyao, pay RMB2,740,770,511.36 to the bank account designated by the Third Party Investors. Within three (3) working days after the Third Party Investors receive the aforesaid amount, the parties shall collaborate in completing the business registration change in respect of the transfer of the equity interest of Tianjin Xingyao;
- (ii) within thirty (30) days after the entering into of the Restructuring Agreement, Tianjin Sunac shall pay RMB262,257,382.56 on behalf of Tianjin Xingyao to the bank account designated by the Third Party Investors;
- (iii) within two (2) months after the entering into of the Restructuring Agreement, and upon completion of the business registration change in respect of the transfer of the equity interest of Tianjin Xingyao, Tianjin Sunac shall, on behalf of Tianjin Xingyao, pay RMB3,175,370,511.36 to the bank account of the Third Party Investors which is jointly controlled by Tianjin Sunac and the Third Party Investors. The Third Party Investors shall release all collaterals of Tianjin Xingyao and the guarantee liability of Kunming Xingyao within five (5) working days after they receive the aforesaid amount. Within three (3) working days after the collaterals and guarantees are released, joint control of the bank account shall be lifted and the amount shall be retained for the benefit of the Third Party Investors; and
- (iv) the remaining amount of RMB198,593,392.20 shall be paid upon release of all aforesaid collaterals and guarantees.

As at the Latest Practicable Date, all of the consideration for the Acquisition had been paid by or on behalf of Tianjin Sunac in accordance with the above payment terms and was financed by the Group's internal resources.

LETTER FROM THE BOARD

Restructuring Agreement

The entire equity interest in Tianjin Xingyao was originally held by Kunming Xingyao. On 21 November 2011, three trust companies (i.e. the Third Party Investors, all of which, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, are independent of the Company and connected persons of the Company) jointly established Tianjin Xingyao Collective Investment Trust Scheme (天津星耀聯合投資集合信託計劃) (the “**Trust Scheme**”) to invest in Tianjin Xingyao through the provision of debt financings. Based on information available to the Company, pursuant to the arrangements in respect of the Trust Scheme, Kunming Xingyao entrusted 100% equity interest in Tianjin Xingyao to CITIC Trust, one of the Third Party Investors, for management under the Trust Scheme. To facilitate the Acquisition contemplated under the Cooperation Agreement, on 12 May 2017, Kunming Xingyao, Tianjin Xingyao, Tianjin Sunac and those three trust companies entered into the Restructuring Agreement in respect of Tianjin Xingyao, pursuant to which, among other matters, the outstanding debts owed by Tianjin Xingyao to the three trust companies shall be repaid in full and the entire equity interest in Tianjin Xingyao shall be transferred to Tianjin Sunac and Kunming Xingyao (or their designated third party(ies)).

As at the Latest Practicable Date, the outstanding debts owed by Tianjin Xingyao to the Third Party Investors had been repaid in full, details of which are set out under “Payment of the consideration” above.

Completion of the Acquisition

Pursuant to the Restructuring Agreement, the Third Party Investors would transfer the 80% equity interest in Tianjin Xingyao held by them to Tianjin Sunac (or its designated third party(ies)) and complete the requisite business registration changes within three (3) working days after the Third Party Investors had received in aggregate RMB2,740,770,511.36.

Pursuant to the Cooperation Agreement, within five (5) working days after the requisite business registrations relating to the transfer of 80% equity interest in Tianjin Xingyao having been completed, Kunming Xingyao would procure the transfer of the business license, tax registration certificate, financial books and records and all other information and documents of Tianjin Xingyao to Tianjin Sunac.

On 15 May 2017, the transfer of 80% equity interest in Tianjin Xingyao to Tianjin Sunac was completed.

Investment by AVIC Trust

Sunac Real Estate and Tianjin Sunac entered into the Framework Agreement with AVIC Trust and Tianjin Xingyao on 29 June 2017, pursuant to which, among other matters, Tianjin Sunac agreed to dispose of 5% equity interest in Tianjin Xingyao to AVIC Trust at a consideration of RMB242,330,000. The consideration was determined after arm’s length negotiations between the parties and represented approximately 5% of the value of the entire equity interest in Tianjin Xingyao as agreed between the relevant parties under the Acquisition. As the Group and AVIC Trust would further discuss the possibility of future cooperation and the disposal to AVIC Trust did not involve a transfer of debt interest in Tianjin Xingyao to AVIC Trust, the parties considered it appropriate to determine the consideration based on equity interest only. The proceeds from such disposal were intended to be used for the Group’s general corporate purposes.

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As each of the applicable percentage ratios in respect of the disposal of 5% equity interest in Tianjin Xingyao as contemplated under the Framework Agreement was less than 5%, such disposal was exempted from the reporting, announcement and shareholder's approval requirements under Chapter 14 of the Listing Rules.

AVIC Trust is a trust company established in the PRC and is engaged in, among others, investment activities. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, AVIC Trust and its ultimate beneficial owners are independent of the Company and connected persons of the Company.

Following the 5% equity transfer and as at the Latest Practicable Date, Tianjin Xingyao was owned as to 75% by Tianjin Sunac, 20% by Kunming Xingyao and 5% by AVIC Trust.

Taking into account the possibility of future cooperation with AVIC Trust and the consideration for the 80% equity interest in Tianjin Xingyao under the Acquisition at approximately RMB3,877,248,781.82, the Directors are of the view that the consideration for the disposal of 5% equity interest in Tianjin Xingyao at RMB242,330,000, which represented the same basis of valuation of the entire equity interest in Tianjin Xingyao as that agreed under the Acquisition, is fair and reasonable as a whole.

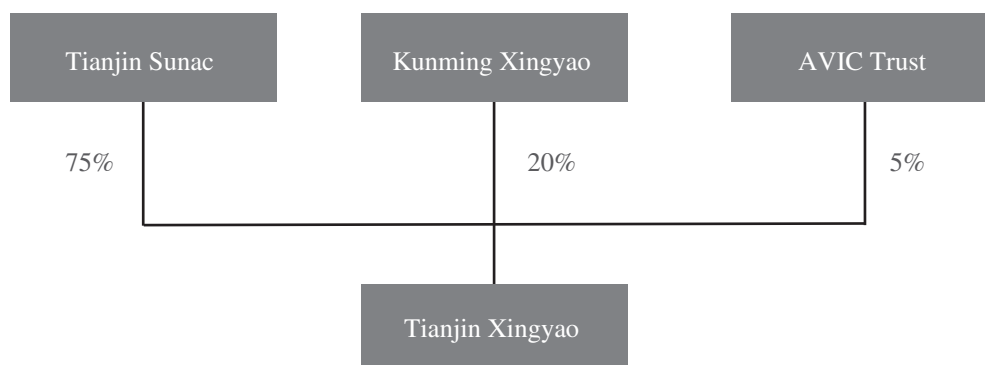
Shareholding structure of Tianjin Xingyao

The following diagram illustrates the shareholding structure of Tianjin Xingyao immediately prior to the Acquisition, the Restructuring Agreement and the Framework Agreement:



Note: Based on information available to the Company, the 100% equity interest in Tianjin Xingyao that was originally held by Kunming Xingyao was entrusted to and registered under the name of CITIC Trust, being one of the Third Party Investors, for management under the Trust Scheme established by the Third Party Investors.

The following diagram illustrates the shareholding structure of Tianjin Xingyao after completion of the Acquisition, the Restructuring Agreement and the Framework Agreement:



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Post-completion management

After completion of the Acquisition and pursuant to the Framework Agreement, the board of directors of Tianjin Xingyao shall comprise of five directors, three of whom shall be nominated by Tianjin Sunac, one of whom shall be nominated by AVIC Trust and one of whom shall be nominated by Kunming Xingyao. One of the directors nominated by Tianjin Sunac shall act as the chairman of Tianjin Xingyao. Tianjin Sunac is entitled to nominate a general manager and the legal representative of Tianjin Xingyao.

INFORMATION ON TIANJIN XINGYAO

Tianjin Xingyao is a limited liability company established in the PRC.

As at the Latest Practicable Date, Tianjin Xingyao was mainly engaged in the development of the Xingyao Wuzhou Project located in Jinnan District, Tianjin, the PRC, which would be mainly used for residential and commercial development with a total site area of approximately 2.63 million sq. m., a total GFA of approximately 4.12 million sq. m., plot ratio-based GFA of approximately 3 million sq. m., and a plot ratio of 1.1. The sold plot ratio-based area was approximately 0.67 million sq. m. and the unsold plot ratio-based area was approximately 2.33 million sq. m. The above details of the property project are subject to final approval by the PRC governmental authorities. A valuation report on the Xingyao Wuzhou Project is set out in Appendix IV to this circular.

As at 31 March 2017, the audited total net liabilities of Tianjin Xingyao was approximately RMB8,351,175,000, and the audited net loss of Tianjin Xingyao for the two financial years ended 31 December 2016 were as follows:

	For the year ended 31 December 2015	For the year ended 31 December 2016
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net loss before taxation	2,190,671	2,418,121
Net loss after taxation	2,190,671	2,418,121

Please refer to Appendices II to III of this circular for further financial information on Tianjin Xingyao.

FINANCIAL EFFECTS OF THE ACQUISITION

Based on the annual report of the Group for the year ended 31 December 2016, as at 31 December 2016, the Group had total assets, total liabilities and net assets of approximately RMB293,183.1 million, RMB257,771.9 million and RMB35,411.2 million respectively. Based on the unaudited pro forma consolidated balance sheet of the Enlarged Group as set out in Appendix V to this circular, the Enlarged Group would have an increase in total assets of approximately RMB20,571.8 million to

LETTER FROM THE BOARD

approximately RMB313,754.9 million, an increase in total liabilities of approximately RMB16,850.2 million to approximately RMB274,622.1 million, an increase in net assets of approximately RMB3,721.6 million to approximately RMB39,132.8 million. A gain amounting to approximately RMB2,100 million is expected to arise from the Acquisition.

Pursuant to the Cooperation Agreement, four villas and certain other assets were agreed to be distributed by Tianjin Xingyao to Kunming Xingyao exclusively prior to profit distribution on a pro rata basis between the Group and Kunming Xingyao in future. These assets were not relevant to the business of Tianjin Xingyao or the Group and the parties agreed that Kunming Xingyao shall retain these assets for its own use and these assets did not form part of the target assets for the purpose of the Acquisition. The total consideration for the Acquisition had excluded the fair value of these assets attributable to 80% equity interest in Tianjin Xingyao which amounted to approximately RMB49,120,000. Based on the foregoing, the Directors consider the arrangement concerning those assets to be fair and reasonable. The Group will book the corresponding value of these assets amounting to approximately RMB61,400,000 as “non-controlling interest” where the Group still controls these assets prior to distribution to Kunming Xingyao.

Based on the growth prospects of Tianjin Xingyao, the Directors believe that the Acquisition would have a positive impact on the earnings and profits of the Group. As the consideration for the Acquisition had been paid by the Group to the Vendor and the Third Party Investors, the Directors believe that the Acquisition had negative impact to the short-term cashflow of the Group, but had no material impact on the gearing ratio of the Group.

For details of the unaudited pro forma financial information on the Enlarged Group immediately following completion of the Acquisition, please refer to Appendix V to this circular.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company has always adhered to the regional focus development strategy and has laid out its strategic plan in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC. The Acquisition will further increase the Company’s land reserves and market share in Tianjin, and further strengthen the Group’s leading position and brand influence in the market of Tianjin.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Acquisition is carried out on normal commercial terms which are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND OTHER PARTIES INVOLVED IN THE ACQUISITION

The Group

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. As specialised in integrated development of residential and commercial properties, the Group is one of the leading real estate developers in the

LETTER FROM THE BOARD

PRC. In line with its regional focus and high-end positioning strategy, the Company has developed or is developing many high-quality property projects ranging from high-rise residences, detached villas, retail properties and offices in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC.

Tianjin Sunac

Tianjin Sunac is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in property development and sales in the PRC.

Kunming Xingyao

Kunming Xingyao is a company established in the PRC with limited liability, which is principally engaged in property development and the construction and operation of auxiliary comprehensive sports venues in the PRC. Based on information available to the Company, the ultimate beneficial owners of Kunming Xingyao are two PRC individuals, namely Yan Rui (顏瑞) and Yan Jin (顏進).

Third Party Investors

Each of the Third Party Investors, namely CITIC Trust, Huaneng Trust and Huarong Trust, is a trust company established in the PRC and is engaged in, among others, investment activities. Based on information available to the Company, (i) the ultimate beneficial owner of CITIC Trust is CITIC Limited, a company listed on the Main Board of the Stock Exchange (stock code: 267); (ii) the ultimate beneficial owner of Huaneng Trust is China Huaneng Group (中國華能集團公司), a company established in the PRC; and (iii) the ultimate beneficial owner of Huarong Trust is China Huarong Asset Management Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 2799).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 25% but all of the applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As each of the applicable percentage ratios in respect of the disposal of 5% equity interest in Tianjin Xingyao as contemplated under the Framework Agreement was less than 5%, such disposal was exempted from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

The Company had obtained the written approval from Sunac International, the controlling shareholder of the Company holding approximately 52.51% of the issued share capital of the Company

LETTER FROM THE BOARD

as at the date of such approval, for approving the Acquisition pursuant to Rule 14.44 of the Listing Rules. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders had any material interest in the Acquisition and therefore no Shareholder would be required to abstain from voting if the Company were to convene an extraordinary general meeting for approval of the Acquisition.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole. Although a general meeting will not be convened by the Company to approve the Acquisition, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Acquisition.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 December 2014, 2015 and 2016 together with the relevant notes thereto are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sunac.com.cn):

- pages 58 to 140 in the annual report of the Company for the year ended 31 December 2014 published on 16 April 2015;
- pages 71 to 154 in the annual report of the Company for the year ended 31 December 2015 published on 18 April 2016; and
- pages 98 to 196 in the annual report of the Company for the year ended 31 December 2016 published on 18 April 2017.

Each of the said consolidated financial statements of the Group is incorporated by reference to this circular and forms part of this circular. The management discussion and analysis of the Company for the years ended 31 December 2014, 2015 and 2016 are disclosed in the published annual reports of the Company for the relevant period. Please also see below the links to the relevant annual reports of the Company:

- **Annual report of the Company for the year ended 31 December 2014**

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0416/LTN20150416362.pdf>

- **Annual report of the Company for the year ended 31 December 2015**

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0418/LTN20160418433.pdf>

- **Annual report of the Company for the year ended 31 December 2016**

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0418/LTN20170418616.pdf>

2. INDEBTEDNESS STATEMENT**(i) Borrowings and debts**

As at the close of business on 31 July 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding borrowings of approximately RMB179,963.0 million, of which RMB147,754.0 million were secured or jointly secured by properties under development, completed properties held for sale and certain equity interests of the Company's subsidiaries (including those legally transferred as collateral).

The Enlarged Group's contingent liabilities at the close of business on 31 July 2017 were as follows:

	<i>RMB million</i>
Guarantees in respect of mortgage facilities for certain purchasers of the Enlarged Group's properties	24,849.9
Guarantees in respect of borrowings owed by joint ventures and associates of the Enlarged Group	16,609.7

(ii) General

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on 31 July 2017, the Enlarged Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, charges or debentures, mortgages, loans or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits or any guarantees.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Enlarged Group since 31 July 2017.

3. MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Company were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group including the available credit facilities and the Group's internally generated funds and the cash flow impact of the Acquisition, the Group will have sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group will continue to insist on the strategy of regional in-depth development to further consolidate and develop its market position and influence in the existing regions and cities. On the other hand, the Group will continue to focus on the development and management of high-end properties and focus on building high-end premium properties for customers in a persistent way.

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

The following is the text of a report set out on pages 17 to 19, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUNAC CHINA HOLDINGS LIMITED

Introduction

We report on the historical financial information of Tianjin Xingyao Investment Company Limited ("Tianjin Xingyao") set out on pages 20 to 62, which comprises the statements of financial position as at 31 December 2014, 2015 and 2016 and 31 March 2017, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 20 to 62 forms an integral part of this report, which has been prepared for inclusion in the circular of Sunac China Holdings Limited (the "Company") dated 31 August 2017 (the "Circular") in connection with the acquisition of Tianjin Xingyao by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of Tianjin Xingyao for the Track Record Period ("Underlying Financial Statements"), on which the Historical Financial Information is based, were prepared by the directors of the Company based on the previously issued financial statements of Tianjin Xingyao for the Track Record Period. The directors of Tianjin Xingyao are responsible for the preparation of the previously issued financial statements of Tianjin Xingyao that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Reporting accountant's 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 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 accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information 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 accountant's report, a true and fair view of the financial position of Tianjin Xingyao as at 31 December 2014, 2015 and 2016 and 31 March 2017 and of its financial performance and its cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Tianjin Xingyao which comprises the statements of comprehensive income, changes in equity and cash flows for the three months ended 31 March 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements have been made.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

31 August 2017

I HISTORICAL FINANCIAL INFORMATION OF TIANJIN XINGYAO

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

BALANCE SHEETS

		As at 31 December			As at 31 March
	Note	2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	16,148	12,792	9,963	9,507
Intangible assets		54	41	26	22
Deferred income tax assets	7	—	—	—	2,725,197
		<u>16,202</u>	<u>12,833</u>	<u>9,989</u>	<u>2,734,726</u>
Current assets					
Land use rights held for development	8	3,748,129	3,748,129	3,748,129	3,748,129
Properties under development	9	3,003,607	3,004,206	3,006,123	3,009,920
Completed properties held for sale	10	2,532,377	2,371,692	2,302,768	2,302,073
Amounts due from related parties	28(e)	385,389	391,938	392,634	392,634
Trade and other receivables	11	39,160	46,394	31,364	31,364
Prepayments	12	242,723	240,483	230,870	230,827
Restricted cash	13	67,726	67,833	1,816	1,816
Cash and cash equivalents	14	<u>2,620</u>	<u>1,304</u>	<u>970</u>	<u>970</u>
		<u>10,021,731</u>	<u>9,871,979</u>	<u>9,714,674</u>	<u>9,717,733</u>
Total assets		<u>10,037,933</u>	<u>9,884,812</u>	<u>9,724,663</u>	<u>12,452,459</u>

		As at 31 December			As at 31 March
	Note	2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
EQUITY AND LIABILITIES					
Equity attributable to owner of Tianjin Xingyao					
Paid-up capital		3,490,000	3,490,000	3,490,000	3,490,000
Accumulated losses		(9,302,984)	(11,493,655)	(13,911,776)	(11,841,175)
Total equity		(5,812,984)	(8,003,655)	(10,421,776)	(8,351,175)
Liabilities					
Non-current liabilities					
Borrowings	17	7,084,775	7,162,752	487,338	477,940
Current liabilities					
Trade and other payables	16	5,830,424	7,491,305	9,377,490	10,034,392
Amounts due to related parties	28(e)	331,091	324,344	325,127	325,127
Advanced proceeds from customers		2,563,170	2,476,918	2,419,969	2,419,229
Borrowings	17	41,457	433,148	7,536,515	7,546,946
		8,766,142	10,725,715	19,659,101	20,325,694
Total liabilities		15,850,917	17,888,467	20,146,439	20,803,634
Total equity and liabilities		10,037,933	9,884,812	9,724,663	12,452,459

STATEMENTS OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December			Three months ended 31 March	
		2014 <i>RMB'000</i>	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2016 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i>
Revenue	18	366,182	190,749	75,411	9,485	741
Cost of sales	19	(438,734)	(175,193)	(74,558)	(10,410)	(938)
Gross (loss)/profit		(72,552)	15,556	853	(925)	(197)
Selling and marketing costs	19	(4,445)	(1,944)	(286)	(122)	(6)
Administrative expenses	19	(46,032)	(30,551)	(17,412)	(5,695)	(2,555)
Other income and gains		—	389	—	—	—
Other expenses and losses	22	(477,791)	(656,039)	(766,688)	(73,021)	(127,490)
Operating loss		(600,820)	(672,589)	(783,533)	(79,763)	(130,248)
Finance income		390	186	—	—	—
Finance expenses		(1,250,475)	(1,518,268)	(1,634,588)	(482,350)	(524,348)
Finance expenses - net	23	(1,250,085)	(1,518,082)	(1,634,588)	(482,350)	(524,348)
Loss before income tax		(1,850,905)	(2,190,671)	(2,418,121)	(562,113)	(654,596)
Income tax credit	24	—	—	—	—	2,725,197
(Loss)/profit for the year/period		<u>(1,850,905)</u>	<u>(2,190,671)</u>	<u>(2,418,121)</u>	<u>(562,113)</u>	<u>2,070,601</u>
<i>Attributable to:</i>						
Equity owner of Tianjin Xingyao		<u>(1,850,905)</u>	<u>(2,190,671)</u>	<u>(2,418,121)</u>	<u>(562,113)</u>	<u>2,070,601</u>
Other comprehensive income for the year/period		—	—	—	—	—
Total comprehensive (loss)/income for the year/period		<u>(1,850,905)</u>	<u>(2,190,671)</u>	<u>(2,418,121)</u>	<u>(562,113)</u>	<u>2,070,601</u>
<i>Attributable to:</i>						
Equity owner of Tianjin Xingyao		<u>(1,850,905)</u>	<u>(2,190,671)</u>	<u>(2,418,121)</u>	<u>(562,113)</u>	<u>2,070,601</u>

STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity owner of Tianjin Xingyao		
	Paid-up capital	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance as at 1 January 2014	<u>3,490,000</u>	<u>(7,452,079)</u>	<u>(3,962,079)</u>
Loss for the year	<u>—</u>	<u>(1,850,905)</u>	<u>(1,850,905)</u>
Balance as at 31 December 2014	<u>3,490,000</u>	<u>(9,302,984)</u>	<u>(5,812,984)</u>
Loss for the year	<u>—</u>	<u>(2,190,671)</u>	<u>(2,190,671)</u>
Balance as at 31 December 2015	<u>3,490,000</u>	<u>(11,493,655)</u>	<u>(8,003,655)</u>
Loss for the year	<u>—</u>	<u>(2,418,121)</u>	<u>(2,418,121)</u>
Balance as at 31 December 2016	<u>3,490,000</u>	<u>(13,911,776)</u>	<u>(10,421,776)</u>
Profit for the period	<u>—</u>	<u>2,070,601</u>	<u>2,070,601</u>
Balance as at 31 March 2017	<u>3,490,000</u>	<u>(11,841,175)</u>	<u>(8,351,175)</u>
<i>(Unaudited)</i>			
Balance as at 1 January 2016	<u>3,490,000</u>	<u>(11,493,655)</u>	<u>(8,003,655)</u>
Loss for the period	<u>—</u>	<u>(562,113)</u>	<u>(562,113)</u>
Balance as at 31 March 2016	<u>3,490,000</u>	<u>(12,055,768)</u>	<u>(8,565,768)</u>

STATEMENTS OF CASH FLOW

		Year ended 31 December			Three months ended 31 March	
	<i>Note</i>	2014 <i>RMB'000</i>	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2016 <i>RMB'000</i> <i>(Unaudited)</i>	2017 <i>RMB'000</i>
Cash flows from operating activities						
Cash used in operations	25	(24,494)	(49,988)	(421)	(128)	—
Cash flows from investing activities						
Purchases of property, plant and equipment		(324)	—	—	—	—
Loans to related parties		(8,315)	(6,626)	(696)	(174)	—
Collection of loans from related parties		363	77	—	—	—
Net cash used in investing activities		(8,276)	(6,549)	(696)	(174)	—
Cash flows from financing activities						
Proceeds from borrowings		—	103,690	—	—	—
Borrowings from related parties		188,969	22,175	1,570	392	—
Repayment of borrowings		(21,470)	(36,627)	—	—	—
Repayment of borrowings from related parties		(131,823)	(28,922)	(787)	(131)	—
Interests paid		(3,753)	(5,095)	—	—	—
Net cash generated from financing activities		31,923	55,221	783	261	—
Net decrease in cash and cash equivalents		(847)	(1,316)	(334)	(41)	—

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Cash and cash equivalents at beginning of year/period	<u>3,467</u>	<u>2,620</u>	<u>1,304</u>	<u>1,304</u>	<u>970</u>
Cash and cash equivalents at end of year/period	<u><u>2,620</u></u>	<u><u>1,304</u></u>	<u><u>970</u></u>	<u><u>1,263</u></u>	<u><u>970</u></u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information

Tianjin Xingyao Investment Company Limited (“Tianjin Xingyao”) is a limited liability company established on 23 August 2007 in the People’s Republic of China (the “PRC”) and principally engaged in the businesses of real estate property development in Tianjin, the PRC. The address of its registered office is Balitai Industrial Zone, Jinnan District, Tianjin City, the PRC.

Tianjin Xingyao was a wholly-owned subsidiary of Kunming Xingyao Sports City Company Limited (“Kunming Xingyao”). The ultimate holding company of Tianjin Xingyao was Kunming Xingyao Group Industry Company Limited. In 2011, Kunming Xingyao and other trust companies formed a trust, namely “Tianjin Xingyao Collective Investment Trust Scheme” (the “Trust Scheme”) to provide debt financings to Tianjin Xingyao. The entire interest of Tianjin Xingyao was transferred to the trust as part of the Trust Scheme.

Pursuant to the equity transfer agreement entered between Kunming Xingyao and Tianjin Sunac Aocheng Investment Company Limited (“Tianjin Sunac”), an indirect wholly-owned subsidiary of Sunac China, on 12 May 2017, Tianjin Sunac agreed to acquire and Kunming Xingyao agreed to sell the 80% equity interests in Tianjin Xingyao held by Kunming Xingyao. Upon completion of the Acquisition, 80% equity interest in Tianjin Xingyao is held by Tianjin Sunac and the remaining 20% equity interest is held by Kunming Xingyao. Tianjin Xingyao becomes a non wholly-owned subsidiary of Tianjin Sunac.

On 29 June 2017, Tianjin Sunac entered into the equity transfer agreement with AVIC Trust Co., Ltd. (“AVIC Trust”), AVIC Trust agreed to acquire and Tianjin Sunac agreed to sell the 5% equity in Tianjin Xingyao at consideration of RMB242 million. Subsequent to the disposal, Tianjin Xingyao will become an associate of Tianjin Sunac.

The Financial Information is presented in thousand unit of Renminbi (“RMB”), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

2.1 *Basis of preparation*

The principal accounting policies applied in the preparation of the financial statements of Tianjin Xingyao, which are in accordance with the HKFRSs issued by the HKICPA, are set out below. The financial information has been prepared under the historical cost convention.

The preparation of the financial information in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Tianjin Xingyao’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 5.

2.1.1 Going concern

As at 31 March 2017, Tianjin Xingyao had total shareholders' deficits of RMB8,351 million and its current liabilities exceeded its current assets by RMB10,608 million. The continuation of the business of Tianjin Xingyao largely depends on continuing financial support from its shareholder. Sunac China, the ultimate holding company, has confirmed its intention to provide continuous financial support to Tianjin Xingyao so as to enable Tianjin Xingyao to meet its liabilities as and when they fall due and to carry on its business in the twelve months from 31 March 2017. Consequently, the directors of Tianjin Xingyao have prepared these financial statements on a going concern basis.

2.1.2 Changes in accounting policy and disclosures

Standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted and applied by Tianjin Xingyao consistently throughout the Track Record Period.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of Tianjin Xingyao, except the following set out below:

HKFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. Tianjin Xingyao does not intend to adopt HKFRS 9 before its mandatory date.

While Tianjin Xingyao has yet to undertake a detailed assessment of the classification and measurement of financial assets, 'trade and other receivables' would appear to satisfy the conditions for classification as at amortized costs and hence there will be no change to the accounting for these assets. Accordingly Tianjin Xingyao does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on Tianjin Xingyao's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Tianjin Xingyao does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 'Financial Instruments: Recognition and Measurement' and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other

comprehensive income, contract assets under HKFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. While Tianjin Xingyao has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Tianjin Xingyao's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 'Revenue from Contracts with Customers' has been issued by the HKICPA as a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

At this stage, Tianjin Xingyao has yet to estimate the effect of the new rules on Tianjin Xingyao's financial information. Tianjin Xingyao will make more detailed assessments of the effect over the next nine months. Tianjin Xingyao does not expect to adopt the new standard before 1 January 2018.

HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 'Leases', and related interpretations. An entity shall apply HKFRS 16 for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to the entity adopting HKFRS 15 'Revenue from Contracts with Customers' at the same time.

Management is currently assessing the effects of applying the new standard on Tianjin Xingyao's financial information and at this stage, Tianjin Xingyao is not able to estimate the effect of the new rules on Tianjin Xingyao's financial statements. Tianjin Xingyao will make more detailed assessments of the effect over the next twelve months. Tianjin Xingyao does not expect to adopt the new standard before 1 January 2019.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on Tianjin Xingyao.

2.2 *Functional and presentation currency*

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

2.3 *Property, plant and equipment*

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

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

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

Furniture, fittings and equipment	5 - 10 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘other income and gains’ or ‘other expenses and losses’ in the income statement.

2.4 *Land use rights*

All land in the PRC is state-owned and no individual land ownership right exists. Tianjin Xingyao acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights.

Land use rights which are held for development for sale are inventories and measured at lower of cost and net realisable value.

2.5 *Impairment of non-financial assets*

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

2.6 *Financial assets*

2.6.1 *Classification*

The classification depends on the purpose for which the financial assets were acquired. Tianjin Xingyao classifies its financial assets in the category of loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. Tianjin Xingyao's loans and receivables comprise trade and other receivables, amounts due from related companies, restricted cash and cash and cash equivalent in the balance sheet.

2.6.2 *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which Tianjin Xingyao commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and Tianjin Xingyao has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.6.3 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of Tianjin Xingyao or the counterparty.

2.7 *Impairment of financial assets carried at amortized cost*

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

2.8 *Land use rights held for development and properties under development*

Land use rights held for development and properties under development are stated at the lower of cost and net realizable value. Net realizable value takes into account the price ultimately expected to be realized, less applicable variable selling expenses and anticipated cost to completion.

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

2.9 *Completed properties held for sale*

Completed properties remaining unsold as at the balance sheet dates are stated at the lower of cost and net realizable value.

Cost comprises development costs 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 variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.10 *Trade and other receivables*

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

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

2.11 *Cash and cash equivalents*

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.12 *Paid-up capital*

Capital contributed by the equity holders is classified as equity.

2.13 *Trade payables*

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

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

2.14 *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless Tianjin Xingyao has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 *Borrowing costs*

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

2.16 *Current and deferred income tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

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

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

(c) *Offsetting*

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

2.17 *Employee benefits*

(a) *Employee leave entitlement*

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

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

(b) *Retirement benefits*

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

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

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by Tianjin Xingyao before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Tianjin Xingyao recognises termination benefits at the earlier of the following dates: (a) when Tianjin Xingyao can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.18 *Provisions*

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

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

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

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or services provided, stated net of discounts, returns and value added taxes. Tianjin Xingyao recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of Tianjin Xingyao's activities, as described below. Tianjin Xingyao bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and property transfer notice has been delivered to the purchases pursuant to the sales agreement and recoverability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets as "advanced proceeds from customers" within current liabilities.

(b) Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, Tianjin Xingyao reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan or receivables is recognised using the original effective interest rate.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the year of the lease.

2.21 Insurance contracts

Tianjin Xingyao regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers and financial guarantee contracts provided to its related parties as insurance contracts.

Tianjin Xingyao assesses at each reporting date whether its financial guarantee liabilities are adequate, using current estimates of future cash flows under its financial guarantee contracts. If that assessment shows that the carrying amount of its liabilities is inadequate in the light of the estimated future cash flow, the entire deficiency is recognised in the profit or loss.

3 Financial risk management

3.1 Financial risk factors

Tianjin Xingyao's activities expose it to a variety of financial risks: market risk (mainly the cash flow and fair value interest rate risk), credit risk and liquidity risk. Tianjin Xingyao's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Tianjin Xingyao's financial performance. Risk management is carried out by the management team of Tianjin Xingyao.

(a) Market risk

(i) Fair value interest rate risk

Tianjin Xingyao's interest rate risk arises from borrowings. Borrowings at fixed rates expose Tianjin Xingyao to fair value interest-rate risk.

Tianjin Xingyao has not used any interest rate swaps to hedge its exposure to interest rate risk.

The table below sets out Tianjin Xingyao's exposure to interest rate risks. Included in the tables are the liabilities at carrying amounts, categorized by maturity dates.

	Fixed rates			
	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2014				
Borrowings	<u>41,457</u>	<u>6,606,835</u>	<u>477,940</u>	<u>7,126,232</u>
At 31 December 2015				
Borrowings	<u>433,148</u>	<u>7,162,752</u>	<u>—</u>	<u>7,595,900</u>
At 31 December 2016				
Borrowings	<u>7,536,515</u>	<u>487,338</u>	<u>—</u>	<u>8,023,853</u>
At 31 March 2017				
Borrowings	<u>7,546,946</u>	<u>477,940</u>	<u>—</u>	<u>8,024,886</u>

(b) *Credit risk*

Tianjin Xingyao has no significant concentrations of credit risk. The maximum extent of Tianjin Xingyao's credit exposure in relation to financial assets is represented by the aggregate balance of cash and cash equivalents, restricted cash, trade and other receivable, amounts due from related parties included in the balance sheets. Cash transactions are limited to high-credit-quality banks. Tianjin Xingyao has policies in place to ensure that sales of properties are made to customers with an appropriate financial strength and appropriate percentage of down payment. Credit is granted to customers with sufficient financial strength. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

Certain customers of Tianjin Xingyao have arranged bank financing for their purchases of the properties. Tianjin Xingyao has provided guarantees to secure obligations of such customers for repayments, normally up to the time when the customers obtain the legal certificates of the property ownership.

(c) *Liquidity risk*

Management aims to maintain sufficient cash to meet funding requirement for operations and monitor rolling forecasts of Tianjin Xingyao's cash on the basis of expected cash flows. Tianjin Xingyao did not have sufficient cash in the Track Record Period. As stated in Note 3.2, Tianjin Xingyao adjusted the progress of constructions, sold properties held for sale, sought fundings from external parties to support the operations of Tianjin Xingyao.

APPENDIX II**ACCOUNTANT'S REPORT ON TIANJIN XINGYAO**

The table below analyses Tianjin Xingyao's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2014					
Borrowings	1,658,478	2,149,400	7,285,312	477,940	11,571,130
Trade and other payables	5,819,037	—	—	—	5,819,037
Amounts due to related parties	331,091	—	—	—	331,091
	<u>7,808,606</u>	<u>2,149,400</u>	<u>7,285,312</u>	<u>477,940</u>	<u>17,721,258</u>
At 31 December 2015					
Borrowings	2,212,364	7,638,607	583,949	—	10,434,920
Trade and other payables	7,461,500	—	—	—	7,461,500
Amounts due to related parties	324,344	—	—	—	324,344
	<u>9,998,208</u>	<u>7,638,607</u>	<u>583,949</u>	<u>—</u>	<u>18,220,764</u>
At 31 December 2016					
Borrowings	8,506,712	58,215	525,734	—	9,090,661
Trade and other payables	9,332,848	—	—	—	9,332,848
Amounts due to related parties	325,127	—	—	—	325,127
	<u>18,164,687</u>	<u>58,215</u>	<u>525,734</u>	<u>—</u>	<u>18,748,636</u>
At 31 March 2017					
Borrowings	7,941,587	49,181	525,734	—	8,516,502
Trade and other payables	9,987,452	—	—	—	9,987,452
Amounts due to related parties	325,127	—	—	—	325,127
	<u>18,254,166</u>	<u>49,181</u>	<u>525,734</u>	<u>—</u>	<u>18,829,081</u>

Note: Trade and other payables in this analysis do not include taxes payables and payroll & welfare payables.

3.2 *Capital management*

Tianjin Xingyao's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for equity holders.

Tianjin Xingyao actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of Tianjin Xingyao and capital efficiency, project operating cash flows and projected capital expenditures.

For the years ended 31 December 2014, 2015, 2016 and period ended 31 March 2017, Tianjin Xingyao had shareholders' deficits. Tianjin Xingyao adjusted the progress of constructions, sold properties held for sale, sought fundings from external parties to support the operations of Tianjin Xingyao. In order to maintain or adjust the capital structure, Tianjin Xingyao may sell assets to reduce debts.

4 Fair value estimation

The different levels regarding fair value determination have been defined as follows:

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

The carrying amounts of Tianjin Xingyao's financial assets and financial liabilities approximated their fair values.

See note 17 for disclosures of the financial liabilities that are not measured at fair value but fair value disclosure are required.

5 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Tianjin Xingyao makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Deferred taxation*

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

(b) *Estimated net realizable value of properties under development and completed properties held for sale*

Tianjin Xingyao assesses the carrying amounts of properties under development and completed properties held for sale based on the net realisable value of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates. If the management changes the estimated selling price and the estimated costs and expenses to completion, the estimated net realizable value would be affected; such difference will impact the provisions of inventories which have been recognised.

(c) *Revenue recognition for sales of properties*

Tianjin Xingyao has recognised revenue from the sale of properties held for sale. The assessment of when an entity has transferred the significant risks and rewards of ownership to purchasers requires the examination of the circumstances of the transaction. In situation where the purchasers did not acknowledge the handover of the properties by Tianjin Xingyao to them, despite they had moved into the properties, no revenue was recognised. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the purchasers upon release of the respective property to the purchasers.

Tianjin Xingyao provides guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of Tianjin Xingyao's properties. These guarantees will expire when relevant property ownership certificates are mortgaged to banks by the purchasers. In order to obtain mortgage loans, the purchasers need to settle certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of Tianjin Xingyao are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on past experiences, there were no significant defaults of mortgage facilities by the purchasers resulting in the calling of the bank guarantees provided. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

6 Property, plant and equipment

	Furniture, fittings and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014			
Costs	30,931	13,206	44,137
Accumulated depreciation	<u>(13,159)</u>	<u>(10,692)</u>	<u>(23,851)</u>
Net book amounts	<u>17,772</u>	<u>2,514</u>	<u>20,286</u>
Year ended 31 December 2014			
Opening net book amounts	17,772	2,514	20,286
Additions	324	—	324
Depreciation charges (Note 19)	<u>(3,351)</u>	<u>(1,111)</u>	<u>(4,462)</u>
Closing net book amounts	<u>14,745</u>	<u>1,403</u>	<u>16,148</u>
At 31 December 2014			
Costs	31,255	13,206	44,461
Accumulated depreciation	<u>(16,510)</u>	<u>(11,803)</u>	<u>(28,313)</u>
Net book amounts	<u>14,745</u>	<u>1,403</u>	<u>16,148</u>
Year ended 31 December 2015			
Opening net book amounts	14,745	1,403	16,148
Depreciation charges (Note 19)	<u>(2,678)</u>	<u>(678)</u>	<u>(3,356)</u>
Closing net book amounts	<u>12,067</u>	<u>725</u>	<u>12,792</u>
At 31 December 2015			
Costs	31,255	13,206	44,461
Accumulated depreciation	<u>(19,188)</u>	<u>(12,481)</u>	<u>(31,669)</u>
Net book amounts	<u>12,067</u>	<u>725</u>	<u>12,792</u>

	Furniture, fittings and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2016			
Opening net book amounts	12,067	725	12,792
Disposals	(799)	(7)	(806)
Depreciation charges (Note 19)	<u>(1,992)</u>	<u>(31)</u>	<u>(2,023)</u>
Closing net book amounts	<u>9,276</u>	<u>687</u>	<u>9,963</u>
At 31 December 2016			
Costs	23,071	13,168	36,239
Accumulated depreciation	<u>(13,795)</u>	<u>(12,481)</u>	<u>(26,276)</u>
Net book amounts	<u>9,276</u>	<u>687</u>	<u>9,963</u>
Three months ended 31 March 2017			
Opening net book amounts	9,276	687	9,963
Depreciation charges (Note 19)	<u>(451)</u>	<u>(5)</u>	<u>(456)</u>
Closing net book amounts	<u>8,825</u>	<u>682</u>	<u>9,507</u>
At 31 March 2017			
Costs	23,071	13,168	36,239
Accumulated depreciation	<u>(14,246)</u>	<u>(12,486)</u>	<u>(26,732)</u>
Net book amounts	<u>8,825</u>	<u>682</u>	<u>9,507</u>
<i>(Unaudited)</i>			
Three months ended 31 March 2016			
Opening net book amounts	12,067	725	12,792
Disposals	(799)	(7)	(806)
Depreciation charges (Note 19)	<u>(585)</u>	<u>(13)</u>	<u>(598)</u>
Closing net book amounts	<u>10,683</u>	<u>705</u>	<u>11,388</u>
At 31 March 2016			
Costs	23,071	13,168	36,239
Accumulated depreciation	<u>(12,388)</u>	<u>(12,463)</u>	<u>(24,851)</u>
Net book amounts	<u>10,683</u>	<u>705</u>	<u>11,388</u>

7 Deferred income tax

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets (hereafter "DTA"):				
- to be recovered within 12 months	—	—	—	2,236,605
- to be recovered after more than 12 months	—	—	—	488,592
	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,725,197</u>

The movement on DTA during the year, without taking into consideration of offsetting of balance within the same tax jurisdiction, is as follows:

(a) DTA

	Impairment provision for properties	Impairment provision for account receivables	Deferred expenses for tax purpose	Deductible tax loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2016	—	—	—	—	—
Credited to income statement	<u>355,394</u>	<u>8,749</u>	<u>2,091,508</u>	<u>269,546</u>	<u>2,725,197</u>
At 31 March 2017	<u>355,394</u>	<u>8,749</u>	<u>2,091,508</u>	<u>269,546</u>	<u>2,725,197</u>

DTA are recognised for tax losses carried-forward to the extent that the realisation of the related benefit through the taxable profits for the deduction periods according to the PRC tax laws and regulations is probable.

As at 31 December 2014, 2015 and 2016, Tianjin Xingyao did not recognize DTA of RMB217 million, RMB239 million and RMB269 million in respect of accumulated losses amounted to RMB869 million, RMB957 million and RMB1,076 million as Tianjin Xingyao estimated that it would not have sufficient tax income to utilise the tax deduction benefits in the future deduction period. Within these accumulated losses, amounts of RMB52 million, RMB115 million, RMB51 million, RMB22 million and RMB30 million, as at 31 March 2017 would expire in 2017, 2018, 2019, 2020 and 2021 respectively.

As of 31 December 2014, 2015 and 2016, Tianjin Xingyao has deductible temporary differences of RMB1,634 million, RMB2,074 million and RMB2,236 million in respect of which no DTA have been recognised as it was not probable that taxable profit would be available against which the deductible temporary differences could be utilised.

For the period ended 31 March 2017, the directors considered that the parent company was discussing bring in new shareholders and negotiating the debt restructure under the Trust Scheme. The directors considered there would be sufficient tax income in future as the project was activated again and hence DTA was recognized during the period.

8 Land use rights held for development ("LUR")

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights costs	3,284,222	3,284,222	3,284,222	3,284,222
Other development costs	<u>463,907</u>	<u>463,907</u>	<u>463,907</u>	<u>463,907</u>
	<u>3,748,129</u>	<u>3,748,129</u>	<u>3,748,129</u>	<u>3,748,129</u>

No development progress for certain LUR for the years ended 31 December 2014, 2015, 2016 and 31 March 2017.

As at 31 December 2014, 2015, 2016 and 31 March 2017, all LUR were pledged as collaterals for Tianjin Xingyao's borrowings (Note 17).

9 Properties under development ("PUD")

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights costs	638,401	638,401	638,401	638,401
Other development costs	1,985,756	1,986,482	1,988,399	1,992,196
Capitalized financial costs	<u>901,312</u>	<u>901,312</u>	<u>901,312</u>	<u>901,312</u>
	3,525,469	3,526,195	3,528,112	3,531,909
Less: Provision for loss on realisable values	<u>(521,862)</u>	<u>(521,989)</u>	<u>(521,989)</u>	<u>(521,989)</u>
	<u>3,003,607</u>	<u>3,004,206</u>	<u>3,006,123</u>	<u>3,009,920</u>

	31 December			31 March
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Including:				
To be completed within 12 months	—	—	2,827,297	2,935,729
To be completed after 12 months	<u>3,525,469</u>	<u>3,526,195</u>	<u>700,815</u>	<u>596,180</u>
	<u>3,525,469</u>	<u>3,526,195</u>	<u>3,528,112</u>	<u>3,531,909</u>

The properties under development are all located in the PRC.

As at 31 December 2014, 2015, 2016 and 31 March 2017, all PUD were pledged as collaterals for Tianjin Xingyao's borrowings (Note 17).

10 Completed properties held for sale

	31 December			31 March
	2014	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Completed properties held for sale	3,570,049	3,323,607	3,203,884	3,201,660
Less: Provision for loss on realisable value	<u>(1,037,672)</u>	<u>(951,915)</u>	<u>(901,116)</u>	<u>(899,587)</u>
	<u>2,532,377</u>	<u>2,371,692</u>	<u>2,302,768</u>	<u>2,302,073</u>

The completed properties held for sale are all located in the PRC.

As 31 December 2014, 2015, 2016 and 31 March 2017, all completed properties held for sale were pledged as collaterals for Tianjin Xingyao's borrowings (Note 17).

11 Trade and other receivables

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (a)	9,659	10,022	10,022	10,022
Other receivables				
- Deposits	58,628	65,718	54,031	54,031
- Cash advances to employee	4,181	4,836	2,305	2,305
	72,468	80,576	66,358	66,358
Less: Bad debt provision for other receivables	(33,308)	(34,182)	(34,994)	(34,994)
	<u>39,160</u>	<u>46,394</u>	<u>31,364</u>	<u>31,364</u>

As at 31 December 2014, 2015, 2016 and 31 March 2017, the carrying amounts of trade and other receivables approximate their respective fair values.

The carrying amounts of Tianjin Xingyao's trade and other receivables are denominated in RMB.

(a) Trade receivables

The following trade receivables were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	—	362	—	—
Between 90 and 180 days	73	—	—	—
Between 181 and 365 days	470	—	—	—
Over 365 days	9,116	9,660	10,022	10,022
	<u>9,659</u>	<u>10,022</u>	<u>10,022</u>	<u>10,022</u>

As at 31 December 2014, 2015, 2016 and 31 March 2017, as Tianjin Xingyao normally holds collaterals of the properties before collection of full contract amount and transfer of the legal titles to the customers, the Directors are of the view that the past due trade receivables would be recovered and no provision was made.

12 Prepayments

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid taxes				
- Business tax and surcharges	122,106	113,663	109,453	109,410
- Corporate income tax	70,822	70,822	70,822	70,822
- LAT	49,795	50,622	50,595	50,595
Prepaid construction costs	—	5,376	—	—
	<u>242,723</u>	<u>240,483</u>	<u>230,870</u>	<u>230,827</u>

13 Restricted cash

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash from property presale proceeds	65,956	66,122	3	3
Deposit for issued bank acceptance	1,724	1,691	1,692	1,692
Frozen funds for lawsuit	46	20	121	121
	<u>67,726</u>	<u>67,833</u>	<u>1,816</u>	<u>1,816</u>

Tianjin Xingyao earned interests on restricted cash at floating bank deposit rates.

14 Cash and cash equivalents

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	<u>2,620</u>	<u>1,304</u>	<u>970</u>	<u>970</u>

Tianjin Xingyao earned interests on cash and cash equivalents at floating bank deposit rates.

15 Financial instruments by category

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Loans and receivables				
Trade and other receivables	39,160	46,394	31,364	31,364
Amounts due from related parties	385,389	391,938	392,634	392,634
Cash and cash equivalents	2,620	1,304	970	970
Restricted cash	67,726	67,833	1,816	1,816
	<u>494,895</u>	<u>507,469</u>	<u>426,784</u>	<u>426,784</u>
Financial liabilities at amortised costs				
Borrowings	7,126,232	7,595,900	8,023,853	8,024,886
Trade and other payables	5,819,037	7,461,500	9,332,848	9,987,452
Amounts due to related parties	331,091	324,344	325,127	325,127
	<u>13,276,360</u>	<u>15,381,744</u>	<u>17,681,828</u>	<u>18,337,465</u>

Note: Trade and other payables in this analysis do not include taxes payables and payroll & welfare payables.

16 Trade and other payables

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,298,930	1,183,895	1,163,013	1,166,809
Other payables	273,800	416,730	535,165	607,179
Interests and related penalty payable	4,246,307	5,860,875	7,634,670	8,213,464
Other taxes payable	5,520	13,103	17,568	18,712
Payroll and welfare payables	5,867	16,702	27,074	28,228
	<u>5,830,424</u>	<u>7,491,305</u>	<u>9,377,490</u>	<u>10,034,392</u>

(a) *The ageing analysis of Tianjin Xingyao's trade payables is as follows:*

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	107,145	—	—	—
Between 90 and 180 days	233,251	—	—	—
Between 181 and 365 days	421,436	—	—	—
Over 365 days	537,098	1,183,895	1,163,013	1,166,809
	<u>1,298,930</u>	<u>1,183,895</u>	<u>1,163,013</u>	<u>1,166,809</u>

17 Borrowings

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Secured,				
Borrowings I related to Trust Scheme (Note 1, Note 17(a))	360,000	360,000	360,000	360,000
Borrowings II related to Trust Scheme (Note 1, Note 17(a))	6,230,472	6,639,191	7,075,915	7,075,915
Other borrowings (Note 17(b))	<u>535,760</u>	<u>596,709</u>	<u>587,938</u>	<u>588,971</u>
	7,126,232	7,595,900	8,023,853	8,024,886
Less: Current portion of long-term borrowings	<u>(41,457)</u>	<u>(433,148)</u>	<u>(7,536,515)</u>	<u>(7,546,946)</u>
	<u>7,084,775</u>	<u>7,162,752</u>	<u>487,338</u>	<u>477,940</u>
Current				
Current portion of long-term borrowings	<u>41,457</u>	<u>433,148</u>	<u>7,536,515</u>	<u>7,546,946</u>
Total	<u>7,126,232</u>	<u>7,595,900</u>	<u>8,023,853</u>	<u>8,024,886</u>

Tianjin Xingyao's borrowings as at 31 December 2014, 2015, 2016 and 31 March 2017 was repayable as follows:

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	41,457	433,148	7,536,515	7,546,946
Between 1 and 2 years	376,363	6,675,414	9,398	—
Between 2 and 5 years	6,230,472	487,338	477,940	477,940
Over 5 years	477,940	—	—	—
	<u>7,126,232</u>	<u>7,595,900</u>	<u>8,023,853</u>	<u>8,024,886</u>

The weighted-average effective interest rates for the year ended 31 December 2014, 2015, 2016 and 31 March 2017 were 20.94%, 20.97%, 21.13% and 19.88% respectively.

(a) *Borrowings related to Trust Scheme*

According to the Trust Scheme, there were two borrowings from trust companies with different terms, the original principals of which amounted to RMB360 million (the "Borrowings I") and RMB5,122 million (the "Borrowings II").

The Borrowings I carried interest at 22% per annum, payable quarterly, and was due for repayment as at 20 December 2016. There was penalty on overdue principal and interest with 33% compound rate per annum (Note 22).

For the year ended 31 December 2014, 2015, 2016, and 31 March 2017, the Borrowings II carried weighted-average effective interest at 21.92%, 21.92%, 21.98% and 22.00% respectively, payable quarterly, and was due for repayment as at 20 June 2017. In accordance with the Trust Scheme, a minimum amount equivalent to 6.56% of the principals should be repaid each year. If Tianjin Xingyao did not settle such amount, the amount would be capitalized as additional principal as penalty (Note 22).

- (b) Other long-term borrowings amounted to RMB478 million was from Village Committee of Balitai Town, Jinnan District, Tianjin with interest rate of 10% per annum and was due for repayment as at 29 June 2020. The remaining other borrowings was from Jiangsu Nantong Liujian Construction Group Co., Ltd. ("Nantong Liujian"), a major construction contractor of Tianjin Xingyao with interest rate of approximately 10.88% per annum and was due for repayment from 10 July 2016 to 25 March 2018.

- (c) As at 31 December 2014, 2015, 2016 and 31 March 2017, Tianjin Xingyao's borrowing of RMB6,590 million, RMB6,999 million RMB7,436 million and RMB7,436 million were secured by its land use rights held for development, properties under development and completed properties held for sale respectively.

As at 31 December 2014, 2015, 2016 and 31 March 2017, Tianjin Xingyao's borrowing of RMB6,590 million, RMB6,999 million RMB7,436 million and RMB7,436 million were guaranteed by Kunming Xingyao.

- (d) As at 31 December 2014, 2015, 2016 and 31 March 2017, Tianjin Xingyao had no committed undrawn banking facilities.

- (e) The fair values of the non-current borrowings are as follows:

Bank borrowings

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Fair values	<u>7,066,076</u>	<u>7,118,944</u>	<u>469,110</u>	<u>472,243</u>

The fair value of non-current borrowings approximate their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the effective interest rate for 31 December 2014, 2015, 2016 and 31 March 2017 is 20.94%, 20.97%, 10.13% and 10.00% respectively are within level 2 of the fair value hierarchy.

18 Revenue

	Year ended 31 December			Three months ended	
	2014	2015	2016	31 March	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Sale of properties	355,973	190,739	75,111	9,485	741
Others	<u>10,209</u>	<u>10</u>	<u>300</u>	<u>—</u>	<u>—</u>
	<u>366,182</u>	<u>190,749</u>	<u>75,411</u>	<u>9,485</u>	<u>741</u>

Tianjin Xingyao's other revenue mainly comprised of golf club income and hotel income.

19 Expenses by nature

	Year ended 31 December			Three months ended	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Construction costs	231,393	127,749	62,081	10,017	869
Land use rights costs	172,805	82,008	39,863	5,182	703
Capitalized financial costs	78,247	36,685	17,779	1,778	652
Staff cost (Note 20)	28,533	23,264	10,616	3,321	1,092
Business tax and surcharges	21,594	10,786	4,244	536	42
Impairment provision for receivables	14,729	874	812	812	—
Write back of provision for properties	(89,130)	(85,630)	(50,799)	(7,588)	(1,529)
Office and travel expenses	9,765	2,316	360	241	—
Other tax expenses	4,779	4,658	4,616	1,177	1,146
Material consumptions	4,630	586	—	—	—
Depreciation (Note 6)	4,462	3,356	2,023	598	456
Consulting fee	3,030	207	—	—	—
Advertisement and promotion costs	1,829	30	—	—	—
Entertainment expense	864	276	36	—	—
Utilities expenses	824	303	18	18	—
Others	857	220	607	135	68
	<u>489,211</u>	<u>207,688</u>	<u>92,256</u>	<u>16,227</u>	<u>3,499</u>

20 Employee benefit expenses

	Year ended 31 December			Three months ended	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages and salaries	22,048	17,927	7,524	2,610	885
Staff welfare	1,629	371	56	54	—
Pension costs	4,856	3,453	1,262	405	144
Severance costs	—	1,513	1,774	252	63
	<u>28,533</u>	<u>23,264</u>	<u>10,616</u>	<u>3,321</u>	<u>1,092</u>

21 Senior management's emoluments

The five individuals whose emoluments were the highest in Tianjin Xingyao for the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2016 and 2017 were as follows:

	Year ended 31 December			Three months ended	
	2014	2015	2016	31 March 2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries and bonuses	<u>2,470</u>	<u>2,470</u>	<u>2,470</u>	<u>823</u>	<u>350</u>

The emoluments fell within the following bands:

	Year ended 31 December			Three months ended	
	2014	2015	2016	31 March 2016	2017
				(Unaudited)	
Emolument bands					
Less than RMB500,000	3	3	3	5	2
RMB500,001 - RMB1,000,000	<u>2</u>	<u>2</u>	<u>2</u>	<u>—</u>	<u>—</u>
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>2</u>

22 Other expenses and losses

	Year ended 31 December			Three months ended	
	2014	2015	2016	31 March 2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Overdue principal penalties (Note 17(a))	383,558	408,719	436,724	—	—
Overdue interest penalties (Note 17(a))	67,431	118,423	192,889	40,766	60,958
Losses accrual from litigations (a)	21,200	122,152	129,904	29,771	64,817
Others	<u>5,602</u>	<u>6,745</u>	<u>7,171</u>	<u>2,484</u>	<u>1,715</u>
	<u>477,791</u>	<u>656,039</u>	<u>766,688</u>	<u>73,021</u>	<u>127,490</u>

- (a) The amounts represented accruals for miscellaneous legal disputes due to late delivery of the properties, overdue payments on construction costs and marketing promotion fees and labor dispute, etc.

23 Finance income and costs

	Year ended 31 December			Three months ended	
	2014	2015	2016	2016	2017
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Finance expenses					
Interest expense:					
- Borrowings related to Trust Scheme	1,365,521	1,449,904	1,544,041	467,936	509,536
- Other borrowings	55,100	68,364	90,547	14,414	14,812
Less: Amounts capitalised on qualifying assets	(170,146)	—	—	—	—
	<u>1,250,475</u>	<u>1,518,268</u>	<u>1,634,588</u>	<u>482,350</u>	<u>524,348</u>
Finance income					
- Interest income on bank deposits	(390)	(186)	—	—	—
Finance expenses - net	<u>1,250,085</u>	<u>1,518,082</u>	<u>1,634,588</u>	<u>482,350</u>	<u>524,348</u>

The capitalization rate used to determine the amount of the interest incurred eligible for capitalization in the years ended 31 December 2014 was 19.40%. There was no interest capitalization in the years ended 31 December 2015, 2016 and the three months ended 31 March 2016 and 2017.

24 Income tax credit

	Year ended 31 December			Three months ended	
	2014	2015	2016	2016	2017
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Corporate income tax					
- Deferred income tax credit	—	—	—	—	(2,725,197)

The corporate income tax on Tianjin Xingyao's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to losses as follows:

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)				
Loss before income tax	(1,850,905)	(2,190,671)	(2,418,121)	(562,113)	(654,596)
Income tax calculated at statutory rate of 25%	(462,726)	(547,668)	(604,530)	(140,528)	(163,649)
Tax losses for which no DTA were recognised	50,878	21,734	29,857	18,834	—
Tax on temporary differences for which no DTA were recognised	408,429	518,511	559,068	119,918	—
Utilisation of previously unrecognized tax losses	—	—	—	—	(269,050)
Tax write-back on temporary differences with no DTA recognition	—	—	—	—	(2,294,766)
Expenses not deductible for tax purposes	<u>3,419</u>	<u>7,423</u>	<u>15,605</u>	<u>1,776</u>	<u>2,268</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,725,197)</u>

Tianjin Xingyao incorporated in the PRC are subject to the statutory corporate income tax rate of 25% for the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2016 and 2017.

25 Cash used in operations

	Year ended 31 December			Three months ended 31 March	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (Unaudited)	2017 RMB'000
Loss before income tax	(1,850,905)	(2,190,671)	(2,418,121)	(562,113)	(654,596)
Adjustments for:					
- Finance expenses - net	1,250,085	1,518,082	1,634,588	482,350	524,348
- Capitalized additional principal	383,558	408,719	436,724	—	—
- Write back of provision for properties	(89,130)	(85,630)	(50,799)	(7,588)	(1,529)
- Depreciation	4,462	3,356	2,023	598	456
- Amortisation of intangible assets	29	13	15	4	4
- Loss on disposal of property, plant and equipment	—	—	806	806	—
Changes in working capital					
- Properties under development and completed properties held for sale, net	(323,164)	245,716	117,806	17,433	(1,573)
- Restricted cash	33,375	(107)	66,017	66,017	—
- Trade and other receivables	(7,554)	(7,234)	4,030	(1,984)	—
- Prepayments	46,026	2,240	4,243	11,870	43
- Advanced proceeds from customers	(112,027)	(86,252)	(56,949)	(14,504)	(740)
- Trade and other payables	640,751	141,780	259,196	6,983	133,587
Cash used in operations	<u>(24,494)</u>	<u>(49,988)</u>	<u>(421)</u>	<u>(128)</u>	<u>—</u>

26 Commitments

(a) Capital commitments

Property development expenditure at the balance sheet date but not yet incurred is as follows:

	31 December			31 March
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000
Property development expenditure				
- Contracted but not provided for	<u>372,902</u>	<u>368,990</u>	<u>368,817</u>	<u>365,020</u>

(b) *Operating lease commitments*

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
No later than 1 year	628	628	157	—
Later than 1 year and no later than 5 years	785	157	—	—
	<u>1,413</u>	<u>785</u>	<u>157</u>	<u>—</u>

27 **Contingencies**(a) *Guarantee on mortgage facilities*

Tianjin Xingyao had the following contingent liabilities in respect of financial guarantees on mortgage facilities:

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of Tianjin Xingyao's property units	<u>188,797</u>	<u>182,641</u>	<u>176,484</u>	<u>174,944</u>

Tianjin Xingyao has arranged bank financing for certain purchasers of its property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months of the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, Tianjin Xingyao is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and Tianjin Xingyao is entitled to take over the legal title and possession of the related properties. Tianjin Xingyao's guarantee period starts from the date of grant of the mortgage. The directors consider that the likelihood of default of payments by purchasers is minimal.

28 Related party transactions

(a) Name and relationship with other related party

Name	Relationship	Effective period
Kunming Xingyao Sports City Co., Ltd. 昆明星耀體育運動城有限公司 (“Kunming Xingyao”)	Parent company	Before 12 May 2017
Yunnan Xingyu Investment Co., Ltd. 雲南星宇投資有限公司 (“Xingyu Investment”) (formerly named “Yunnan Xingyao Investment Holding Co., Ltd.”) 雲南星耀投資控股有限公司”))	Controlled by the same ultimate controlling party	Before 12 May 2017
Yunnan Xingyao Decoration Design Engineering Co., Ltd. 雲南星耀裝飾設計工程有限公司 (“Xingyao Decoration”)	Controlled by the same ultimate controlling party	Before 12 May 2017
Yunnan Xingyao Property Co., Ltd. 雲南星耀置業有限公司 (“Xingyao Property”)	Controlled by the same parent company	Before 12 May 2017
Kunming Kaiwei Property Management Co., Ltd. 昆明楷唯物業管理有限公司 (“Kaiwei Property Management”)	Controlled by the same parent company	Before 12 May 2017
Tianjin Xingyao Business Co., Ltd. 天津星耀商務有限公司 (“Tianjin Xingyao Business”)	Controlled by the same parent company	Before 12 May 2017

(b) Related party transactions

During the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2016 and 2017, Tianjin Xingyao had the following significant transactions with related parties:

(i) Funds paid to

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Tianjin Xingyao Business	131,823	26,250	787	131	—
Kaiwei Property Management	8,315	6,626	696	174	—
Xingyao Decoration	40,907	2,672	—	—	—
	<u>181,045</u>	<u>35,548</u>	<u>1,483</u>	<u>305</u>	<u>—</u>

(ii) *Funds received from*

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Tianjin Xingyao Business	<u>147,986</u>	<u>22,095</u>	<u>1,570</u>	<u>392</u>	<u>—</u>

The related party transactions disclosed above were carried out at terms of interest-free mutually negotiated between Tianjin Xingyao entities and the respective related party.

(c) *Guarantees provided by*

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Kunming Xingyao	6,590,472	6,999,191	7,435,915	6,999,191	7,435,915
Xingyu Investment	<u>9,100</u>	<u>9,100</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>6,599,572</u>	<u>7,008,291</u>	<u>7,435,915</u>	<u>6,999,191</u>	<u>7,435,915</u>

(d) *Key management compensation*

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Salaries and other short-term benefits	<u>4,740</u>	<u>5,340</u>	<u>4,240</u>	<u>1,413</u>	<u>823</u>

(e) *Related party balances*

(i) Amounts due from related parties

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Kunming Xingyao	325,350	325,350	325,350	325,350
Kaiwei Property Management	30,939	37,488	38,184	38,184
Xingyu Investment	29,100	29,100	29,100	29,100
	<u>385,389</u>	<u>391,938</u>	<u>392,634</u>	<u>392,634</u>

The amounts due from related parties are unsecured, interest-free and repayable on demand.

(ii) Amounts due to related parties

	31 December			31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Tianjin Xingyao Business	177,042	172,887	173,670	173,670
Xingyao Decoration	143,897	141,225	141,225	141,225
Kaiwei Property Management	5,652	5,732	5,732	5,732
Xingyao Property	4,500	4,500	4,500	4,500
	<u>331,091</u>	<u>324,344</u>	<u>325,127</u>	<u>325,127</u>

The amounts due to related parties are unsecured, interest-free and repayable on demand.

29 **Events after the balance sheet date**

Pursuant to the Restructuring Agreement entered into between Kunming Xingyao, Tianjin Xingyao, Tianjin Sunac and the Third Party Investors on 12 May 2017, and the Cooperation Agreement entered into between Tianjin Sunac and Kunming Xingyao, the borrowings, related interest expenses and overdue penalty owed by Tianjin Xingyao to the Third Party Investors amounted to RMB15,323 million as at 31 March 2017 shall be settled in full at RMB6,377 million. Net gain after tax amounted to RMB6,710 million will be recorded as a result of this debt restructuring.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Tianjin Xingyao in respect of any period subsequent to 31 March 2017 and up to the date of this report. No dividend or distribution has been declared or made by Tianjin Xingyao in respect of any period subsequent to 31 March 2017.

FINANCIAL OVERVIEW**Project portfolio**

As of 31 March 2017, the total site area of the Xingyao Wuzhou Project held by Tianjin Xingyao (the “**Project**”) was approximately 2.63 million sq. m. The total planned GFA was approximately 3 million sq. m., of which the developed GFA was approximately 0.92 million sq. m., the GFA to be developed was approximately 2.076 million sq. m. Of the developed GFA, approximately 48% was completed property, 52% was during the construction phase. The Project includes high-rises, villas, apartments, business and parking spaces.

Due to lack of construction funds, the Project did not carry out large-scale construction activities from December 2014 to June 2017. Under the revised project development plan, the sale of developed property will be resumed in the second half of 2017. The phased development of the land to be developed has commenced in June 2017 and will be completed successively during the period between June 2017 and December 2020.

Revenue

For the years ended 31 December 2014, 2015, 2016 and for the three months ended 31 March 2016 and 31 March 2017, Tianjin Xingyao recorded a total revenue of RMB366.2 million, RMB190.7 million, RMB75.4 million, RMB 9.5 million and RMB0.74 million respectively. The fluctuation of revenue during different years and period were attributable to the fluctuation of delivered area of properties developed by Tianjin Xingyao. The decrease in revenue for the years ended 31 December 2014, 2015, 2016 and for the three months ended 31 March 2016 and 31 March 2017 was mainly due to the lack of development funds of Tianjin Xingyao, slow down of properties development progress, which led to the decrease in area being delivered.

Cost of Sales

Cost of sales comprised the costs incurred in relation to direct development activities for the properties delivered during the period, such as land use rights costs, construction costs, capitalized costs and indirect costs for the development. For the years ended 31 December 2014, 2015 and 2016 and for the three months ended 31 March 2016 and 31 March 2017, the cost of sales of Tianjin Xingyao amounted to RMB438.7 million, RMB175.2 million, RMB74.6 million, RMB10.4 million and RMB0.9 million. For the years ended 31 December 2014, 2015, 2016 and for the three months ended 31 March 2016 and 31 March 2017, the decrease in cost of sales from period to period was mainly due to the decrease in the area delivered.

Gross profit/loss

For the years ended 31 December 2014, 2015 and 2016 and for the three months ended 31 March 2016 and 31 March 2017, gross profit/loss amounted to approximately RMB-72.6 million, RMB15.6 million, RMB0.9 million, RMB-0.9 million and RMB-0.2 million, with the gross profit margin of -20%, 8%, 1%, -10% and -27%, respectively. The overall gross profit of Tianjin Xingyao was relatively low, which was mainly due to downturn in real estate market during the period of house selling and relative low in product selling price. Meanwhile, the capitalised financial costs were relatively high as delay repayment in loans. Positive gross profit in 2015 and 2016 were due to delivery of villa segment products with higher gross profit in both years.

Selling and marketing costs

The selling and marketing costs of Tianjin Xingyao comprised primarily the advertisement and promotion costs relating to the pre-sale of properties, sales and marketing staff costs, travel expenses, office expenses and other expenses relating to pre-sales and marketing activities. The advertisement and promotion costs were recorded as expenses immediately in the period when they took place.

The selling and marketing costs of Tianjin Xingyao amounted to approximately RMB4.4 million, RMB1.9 million, RMB0.3 million, RMB0.1 million and RMB0.01 million for the years ended 31 December 2014, 2015 and 2016 and for the three months ended 31 March 2016 and 31 March 2017, respectively. The relatively low and gradual decline in selling and marketing costs was mainly due to the reduction in selling and promotional activities with the suspension of large-scale construction activities.

Administrative expenses

The administrative expenses of Tianjin Xingyao during the periods under review mainly included administrative staff costs such as wages and salaries, and general and administrative expenses such as office and travel expenses, consulting expenses, business tax and other additional taxes.

For the years ended 31 December 2014, 2015 and 2016 and for the three months ended 31 March 2016 and 31 March 2017, the administrative expenses of Tianjin Xingyao amounted to approximately RMB46.0 million, RMB30.6 million, RMB17.4 million, RMB5.7 million and RMB2.6 million, respectively. The year-on-year decrease in administrative expenses during the period was mainly due to the tightening of capital of Tianjin Xingyao, the suspension of large-scale construction activities, the decrease in office expenses, as well as employees' departure resulting in reduction in total wages.

Headcount and policy of employee remuneration

As of 31 December 2014, 2015, 2016 and 31 March 2017, the number of employees in Tianjin Xingyao was approximately 475, 287, 68 and 70, respectively.

According to the relevant regulations in the PRC, Tianjin Xingyao is required to make contribution to social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees.

Financial costs

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial costs					
Interest costs for borrowings related to Trust Scheme	1,365,521	1,449,904	1,544,041	467,936	509,536
Interest costs for other borrowings	55,100	68,364	90,547	14,414	14,812
Less: Amounts capitalised on qualifying assets	(170,146)	—	—	—	—
Total	<u>1,250,475</u>	<u>1,518,268</u>	<u>1,634,588</u>	<u>482,350</u>	<u>524,348</u>

The financial costs of Tianjin Xingyao were mainly the cost of interest arising from borrowings from trust institutions and other institutions, of which RMB170.1 million of interest costs were capitalized and recorded in the cost of developed properties in 2014. Since the large-scale construction activities were suspended in 2015, during the years ended 31 December 2015, 2016 and for the three months ended 31 March 2016 and 31 March 2017, such interest costs no longer were being capitalized and were fully charged to the financial costs. During the periods under review, the year-on-year (or period-on-period) increase in the financial costs was mainly due to the increase in the amount of borrowings.

Borrowings and collateral

	As of 31 December			As of 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Secured:				
Borrowings related to Trust Scheme	6,590,472	6,999,191	7,435,915	7,435,915
Other borrowings	535,760	596,709	587,938	588,971
Less: Current portion of long-term borrowings	<u>(41,457)</u>	<u>(433,148)</u>	<u>(7,536,515)</u>	<u>(7,546,946)</u>
	7,084,775	7,162,752	487,338	477,940
Current				
Current portion of long-term borrowings	<u>41,457</u>	<u>433,148</u>	<u>7,536,515</u>	<u>7,546,946</u>
Total	<u>7,126,232</u>	<u>7,595,900</u>	<u>8,023,853</u>	<u>8,024,886</u>

Tianjin Xingyao's borrowings of approximately RMB7,126.2 million, RMB7,595.9 million, RMB8,023.9 million and RMB8,024.9 million as of 31 December 2014, 2015 and 2016 and 31 March 2017 were secured by Tianjin Xingyao's properties held for sale and properties under development for sale amounting to approximately RMB6,590 million, RMB6,999 million, RMB7,436 million and RMB7,436 million, respectively, and were guaranteed by 昆明星耀體育運動城有限公司 (Kunming Xingyao Sports City Company Limited) which was Tianjin xingyao's shareholder.

Charges on the assets

As of 31 December 2014, 2015 and 2016 and 31 March 2017, Tianjin Xingyao's properties held for sale and under development for sale amounting to RMB10,844 million, RMB10,598 million, RMB10,480 million and RMB10,482 million respectively were pledged as collaterals for its borrowings of the trust scheme.

Cash position

As of 31 December 2014, 2015 and 2016 and 31 March 2017, the total balances of cash and cash equivalents (included restricted cash) of Tianjin Xingyao were approximately RMB70.3 million, RMB69.1 million, RMB2.8 million and RMB2.8 million, respectively.

Foreign exchange risk

Tianjin Xingyao mainly operates in the PRC. All transactions are principally conducted in RMB and the assets and liabilities are all denominated in RMB. Therefore, it is not exposed to material foreign exchange risk.

Interest rate of borrowings

The borrowings of Tianjin Xingyao are all subjected to fixed interest rates.

For the years ended 31 December 2014, 2015 and 2016 and the three months ended 31 March 2017, Tianjin Xingyao did not use any interest rate swaps to hedge its exposure against interest rate risk.

Gearing ratios

Gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and long-term borrowings) less restricted cash and cash and cash equivalent. As at 31 December 2014, 2015 and 2016 and 31 March 2017, Tianjin Xingyao's gearing ratios were approximately -121%, -94%, -77% and -96%, respectively.

The project development of Tianjin Xingyao was mainly financed by capital contribution from shareholders and borrowings from non-bank financial institutions. The fluctuations of the gearing ratio during the periods remained at roughly the same level due to the financial tension of Tianjin Xingyao, as well as the fact that Tianjin Xingyao did not repay its existing borrowings and no new borrowings were made.

Contingent liabilities

As of 31 December 2014, 2015 and 2016 and 31 March 2017, Tianjin Xingyao had contingent liabilities in amount of RMB188.8 million, RMB182.6 million, RMB176.5 million and RMB174.9 million respectively. The contingent liabilities arose from the the guarantees provided by Tianjin Xingyao to financial institutions in respect of its customer's mortgage loan financing.

Material acquisition and disposal

For the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2017, Tianjin Xingyao did not have any material acquisition or disposal of subsidiaries and associated companies.

Significant investments held and their performance

For the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2017, Tianjin Xingyao did not hold any material investments.

Business prospects

Tianjin Xingyao has been engaged in the businesses of property development and investment in the PRC. It is expected that the completion of the transaction would not have any significant impact to the daily operation and administration of Tianjin Xingyao, and Tianjin Xingyao will be operated and managed by the management team of the Group. Based on the development plan in respect of the Project, it is believed that the Project will continue to be developed with a profitable outcome and generate positive cash flow for Tianjin Xingyao.

Future plans for capital assets

Tianjin Xingyao will continue to engage in the business of development of real estate properties after completion of the Acquisition. Tianjin Xingyao will continue to sell its completed properties and continue to develop its properties under development on the basis of adjustment and optimization.

Expected sources of funding

The future operation of Tianjin Xingyao will be mainly financed by the proceeds from sale and pre-sale of properties developed by Tianjin Xingyao and borrowings from its shareholders.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular, received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interest to be acquired by the Group as at 30 June 2017.



16/F
Jardine House
1 Connaught Place
Central
Hong Kong

31 August 2017

The Directors
Sunac China Holdings Limited
10/F, Building C7
Magnetic Plaza
Binshuixi Road
Nankai District
Tianjin
The People's Republic of China

Dear Sirs,

Instructions, Purpose & Valuation date

In accordance with your instructions for us to value the properties to be acquired by Sunac China Holdings Limited (referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in the People's Republic of China (the “PRC”) (as more particularly described in the valuation certificate), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary to provide you with our opinion of the value of such properties as at 30 June 2017 (the “valuation date”).

Definition of Market Value

Our valuation of each of the property represents its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council (“IVSC”). Market Value is defined by the IVSC as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis and Assumptions

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, The Code on Takeovers and Mergers and Share Repurchases of Securities and Future Commission and the HKIS Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their term at nominal annual land use fees have been granted and that any premium payable has already been fully paid.

We have relied on the information provided by the Group and the advice provided by Jincheng Tongda & Neal, the Group's PRC legal advisor, regarding the title to each of the properties and the interest of the Group in the properties. In valuing the properties, we have assumed that the owner of each of the properties has an enforceable title to the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates approvals and Licenses, in accordance with the information provided by the Group are set out in the notes of the valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value. In respect of the properties, we have relied on the legal opinion given to us by the Group's legal advisor.

Method of Valuation

In valuing property in Group I, which is to be acquired by the Group for sale in the PRC, we have used the direct comparison approach assuming sale of these properties in its existing state with the benefit of vacant possession by making reference to comparables sales transactions as available in the relevant market.

In valuing properties in Group II and III, which are to be acquired by the Group under development and for future development respectively in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Group (if any). We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The "market value when completed" represents our opinion of the aggregate selling prices of the development assuming that it were completed as at the valuation date.

Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to each of the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group in respect of the properties in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, identification of land and buildings, completion date of buildings, construction cost, site and floor areas, interest attributable to be acquired by the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

Title Investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group regarding the Group's interests in the PRC properties.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Site Inspection

Mr. Carl Lin, our Tianjin office valuer, inspected the exterior and, whenever possible, the interior of the properties on 13 June 2017. Mr. Carl Lin has about 4 years' experience in property valuation in the PRC. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no unexpected costs or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all money amounts indicated herein our valuation are in Renminbi (RMB), official currency of the PRC.

We enclose herewith our summary of valuations and valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Cushman & Wakefield Limited
Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MRICS, MHKIS
Regional Director
Valuation & Advisory Services, Greater China

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 29 years of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 30 June 2017 (RMB)	Interest to be acquired by the Group (%)	Market value in existing state to be acquired by the Group as at 30 June 2017 (RMB)
Group I - Property to be acquired by the Group for Sale in the PRC			
1. The completed and unsold portion of the development known as Xingyao Wuzhou, Tianjia Lake, Balitai Town, Jinnan District, Tianjin, the PRC 中國天津津南區八裡台鎮天嘉湖區星耀五洲項目完工未售部分	2,303,000,000	80	1,842,400,000
Sub-total of Group I:	<u>2,303,000,000</u>	80	<u>1,842,400,000</u>
Group II - Property to be acquired by the Group under development in the PRC			
2. The under construction portion of the development known as Xingyao Wuzhou, Tianjia Lake, Balitai Town, Jinnan District, Tianjin, the PRC 中國天津津南區八裡台鎮天嘉湖區星耀五洲項目在建部分	3,209,000,000	80	2,567,200,000
Sub-total of Group II:	<u>3,209,000,000</u>	80	<u>2,567,200,000</u>
Group III - Property to be acquired by the Group for future development in the PRC			
3. The land portion of the development known as Xingyao Wuzhou, Tianjia Lake, Balitai Town, Jinnan District, Tianjin, the PRC 中國天津津南區八裡台鎮天嘉湖區星耀五洲項目待建土地部分	23,256,000,000	80	18,604,800,000
Sub-total of Group III:	<u>23,256,000,000</u>	80	<u>18,604,800,000</u>
Grand total of Groups I to III:	<u><u>28,768,000,000</u></u>	80	<u><u>23,014,400,000</u></u>

VALUATION CERTIFICATE

Group I - Property to be acquired by the Group for sale in the PRC

Property		Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2017																				
1.	The completed and unsold portion of the development known as Xingyao Wuzhou, Tianjia Lake, Balitai Town, Jinnan District, Tianjin, the PRC 中國天津南區八裡台鎮天嘉湖區星耀五洲項目完工未售部分	Upon full completion, Xingyao Wuzhou Project is a residential and commercial development with a total site area of approximately 2,633,300.00 sq m. Completed between 2012 and 2014, the property comprises the completed and unsold portion of Xingyao Wuzhou, and has a total gross floor area of 373,495.80 sq m. Portion of the property has obtained Construction Works Completion Examination Certificates and has a gross floor area with details as follows: <table><tr><th>Use</th><th>Approximate Gross Floor Area (sq m)</th></tr><tr><td>Residential</td><td>135,129.97</td></tr><tr><td>Apartment</td><td>12,317.06</td></tr><tr><td>Retail</td><td><u>10,185.92</u></td></tr><tr><td>Total</td><td><u>157,632.95</u></td></tr></table> Portion of the property has not yet obtained Construction Works Completion Examination Certificates and has a gross floor area with details as follows: <table><tr><th>Use</th><th>Approximate Gross Floor Area (sq m)</th></tr><tr><td>Residential</td><td>133,916.50</td></tr><tr><td>Retail</td><td>5,617.11</td></tr><tr><td>Basement Carpark</td><td><u>76,329.24</u></td></tr><tr><td>Total</td><td><u>215,862.85</u></td></tr></table> The property is held with land use rights for commercial and residential uses for terms due to expire on 23 October 2047 and 23 October 2077 respectively.	Use	Approximate Gross Floor Area (sq m)	Residential	135,129.97	Apartment	12,317.06	Retail	<u>10,185.92</u>	Total	<u>157,632.95</u>	Use	Approximate Gross Floor Area (sq m)	Residential	133,916.50	Retail	5,617.11	Basement Carpark	<u>76,329.24</u>	Total	<u>215,862.85</u>	As at the valuation date, portion of the property is occupied and the remaining portion is vacant (see Note 6).	RMB2,303,000,000 (80% interest to be acquired by the Group: RMB1,842,400,000)
Use	Approximate Gross Floor Area (sq m)																							
Residential	135,129.97																							
Apartment	12,317.06																							
Retail	<u>10,185.92</u>																							
Total	<u>157,632.95</u>																							
Use	Approximate Gross Floor Area (sq m)																							
Residential	133,916.50																							
Retail	5,617.11																							
Basement Carpark	<u>76,329.24</u>																							
Total	<u>215,862.85</u>																							

Notes:-

- (1) According to 104 Real Estate Title Certificates issued by 天津市人民政府 (People's Government of Tianjin) between 22 January 2010 and 23 January 2010, the land use rights of the subject land with a site area of 2,733,300.00 sq m have been vested in 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) for commercial and residential uses for terms due to expire on 23 October 2047 and 23 October 2077 respectively.

According to 139 Real Estate Title Certificates issued by 天津市人民政府 (People's Government of Tianjin) dated between 5 June 2012 and 2 September 2014, the land use rights of the property with a gross floor area of 86,153.29 sq.m. have been vested in 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) for terms due to expire between 23 October 2047 and 23 October 2077.

- (2) According to Grant Contract of Land Use Rights No. 2007-12 entered into between the 天津市国土资源局和房屋管理局 (Land Resources and Housing Management Bureau of Tianjin) and 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) dated 24 October 2007, the land use rights of the subject land with a site area of 2,733,300.00 sq m have been contracted to be granted to 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) for residential use for a term of 70 years, for commercial and recreational uses for a term of 40 years.

Contract No.	Date of issue	Land use term	Use	Site area (sq m)	Plot Ratio
2007-12	24 October 2007	70 years, 40 years	Residential, Commercial and Recreational	2,733,300.00	1.10

According to a Contract of Land Resumption with Compensation entered into between 天津市津南区土地整理中心 (Tianjin Jinnan District Land Consolidation Center) and 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) dated 7 July 2011, portion of the subject land with a site area of 100,000 sq m has been resumed by 天津市津南区土地整理中心 (Tianjin Jinnan District Land Consolidation Center) from 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) for a compensation of RMB294,051,102.

- (3) According to Planning Permit for Construction Use of Land No. (2009)0119 issued by 天津市规划局 (Planning Bureau of Tianjin) on 9 January 2014, the construction site of a parcel of land with a total site area of 2,633,300.00 and a construction scale of 3,000,000.00 sq m, is in compliance with the urban planning requirements.
- (4) According to 167 Construction Works Completion Examination Certificates dated between 12 January 2012 and 8 January 2014, the construction works of the property with a total gross floor area of 274,477.86 sq m have been examined and such examination has been recorded.
- (5) According to Commodity Housing Pre-sale Premits issued by 天津市国土资源局和房屋管理局 (Land Resources and Housing Management Bureau of Tianjin), the property with a total gross floor area of 823,904.38 sq m is permitted for pre-sale.
- (6) As advised by the Group, portion of the property with a total gross floor area of 214,339.96 sq m is subject to various agreements for sale and purchase for a consideration of about RMB1,399,817,680. In the course of our valuation, we have included such pre-sold portion and taken into account such consideration in our valuation.

As advised by the Group, the aforesaid portion of the property is occupied by the purchasers as at the valuation date. The purchasers of this portion of the property are in the process of obtaining the Real Estate Title Certificates.

- (7) According to Business License No. 91120112666107701R dated 15 May 2017, 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) was established on 23 August 2007 as a limited company with a registered capital of RMB3,490,000,000 for a valid operation period commencing from 23 August 2007.
- (8) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

- (ii) 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 天津星耀投资有限公司 (Tianjin Xingyao Investment Company Limited) has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (9) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- | | |
|--|-----|
| Real Estate Title Certificates | Yes |
| Grant Contract of Land Use Rights | Yes |
| Contract of Land Resumption with Compensation | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Construction Works Completion Examination Certificates | Yes |
| Commodity Housing Pre-sale Permits | Yes |
| Business License | Yes |

VALUATION CERTIFICATE

Group II - Property to be acquired by the Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2017										
2.	The under construction portion of the development known as Xingyao Wuzhou, Tianjia Lake, Balitai Town, Jinnan District, Tianjin, the PRC 中國天津津南區八裡台鎮天嘉湖區星耀五洲項目在建部分	Upon full completion, Xingyao Wuzhou Project is a residential and commercial development with a total site area of approximately 2,633,300.00 sq m. The property comprises the under construction portion of Xingyao Wuzhou. As advised by the Group, the proposed development on the property is scheduled to be completed in 2017 and has a proposed gross floor area with details as follows: <table><tr><th>Use</th><th>Approximate Gross Floor Area (sq m)</th></tr><tr><td>Residential</td><td>267,844.01</td></tr><tr><td>Retail</td><td>57,352.87</td></tr><tr><td>Basement Carpark</td><td><u>57,255.87</u></td></tr><tr><td>Total</td><td><u>382,452.75</u></td></tr></table> The property is held with land use rights for commercial and residential uses for terms due to expire on 23 October 2047 and 23 October 2077 respectively.	Use	Approximate Gross Floor Area (sq m)	Residential	267,844.01	Retail	57,352.87	Basement Carpark	<u>57,255.87</u>	Total	<u>382,452.75</u>	As at the valuation date, the property was under construction.	RMB3,209,000,000 (80% interest to be acquired by the Group: RMB2,567,200,000)
Use	Approximate Gross Floor Area (sq m)													
Residential	267,844.01													
Retail	57,352.87													
Basement Carpark	<u>57,255.87</u>													
Total	<u>382,452.75</u>													

Notes:-

- (1) According to Real Estate Title Certificates issued by 天津市人民政府 (People's Government of Tianjin) between 22 January 2010 and 23 January 2010, the land use rights of the subject land with a site area of 2,733,300.00 sq m have been vested in 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) for commercial and residential uses for terms due to expire on 23 October 2047 and 23 October 2077 respectively.
- (2) According to Grant Contract of Land Use Rights No. 2007-12 entered into between the 天津市國土資源局和房屋管理局 (Land Resources and Housing Management Bureau of Tianjin) and 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) dated 24 October 2007, the land use rights of the subject land with a site area of 2,733,300.00 sq m have been contracted to be granted to 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) for residential use for a term of 70 years, for commercial and recreational uses for a term of 40 years.

Contract No.	Date of issue	Land use term	Use	Site area (sq m)	Plot Ratio
2007-12	24 October 2007	70 years, 40 years	Residential, Commercial and Recreational	2,733,300.00	1.10

According to a Contract of Land Resumption with Compensation entered into between 天津市津南區土地整理中心 (Tianjin Jinnan District Land Consolidation Center) and 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) dated 7 July 2011, portion of the subject land with a site area of 100,000 sq m has been resumed by 天津市津南區土地整理中心 (Tianjin Jinnan District Land Consolidation Center) from 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) for a compensation of RMB294,051,102.

- (3) According to Planning Permit for Construction Use of Land No. (2009)0119 issued by 天津市規劃局 (Planning Bureau of Tianjin) on 9 January 2014, the construction site of a parcel of land with a total site area of 2,633,300.00 and a construction scale of 3,000,000.00 sq m, is in compliance with the urban planning requirements.
- (4) According to 35 Planning Permits for Construction Works issued by 天津市規劃局 (Planning Bureau of Tianjin) between 21 June 2008 and 1 December 2014, the construction works of the development with a total construction scale of 1,055,008.59 sq m are in compliance with the construction works requirements and have been approved.
- (5) According to 25 Commencement Permits for Construction Works issued by 天津市城鄉建設委員會 (Tianjin Urban and Rural Construction Commission) issued between 31 July 2008 and 3 June 2011, the construction works of the development with a total construction scale of 1,453,107.61 sq m are in compliance with the requirements for works commencement and have been permitted.
- (6) As advised by the Group, portion of the property with a total gross floor area of 143,557.46 sq m have been pre-sold for a consideration of about RMB1,018,264,412. In the course of our valuation, we have included such pre-sold portion and taken into account such consideration in our valuation.
- (7) As advised by the Group, the total expended construction cost of the property as at the Valuation Date was RMB1,473,351,667 whilst the outstanding construction cost for completion of the property as at the Valuation Date was RMB368,663,177.
- (8) As at the valuation date, the estimated Market Value as if completed of the proposed development is estimated approximately RMB4,193,000,000.
- (9) According to Business License No. 91120112666107701R dated 15 May 2017, 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) was established on 23 August 2007 as a limited company with a registered capital of RMB3,490,000,000 for a valid operation period commencing from 23 August 2007.
- (10) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
 - (ii) 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (iii) 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) has to discharge the mortgage or obtain the mortgagee's consent in advance; and
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

- (11) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificates	Yes
Grant Contract of Land Use Rights	Yes
Contract of Land Resumption with Compensation	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Commencement Permits for Construction Works	Yes
Business License	Yes

VALUATION CERTIFICATE

Group III - Property to be acquired by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2017
3. The land portion of the development known as Xingyao Wuzhou, Tianjia Lake, Balitai Town, Jinnan District, Tianjin, the PRC 中國天津津南區八裡台鎮天嘉湖區星耀五洲項目待建土地部分	Upon full completion, Xingyao Wuzhou Project is a residential and commercial development with a total site area of approximately 2,633,300.00 sq m. The property comprises the land portion of Xingyao Wuzhou. As advised by the Group, the proposed development on the property has an above-ground gross floor area of approximately 2,075,715.03 sq m. The property is held with land use rights for commercial and residential uses for terms due to expire on 23 October 2047 and 23 October 2077 respectively.	As at the valuation date, the property was bare land.	RMB23,256,000,000 (80% interest to be acquired by the Group: RMB18,604,800,000)

Notes:-

- (1) According to 104 Real Estate Title Certificates issued by 天津市人民政府 (People's Government of Tianjin) between 22 January 2010 and 23 January 2010, the land use rights of the subject land with a site area of 2,733,300.00 sq m have been vested in 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) for commercial and residential uses for terms due to expire on 23 October 2047 and 23 October 2077 respectively.
- (2) According to Grant Contract of Land Use Rights No. 2007-12 entered into between the 天津市國土資源局和房屋管理局 (Land Resources and Housing Management Bureau of Tianjin) and 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) dated 24 October 2007, the land use rights of the subject land with a site area of 2,733,300.00 sq m have been contracted to be granted to 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) for residential use for a term of 70 years, for commercial and recreational uses for a term of 40 years.

Contract No.	Date of issue	Land use term	Use	Site area (sq m)	Plot Ratio
2007-12	24 October 2007	70 years, 40 years	Residential, Commercial and Recreational	2,733,300.00	1.10

According to a Contract of Land Resumption with Compensation entered into between 天津市津南區土地整理中心 (Tianjin Jinnan District Land Consolidation Center) and 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) dated 7 July 2011, portion of the subject land with a site area of 100,000 sq m has been resumed by 天津市津南區土地整理中心 (Tianjin Jinnan District Land Consolidation Center) from 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) for a compensation of RMB294,051,102.

- (3) According to Planning Permit for Construction Use of Land No. (2009)0119 issued by 天津市規劃局 (Planning Bureau of Tianjin) on 9 January 2014, the construction site of a parcel of land with a total site area of 2,633,300.00 and a construction scale of 3,000,000.00 sq m, is in compliance with the urban planning requirements.

- (4) According to Business License No. 91120112666107701R dated 15 May 2017, 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) was established on 23 August 2007 as a limited company with a registered capital of RMB3,490,000,000 for a valid operation period commencing from 23 August 2007 .
- (5) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
 - (ii) 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (iii) 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 天津星耀投資有限公司 (Tianjin Xingyao Investment Company Limited) has to discharge the mortgage or obtain the mortgagee's consent in advance; and
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (6) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- | | |
|---|-----|
| Real Estate Title Certificates | Yes |
| Grant Contract of Land Use Rights | Yes |
| Contract of Land Resumption with Compensation | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Business License | Yes |

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2016 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition of the 80% equity interest in Tianjin Xingyao (the “**Acquisition**”), as if the Acquisition had been taken place on 31 December 2016. This pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 31 December 2016 or at any future date.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with other financial information included elsewhere in this circular.

APPENDIX V
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
OF THE ENLARGED GROUP**

	Pro forma adjustments				Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2016 RMB '000
	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2016 (Note 1) RMB '000	Audited statement of assets and liabilities of Tianjin Xingyao as at 31 March 2017 (Note 2) RMB '000	Other pro forma adjustments		
			(Note 3) RMB '000	(Note 4) RMB '000	
Assets					
Non-current assets					
Property, plant and equipment	546,526	9,507	—	—	556,033
Investment properties	656,046	—	—	—	656,046
Intangible assets	421,353	22	—	—	421,375
Investments accounted for using the equity method	34,552,860	—	—	—	34,552,860
Prepayments	1,657,285	—	—	—	1,657,285
Deferred income tax assets	2,385,982	2,725,197	(2,236,605)	—	2,874,574
Available-for-sale financial assets	160,000	—	—	—	160,000
Derivative financial instruments	105,359	—	—	—	105,359
	<u>40,485,411</u>	<u>2,734,726</u>	<u>(2,236,605)</u>	<u>—</u>	<u>40,983,532</u>
Current assets					
Land use rights held for development (the “LUR”)	—	3,748,129	—	19,507,871	23,256,000
Properties under development (the “PUD”)	106,962,516	3,009,920	—	165,080	110,137,516
Completed properties held for sale (the “CP”)	23,658,662	2,302,073	—	—	25,960,735
Trade and other receivables	8,416,425	31,364	—	—	8,447,789
Amounts due from related companies	37,919,092	—	—	—	37,919,092
Amounts due from Kunming Xingyao	—	392,634	—	—	392,634
Prepayments	5,928,319	230,827	—	—	6,159,146
Restricted cash	17,726,623	1,816	—	—	17,728,439
Cash and cash equivalents	52,086,050	970	—	(9,316,992)	42,770,028
	<u>252,697,687</u>	<u>9,717,733</u>	<u>—</u>	<u>10,355,959</u>	<u>272,771,379</u>
Total assets	293,183,098	12,452,459	(2,236,605)	10,355,959	313,754,911

APPENDIX V
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	Pro forma adjustments				Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2016
	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2016	Audited statement of assets and liabilities of Tianjin Xingyao as at 31 March 2017	Other pro forma adjustments		
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	
	RMB '000	RMB '000	RMB '000	RMB '000	
Liability					
Non-current liabilities					
Borrowings	80,199,682	477,940	—	—	80,677,622
Derivative financial instruments	187,776	—	—	—	187,776
Deferred income tax liabilities	8,790,371	—	—	10,432,668	19,223,039
	89,177,829	477,940	—	10,432,668	100,088,437
Current liabilities					
Trade and other payables	41,413,335	10,034,392	(6,992,046)	(895,451)	43,560,230
Advanced proceeds from customers	34,376,367	2,419,229	—	—	36,795,596
Amounts due to related companies	51,671,111	—	—	—	51,671,111
Amounts due to Kunming Xingyao	—	325,127	—	937,249	1,262,376
Current income tax liabilities	8,488,966	—	—	—	8,488,966
Borrowings	32,644,337	7,546,946	(1,954,374)	(5,481,541)	32,755,368
	168,594,116	20,325,694	(8,946,420)	(5,439,743)	174,533,647
Total liabilities	257,771,945	20,803,634	(8,946,420)	4,992,925	274,622,084
Net assets/(liabilities)	35,411,153	(8,351,175)	6,709,815	5,363,034	39,132,827

APPENDIX V

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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

- The balances are extracted from the audited consolidated balance sheet of the Company as at 31 December 2016 as set out in the Company's published annual report for the year ended 31 December 2016.
- The balances are extracted from the audited balance sheet of Tianjin Xingyao as at 31 March 2017 as set out in the accountant's report of Tianjin Xingyao included in Appendix II to this circular.
- Pursuant to the Restructuring Agreement entered into between Kunming Xingyao, Tianjin Xingyao, Tianjin Sunac and the Third Party Investors on 12 May 2017, and the Cooperation Agreement entered into between Tianjin Sunac and Kunming Xingyao, the borrowings, related interest expenses and overdue penalty owed by Tianjin Xingyao to the Third Party Investors amounting to RMB15,323,412,000 as at 31 March 2017 shall be settled in full at RMB6,376,992,000. Details as follows:

	Borrowings	Trade and other payables	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Third Party Debts recorded by Tianjin Xingyao	7,435,915	7,887,497	15,323,412
Less: Agreed settlement amounts of the Third Party Debts	<u>5,481,541</u>	<u>895,451</u>	<u>6,376,992</u>
Gains from debt restructuring, before tax	1,954,374	6,992,046	8,946,420
Tax effect (25%)	<u>(488,593)</u>	<u>(1,748,012)</u>	<u>(2,236,605)</u>
Gains from debt restructuring, net of tax	<u><u>1,465,781</u></u>	<u><u>5,244,034</u></u>	<u><u>6,709,815</u></u>

- Upon Completion of the Acquisition, Tianjin Sunac held 80% of equity interest in Tianjin Xingyao and Tianjin Xingyao became a subsidiary of Tianjin Sunac. The identifiable assets and liabilities of Tianjin Xingyao will be accounted for in the Enlarged Group at their fair values using the acquisition accounting method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" issued by the Hong Kong Institute of Certified Public Accountants.

The adjustments represent the gains recognized from the Acquisition of approximately RMB2,152,769,000 being the excess amount of the fair value of the acquired identifiable net liabilities of Tianjin Xingyao over the total consideration.

		<i>RMB'000</i>
Cash consideration for the equity share	(a)	3,877,249
Consideration for Third Party Debts	(a)	<u>6,376,992</u>
Total consideration		10,254,241
Less: Fair value of identifiable assets and liabilities		(12,407,010)

Adjusted by:

Carrying amount of net liabilities of Tianjin Xingyao as at 31 March 2017		(8,351,175)
Consideration of the Third Party Debts		6,376,992
Gains from debt restructuring, net of tax		6,709,815
Valuation adjustments on identifiable assets and liabilities	(b)	
- Land use right held for development		19,507,871
- Properties under development		165,080
- Related tax on valuation adjustments		
Deferred land appreciation tax		(7,352,574)
Deferred income tax liabilities		(3,080,094)
Impact attributable to non-controlling interests (including Special assets of RMB61,400,000)	(a)	<u>(1,568,905)</u>

Gain to be recognized from the Acquisition	<u>(2,152,769)</u>
---	---------------------------

- (a) In accordance with the Cooperation Agreement entered into between Tianjin Sunac and Tianjin Xingyao on 12 May 2017, the total consideration of the Acquisition is RMB10,254,241,000. A portion of the consideration of RMB937,249,000 was set off by a debt owned by Tianjin Xingyao to Tianjin Sunac. Also, pursuant to the Cooperation Agreement, four villas and certain other assets (the “Special assets”) were agreed to be transferred to Kunming Xingyao before profit distribution of Tianjin Xingyao in future. Since the Group still controls the Special assets before distribution, the Group will book the corresponding value of the Special assets amounting to RMB61,400,000 as “Non-controlling Interest”.
 - (b) The Directors of the Company have determined the fair values of the identifiable assets and liabilities of Tianjin Xingyao as at 31 March 2017 with reference to the valuation report. The fair values of the identifiable assets and liabilities of Tianjin Xingyao, which mainly include properties under development and completed properties held for sale valued under the market approach.
 - (c) For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group, fair values of the identifiable assets and liabilities of Tianjin Xingyao as at 31 March 2017 were used to determine the gain or goodwill arising from the Acquisition. Upon completion of the Acquisition, the fair values of the net liabilities of Tianjin Xingyao as at the date of completion will be used to determine the actual amount of the gain or goodwill arising from the Acquisition. Such difference between the actual amount and the valuation as at 31 March 2017 may be significant.
5. This Unaudited Pro Forma Financial Information has not taken into account a subsequent disposal of 5% interest in Tianjin Xingyao to AVIC Trust Co., Ltd. at consideration of RMB242,330,000 which was completed on 29 June 2017. Subsequent to the disposal, Tianjin Xingyao became an associate of Tianjin Sunac.
6. No adjustment has been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transaction of the Group and Tianjin Xingyao entered subsequent to 31 December 2016 and 31 March 2017, respectively.

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



羅兵咸永道

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

To the Directors of Sunac China Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sunac China Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), and Tianjin Xingyao Investment Company Limited (the "Target Company") (collectively the "Enlarged Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2016 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 82 to 86 of the Company's circular dated 31 August 2017, in connection with the proposed acquisition of 80% equity interest in the Target Company (the "Transaction") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 82 to 86.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2016 as if the Transaction had taken place at 31 December 2016. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2016, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

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

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

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

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

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

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transactions on unadjusted financial information of the entity as if the event had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2016 would have been as presented.

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

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

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

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 31 August 2017

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Director's Interest in the securities of the Company and its associated corporation**

As at the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company or their respective associates had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(i) Interest in Shares of the Company and/or associated corporation

Name of Director	Nature of Interest	Relevant company (including associated corporations)	Number of shares of the relevant company⁽¹⁾	Approximate percentage of interest in the relevant company⁽²⁾
Mr. Sun Hongbin	Interest in controlled corporations ⁽³⁾	The Company	2,091,329,884 (L)	50.60%
	Beneficial interest	The Company	10,090,000 (L)	0.24%
	Beneficial interest	Sunac International ⁽⁴⁾	1 (L)	100%

Name of Director	Nature of Interest	Relevant company (including associated corporations)	Number of shares of the relevant company ⁽¹⁾	Approximate percentage of interest in the relevant company ⁽²⁾
Mr. Wang Mengde	Beneficial interest	The Company	5,600,000 (L)	0.14%
Mr. Jing Hong	Beneficial interest	The Company	6,100,000 (L)	0.15%
Mr. Chi Xun	Beneficial interest	The Company	4,384,000 (L)	0.11%
Mr. Tian Qiang	Beneficial interest	The Company	2,602,000 (L)	0.06%
Mr. Shang Yu	Beneficial interest	the company	1,150,000 (L)	0.03%

Notes:

- (1) The letter “L” denotes the person’s long position in such Shares.
- (2) Based on 4,132,804,109 Shares in issue as at the Latest Practicable Date.
- (3) These Shares were held by Sunac International and 天津標的投資諮詢有限公司 (for identification only, Tianjin Biaodi Investment Consultancy Company Limited) (“*Tianjin Biaodi*”), which were wholly and beneficially owned by Mr. Sun. Mr. Sun was also the sole director of Sunac International. Mr. Sun was deemed to be interested in all these Shares by virtue of the SFO.
- (4) Sunac International is the holding company of the Company and therefore an “associated corporation” of the Company within the meaning of Part XV of the SFO.

(ii) *Interest in the underlying shares of our Company*

Name of Director	Nature of Interest	Number of Underlying Shares ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Mr. Sun Hongbin	Beneficial interest	1,300,000	0.03%
Mr. Wang Mengde	Beneficial interest	7,400,000	0.18%
Mr. Jing Hong	Beneficial interest	3,500,000	0.08%
Mr. Chi Xun	Beneficial interest	3,200,000	0.08%
Mr. Tian Qiang	Beneficial interest	3,600,000	0.09%
Mr. Shang Yu	Beneficial interest	6,300,000	0.15%
Mr. Huang Shuping	Beneficial interest	4,950,000	0.12%

Note:

(1) The interests in the underlying shares are in relation to the options granted under the share option schemes of the Company.

(2) Based on 4,132,804,109 Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) **Substantial shareholders' interest**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO.

Long positions in the Shares and underlying Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares interested	Approximate % of the issued share capital of the Company ⁽¹⁾
Sunac International	Beneficial interest	2,042,623,884	49.42%
Ping An Bank Company Limited, Shanghai Pilot Free-Trade Zone Branch (平安銀行股份有限公司 上海自貿試驗區分行)	Security interest	1,589,549,451	38.46%
Ping An Bank Company Limited (平安銀行股份有限公司)	Interest in a controlled corporation	1,589,549,451	38.46%
Ping An Insurance (Group) Company of China, Ltd. (中國 平安保險(集團)股份有限公司)	Interest in a controlled corporation	1,589,549,451	38.46%

Note:

(1) Based on 4,132,804,109 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the Shares or underlying Shares of the Company which were recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the Group's businesses which competed, or might compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which would not expire or would not be determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) had been entered into by members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

- (a) the placing and subscription agreement dated 24 July 2017 entered into between the Company, Sunac International and the placing agents, namely Citigroup Global Markets Limited and Morgan Stanley & Co. International plc, pursuant to which the placing agents agreed to place 220,000,000 existing Shares at HK\$18.33 per Share on behalf of Sunac International, and Sunac International agreed to subscribe for 220,000,000 new Shares at HK\$18.33 per Share;
- (b) the agreement dated 19 July 2017 entered into between Sunac Real Estate and 大連萬達商業地產股份有限公司 (Dalian Wanda Commercial Properties Co., Ltd.*) ("**Dalian Wanda Commercial Properties**"), pursuant to which Sunac Real Estate agreed to acquire (by itself or any parties designated by it) and Dalian Wanda Commercial Properties agreed to dispose of 91% equity interest of 13 cultural and tourism project companies in the PRC at a total consideration of RMB43,844,000,000 and to amend certain terms and conditions of the cooperation between the parties as more particularly described in the Company's announcement dated 19 July 2017;
- (c) the framework agreement dated 10 July 2017 entered into between Sunac Real Estate and Dalian Wanda Commercial Properties, pursuant to which Sunac Real Estate agreed to acquire (by itself or any parties designated by it) and Dalian Wanda agreed to dispose of 91% equity interest of 13 cultural and tourism project companies in the PRC and 100% interest of 76 city hotels at the consideration of approximately RMB29,575,000,000 and RMB33,595,260,800, respectively (note: the acquisition of such 76 city hotels did not proceed, details of which are set out in the Company's announcement dated 19 July 2017);
- (d) the equity transfer framework agreement dated 5 June 2017 entered into between (i) 大連融創置地有限公司 (Dalian Sunac Real Estate Co., Ltd.*) ("**Dalian Sunac Real Estate**"), (ii) 潤德集團有限公司 (Runde Group Limited*), (iii) 大連金信集團有限公司 (Dalian

- Jinxin Group Limited*), (iv) 利豐私人有限公司 (Glory Gain Pte. Ltd.), (v) 上海豐海投資股份有限公司 (Shanghai Fenghai Investment Co., Ltd.*), (vi) 大連潤德乾城房地產開發有限公司 (Dalian Runde Qiancheng Real Estate Development Co., Ltd.*) (“**Dalian Runde Qiancheng**”) and (vii) 大連潤德良城房地產開發有限公司 (Dalian Runde Liangcheng Real Estate Development Co., Ltd.*), pursuant to which Dalian Sunac Real Estate agreed to acquire the entire equity interest of Dalian Runde Qiancheng and the shareholder’s loan of in aggregate RMB168,201,588.58 at a total consideration of RMB3,232,088,700;
- (e) the equity transfer agreement dated 31 May 2017 entered into between (i) 重慶融創基業房地產開發有限公司 (Chongqing Sunac Jiye Property Development Limited Company*) (“**Chongqing Sunac**”), (ii) 重慶國際信託股份有限公司 (Chongqing International Trust Limited Company*) (“**Chongqing Trust**”), (iii) 重慶老虎資產經營管理有限公司 (Chongqing Tiger Assets Operation and Management Limited Company*) (“**Tiger Assets**”), (iv) Mr. Chen Yong, (v) 重慶潤江基礎設施投資有限公司 (Chongqing Runjiang Infrastructure Investment Limited Company*) (“**Runjiang Infrastructure**”) and (vi) 重慶華城富麗房地產開發有限公司 (Chongqing Huacheng Fuli Property Development Limited Company*) (“**Huacheng Fuli**”) in relation to the acquisition of 95% equity interest and debts in Huacheng Fuli at a total consideration of RMB1,860,000,000;
- (f) the cooperation agreement dated 31 May 2017 entered into between Chongqing Sunac, 中建五局第三建設有限公司 (China Construction Fifth Engineering Bureau Third Construction Corp., Ltd*) (“**CCFEB**”) and Huacheng Fuli, pursuant to which Chongqing Sunac agreed to (i) pay RMB100,000,000 on behalf of Huacheng Fuli to CCFEB which will be used to settle part of the debts owed by the Target Company to CCFEB; and (ii) undertake the joint guarantee liabilities for the remaining debts owed by Huacheng Fuli to CCFEB in the amount of RMB404,229,000;
- (g) the financial advisory services agreement dated 31 May 2017 entered into between Chongqing Sunac, Chongqing Trust and Huacheng Fuli, pursuant to which Chongqing Sunac agreed to settle, on behalf of Huacheng Fuli, the financial advisory fee of RMB140,000,000 owed by Huacheng Fuli to Chongqing Trust on or before 31 May 2017;
- (h) the cooperation development agreement dated 31 May 2017 entered into between 重慶上錦建築規劃設計諮詢有限公司 (Chongqing Shangjin Property Planning and Design Consulting Limited Company*) (“**Shangjin Property**”), Chongqing Sunac, Tiger Assets and Huacheng Fuli, pursuant to which, among other matters, Chongqing Sunac agreed to dispose of, and Shangjin Property agreed to acquire, subject to the acquisition of 95% equity interest in the Target Company by Chongqing Sunac having been completed, 35% equity interest in the Target Company for a consideration of RMB70,000,000;
- (i) the Cooperation Agreement;
- (j) the Restructuring Agreement;
- (k) the equity transfer agreement dated 1 March 2017 entered into between, among others, Beijing Sunac Raycom Real Estate Company Limited* (北京融創科技地產有限公司)

(“**Beijing Sunac**”), an indirect wholly-owned subsidiary of the Company, as purchaser, and Tianjin Bolian Investment Partnership Enterprise (Limited Partnership)* (天津博聯投資合夥企業(有限合夥)), as vendor, in relation to the acquisition of 30% equity and debt investment in Beijing Rongzhi Ruifeng Investment Company Limited* (北京融智瑞豐投資有限公司) at a total consideration of RMB686,812,439.55; (ii) the equity transfer agreement dated 1 March 2017 entered into between, among others, Beijing Sunac, as purchaser, and Lenovo (Beijing) Limited* (聯想(北京)有限公司), as vendor, in relation to the acquisition of 49% equity interests in Chengdu Lianchuang Rongjin Investment Limited* (成都聯創融錦投資有限責任公司) at a total consideration of RMB1,617,330,459.59; the total consideration for the acquisitions was RMB2,304,142,899.14;

- (l) the sale and purchase agreement dated 13 January 2017 entered into between Mr. Jia Yueting (“**Mr. Jia**”) and 天津嘉睿匯鑫企業管理有限公司 (Tianjin Jiarui Huixin Corporate Management Co., Ltd.*) (“**Tianjin Jiarui**”) in relation to the acquisition of 8.61% equity interest in 樂視網信息技術(北京)股份有限公司 (Leshi Internet Information & Technology Corp (Beijing)*) (“**Leshi Internet**”) at a total consideration of RMB6,041,466,076.73;
- (m) the sale and purchase agreement dated 13 January 2017 entered into between 樂視控股(北京)有限公司 (Leshi Holding (Beijing) Co., Ltd.*) (“**Leshi Holding**”), Mr. Jia and Tianjin Jiarui in relation to the acquisition of 15% equity interest in Leshi Internet at a total consideration of RMB1,050,000,000;
- (n) the capital increase agreement dated 13 January 2017 entered into between Mr. Jia, 樂視致新電子科技(天津)有限公司 (Leshi Zhixin Electronic Technology (Tianjin) Limited) (“**Leshi Zhixin**”) and Tianjin Jiarui in relation to the capital increase by Tianjin Jiarui into Leshi Zhixin in an amount of RMB3,000,000,000;
- (o) the sale and purchase agreement dated 13 January 2017 entered into between Mr. Jia, Leshi Internet, Leshi Zhixin and Tianjin Jiarui in relation to the acquisition of 10.3964% equity interest in Leshi Zhixin (on a pre-capital increase basis) at a total consideration of RMB2,301,760,000;
- (p) the sale and purchase agreement dated 13 January 2017 entered into between Mr. Jia, 鑫樂資產管理(天津)合夥企業(有限合夥) (Xinle Asset Management (Tianjin) Partnership (Limited Partnership)*), Leshi Zhixin and Tianjin Jiarui in relation to the acquisition of 15.7102% equity interest in Leshi Zhixin (on a pre-capital increase basis) at a total consideration of RMB2,648,240,000;
- (q) the contractual arrangements entered into between Sunac Real Estate Group Co., Ltd.* (融創房地產集團有限公司) (“**Sunac Real Estate**”), Tianjin Yingrui Huixin Corporate Management Co., Ltd.* (天津盈瑞匯鑫企業管理有限公司), Tianjin Jiarui Huixin Corporate Management Co., Ltd.* (天津嘉睿匯鑫企業管理有限公司), Mr. Wang Peng and/or Mr. Zheng Pu, namely, (i) the exclusive technology consulting and services agreement; (ii) the entrustment agreements; (iii) the exclusive option agreements; (iv) the loan agreements with each of Mr. Wang Peng and Mr. Zheng Pu as borrowers; (v) the equity pledge

agreements; and (vi) the confirmation letters from the spouse of each of Mr. Wang Peng and Mr. Zheng Pu, the details of which are set out in the paragraph headed “INFORMATION ON THE CONTRACTUAL ARRANGEMENTS” in the Company’s announcement dated 13 January 2017;

- (r) the capital increase agreement dated 9 January 2017 entered into by Sunac Real Estate, Homelink Real Estate Agency Co., Ltd.* (北京鏈家房地產經紀有限公司) (“**Homelink**”) and a group of 15 operation shareholders of Homelink, including eight natural persons (namely, Zuo Hui, Shan Yigang, Xu Wangang, Dang Jie, Du Xin, Chen Rong, Ruan Guangjie and Gao Jun) and seven limited partnerships (namely, 上海毓睿投資管理中心(有限合夥) (Shanghai Yurui Investment Management Centre (Limited Partnership)*), 上海毓思投資管理中心(有限合夥) (Shanghai Yusi Investment Management Centre (Limited Partnership)*), 上海毓揚投資管理中心(有限合夥) (Shanghai Yuyang Investment Management Centre (Limited Partnership)*), 上海鼎聰投資管理中心(有限合夥) (Shanghai Dingcong Investment Management Centre (Limited Partnership)*), 上海博雋投資管理中心(有限合夥) (Shanghai Bojun Investment Management Centre (Limited Partnership)*), 上海站本投資管理中心(有限合夥) (Shanghai Bojun Investment Management Centre (Limited Partnership)*) and 北京合誠創投投資合夥企業(有限合夥) (Shanghai Hecheng Venture Capital Investment Management Centre (Limited Partnership)*) in relation to the subscription of the increased registered capital of Homelink at a total consideration of RMB2,600,000,000;
- (s) the equity transfer agreement dated 6 January 2017 entered into between Chengdu Sunac Hongchang Properties Development Co., Ltd.* (成都融創泓昶房地產開發有限公司) (“**Chengdu Sunac**”), an indirect wholly-owned subsidiary of the Company, and Huoerguosi Bochen Investment Co., Ltd.* (霍爾果斯博辰創業投資有限公司), Huoerguosi Chenghui Tantu Investment Co., Ltd.* (霍爾果斯誠慧坦途創業投資有限公司), and Huoerguosi Kaige Investment Co., Ltd.* (霍爾果斯凱格創業投資有限公司) in relation to the acquisition of the entire equity interest in Chengdu Zixi Commercial Management Co., Ltd.* (成都紫希商業管理有限公司) (“**Chengdu Zixi**”) at a total consideration of RMB1,352,584,598.19;
- (t) the equity transfer agreement dated 6 January 2017 entered into between Chengdu Sunac, Chengdu Zixi, Xiao Miaomiao and Xiao Yongqiong in relation to the acquisition of 10% equity interest in the Second Target Company at a total consideration of RMB157,366,946.32;
- (u) the cooperation framework agreement dated 20 December 2016 entered into between Hangzhou Rongxinheng Investment Co., Ltd.* (杭州融鑫恒投資有限公司) (“**Hangzhou Rongxinheng**”), an indirect wholly-owned subsidiary of the Company, and Hangzhou Jinhan Investment Co., Ltd.* (杭州金翰投資有限公司) (“**Hangzhou Jinhan**”) in relation to the acquisition of 17.34% equity and debt interests in Hangzhou Jinhong Properties Co., Ltd.* (杭州金泓置業有限公司) at a total consideration of RMB435,731,198.71;
- (v) the cooperation framework agreement dated 20 December 2016 entered into between Hangzhou Rongxinheng and Hangzhou Jinhan in relation to the acquisition of 17.34% equity and debt interests in Hangzhou Jinhe Properties Co., Ltd.* (杭州金合置業有限公司) at a total consideration of RMB148,613,522.92;

- (w) the cooperation framework agreement dated 20 December 2016 entered into between Hangzhou Rongxinheng, Jincheng Real Estate Group Co., Ltd.* (金成房地產集團有限公司) and Hangzhou Jinhan in relation to the acquisition of 34% equity and debt interests in Hangzhou Ducheng Properties Co., Ltd.* (杭州都城置業有限公司) at a total consideration of RMB274,306,530.51;
- (x) the equity transfer agreement dated 29 November 2016 between Sunac (Qingdao) Real Estate Company Limited* (融創(青島)置地有限公司) (“**Qingdao Sunac**”), an indirect wholly-owned subsidiary of the Company, and Calxon Group (Shanghai) Limited Company* (嘉凱城集團(上海)有限公司) (“**Calxon Group**”) in relation to the sale and purchase of the entire equity interest in Qingdao Calxon Real Estate Development Company Limited* (青島嘉凱城房地產開發有限公司) (“**Qingdao Calxon**”) at a total consideration of RMB3,662,000,000;
- (y) the guarantee agreement dated 29 November 2016 executed by Beijing Sunac Property Construction and Investment Limited (北京融創建投房地產有限公司) (“**Beijing Sunac Property**”) in favour of Calxon Group in respect of, among other things, the obligation of Qingdao Calxon to repay the shareholder loans to Calxon Group and its related parties;
- (z) the counter guarantee agreement dated 29 November 2016 executed by Beijing Sunac Property in favour of Calxon Group and China Evergrande Group Company Limited* (恒大房地產集團有限公司) (“**Evergrande**”) in respect of all the liabilities and expenses, including the principal and interest of the loan, any penalties, damages and expenses which may be payable by Calxon Group and Evergrande under the certain guarantee provided by them in respect of liabilities of Qingdao Calxon, details of which are set out in the Company’s announcement dated 29 November 2016;
- (aa) the supplemental agreement (the “**Supplemental Agreement 1**”) dated 28 October 2016 entered into among Sunac Real Estate, Raycom (as defined below) and Legend Holdings (as defined below) to adjust the consideration payable for the equity interests of 40 target companies under the Framework Agreement 1 (as defined below);
- (bb) the subscription agreement dated 26 September 2016 entered into between the Company and Sunac International Investment Holdings Ltd in connection with the subscription of 453,074,433 new Shares by Sunac International Investment Holdings Ltd at a subscription price of HK\$6.18 per Share;
- (cc) the subscription agreement dated September 2016 entered into between Tianjin Jujin Property Management Ltd.* (天津聚金物業管理有限公司) (“**Jujin Property**”), an indirect wholly-owned subsidiary of the Company, and Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司) (“**Jinke Property**”), pursuant to which Jujin Property agreed to subscribe for 907,029,478 shares in Jinke Property at a subscription price of RMB4.41 per share, representing a total consideration of RMB3,999,999,997.98;
- (dd) the asset transfer framework agreement (the “**Framework Agreement 1**”) dated 16 September 2016 entered into among Sunac Real Estate, an indirect wholly-owned

subsidiary of the Company, and Raycom Real Estate Development Co., Ltd.* (融科智地房地產股份有限公司) (“**Raycom**”) and Legend Holdings Corporation (聯想控股股份有限公司) (“**Legend Holdings**”) pursuant to which Raycom and Legend Holdings agreed to sell, and Sunac Real Estate agreed to purchase: (i) the relevant equity interests of 40 target companies; (ii) the loans and payables owed by the onshore target companies and their respective subsidiaries to Raycom and Legend Holdings; and (iii) the loans owed by an offshore target company to Right Lane Limited (南明有限公司), an offshore subsidiary of Legend Holdings, for a total consideration of approximately RMB13,850,820,000 (having taken into account the adjustments pursuant to the Supplemental Agreement 1);

- (ee) the acquisition framework agreement (the “**Framework Agreement 2**”) dated 16 September 2016 entered into between Sunac Real Estate and Legend Holdings pursuant to which Legend Holdings agreed to sell and Sunac Real Estate agreed to purchase (i) 100% equity interest in Beijing EnsenCare Holdings Co., Ltd.* (北京安信頤和控股有限公司) (“**EnsenCare**”) at the consideration of RMB87,000,000; and (ii) the outstanding shareholders’ borrowings of RMB50,000,000 owed by EnsenCare to Legend Holdings and accrued but unpaid interest of RMB617,300. As such, the total consideration contemplated under the Framework Agreement 2 shall be RMB137,617,300, subject to adjustments pursuant to the terms and conditions of the Framework Agreement 2;
- (ff) the equity transfer framework agreement dated 22 August 2016 entered into between Hainan Sunac Properties Co., Ltd. (海南融創基業房地產有限公司) (“**Hainan Sunac**”), an indirect wholly-owned subsidiary of the Company, and Hangzhou Jinhan Investment Co., Ltd. (杭州金翰投資有限公司) (“**Hangzhou Jinhan**”), pursuant to which Hainan Sunac agreed to acquire and Hangzhou Jinhan agreed to dispose of 50% equity and debt interests in each of 杭州禾明投資有限公司(Hangzhou Heming Investment Co., Ltd.*), 杭州融悅投資有限公司 (Hangzhou Rongyue Investment Co., Ltd.*) and 浙江悅成投資有限公司 (Zhejiang Yuecheng Investment Co., Ltd.*), of which (i) the consideration for the equity interests was RMB1,954,717,510; and (ii) the relevant outstanding shareholder’s borrowings owed by the relevant target companies to Hangzhou Jinhan was RMB99,117,490. Therefore, the aggregate consideration for the acquisition was RMB2,053,835,000;
- (gg) the framework agreement dated 19 May 2016 (as supplemented by two supplemental agreements both dated 22 July 2016) entered into between the Company and Top Spring International Holdings Limited, pursuant to which the Company agreed to (a) acquire the entire equity interest in six target companies and (b) settle the inter-company loans among the six target companies and/or the project companies owned by such target companies, which are holding interests in property development projects in Shanghai, Nanjing, Shenzhen, Huizhou and Hangzhou in the PRC, at a total adjusted consideration of RMB4,225,230,000;
- (hh) the cooperation agreement dated 18 March 2016 entered into between Shanghai Sunac Property Development Co., Ltd. (“**Shanghai Sunac**”), a wholly-owned subsidiary of the Company, and Shanghai Moke Real Estate Co. Ltd (上海摩克房地產有限公司) (“**Shanghai Moke**”) in connection with the formation of a joint venture and the acquisition of two target

projects. Pursuant to the cooperation agreement, the equity interests of the joint venture will ultimately be held as to 80% and 20% by Shanghai Sunac and Shanghai Moke, respectively, and the joint venture will be responsible for the development of the two target projects. The aggregate amount payable by Shanghai Sunac under the cooperation agreement is approximately RMB3,305,347,400 together with accrued interest;

- (ii) the cooperation agreement dated 25 February 2016 entered into between Tianjin Sunac Ao Cheng Investment Co., Ltd. (“**Tianjin Sunac Ao Cheng**”), a wholly-owned subsidiary of the Company, as purchaser, Sunac Real Estate, as guarantor of the purchaser, Zhengzhou Meisheng Real Estate Development Co. Ltd. (鄭州美盛房地產開發有限公司) (“**Zhengzhou Meisheng**”) as vendor and Henan Zhaoteng Investment Co. Ltd. (河南省兆騰投資有限公司), as guarantor of the vendor, pursuant to which, Tianjin Sunac Ao Cheng agreed to acquire and Zhengzhou Meisheng agreed to dispose of 70% equity and debt interests in Zhongmu Meisheng Real Estate Co., Ltd. (中牟美盛置業有限公司) (“**Zhongmu Meisheng**”) at a total consideration of RMB753,916,863.21;
- (jj) the two equity transfer agreements dated 1 February 2016 entered into between Shanghai Sunac as purchaser and Der Group Co. Ltd. (“**Der Group**”) and Mr. HE Yonggang as vendors (collectively the “**Suzhou Vendors**”), pursuant to which (i) Shanghai Sunac agreed to acquire and the Suzhou Vendors agreed to dispose of the entire equity and debt interests in Suzhou Der Taihu Bay Properties Co., Ltd. (“**Suzhou Der Taihu Bay**”), of which the consideration for (a) the equity interests amounted to RMB404,459,419; and (b) the entire outstanding shareholder’s loan owed by Suzhou Der Taihu Bay to the Suzhou Vendors amounted to RMB685,540,581, representing an aggregate consideration of RMB1,090,000,000 (“**Acquisition I**”); and (ii) Shanghai Sunac agreed to acquire and the Suzhou Vendors agreed to dispose of the entire equity and debt interests in Suzhou Der Taihu Town Real Estate Co., Ltd. (“**Suzhou Der Taihu Town**”), of which the consideration for (a) the equity interests amounted to RMB28,308,318; and (b) the entire outstanding shareholder’s loan owed by Suzhou Der Taihu Town to the Suzhou Vendors amounted to RMB51,691,682, representing an aggregate consideration of RMB80,000,000 (“**Acquisition II**”). As such, the total consideration for the transactions contemplated under Acquisition I and Acquisition II is RMB1,170,000,000;
- (kk) the equity transfer agreement dated 15 January 2016 entered into between Shanghai Sunac Ruifeng Investment Co., Ltd. (上海融創睿豐投資有限公司) (“**Shanghai Sunac Ruifeng**”), a wholly-owned subsidiary of the Company, as purchaser and Beijing Fengdan Investment Management Co., Ltd. (北京楓丹投資管理有限公司) (“**Beijing Fengdan**”) as vendor in relation to the acquisition of 12.5% equity interest in Shanghai Fengdan Lishe Real Estate Development Co., Ltd. (上海楓丹麗舍房地產開發有限公司) (“**Shanghai Fengdan**”) and the outstanding shareholder’s loan owing by Shanghai Fengdan to Beijing Fengdan at a total consideration of RMB437,500,000;
- (ll) the equity transfer agreement dated 15 January 2016 entered into between Shanghai Sunac Ruifeng as purchaser and Shenzhen Zhongshan Xingye Trading Co., Ltd. (深圳市仲山興業貿易有限公司) (“**Shenzhen Zhongshan**”) as vendor in relation to the acquisition of 5% equity interest in Shanghai Fengdan and the outstanding shareholder’s loan owing by Shanghai Fengdan to Shenzhen Zhongshan at a total consideration of RMB175,000,000;

- (mm) the equity transfer agreement dated 15 January 2016 entered into between Shanghai Sunac Ruifeng as purchaser and Shenzhen Hua Shun Digital Technology Co., Ltd. (深圳市華順數碼科技有限公司) (“**Shenzhen Hua Shun**”) as vendor in relation to the acquisition of 12.5% equity interest in Shanghai Fengdan and the outstanding shareholder’s loan owing by Shanghai Fengdan to Shenzhen Hua Shun at a total consideration of RMB437,500,000;
- (nn) the equity transfer agreement dated 15 January 2016 entered into between Shanghai Sunac Ruifeng as purchaser and Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司) (“**SZITIC Property**”) as vendor in relation to the acquisition of 7.855% equity interest in Shanghai Fengdan and the outstanding shareholder’s loan owing by Shanghai Fengdan to SZITIC Property at a total consideration of RMB274,925,000;
- (oo) the equity transfer agreement dated 13 January 2016 entered into between Shanghai Sunac and Jiangsu Youyi Hesheng Property Development Co., Ltd. (“**Jiangsu Youyi**”) for an aggregate consideration of RMB1,038,234,731, pursuant to which (i) Shanghai Sunac agreed to acquire and Jiangsu Youyi agreed to dispose of, 95% equity interest in Suzhou Xinyou Real Estate Co. Ltd. (蘇州新友置地有限公司) (“**Suzhou Xinyou**”), for RMB183,652,145, and (ii) Shanghai Sunac agreed to repay on behalf of Suzhou Xinyou the entire outstanding shareholder’s loan in the amount of RMB854,582,586 owing by it to Jiangsu Youyi;
- (pp) the agreement dated 4 January 2016 entered into between Shanghai Sunac Ruifeng and Shanghai Pudong Development Group Limited (上海浦東發展(集團)有限公司) (“**Shanghai Pudong Development**”), pursuant to which Shanghai Sunac Ruifeng agreed to acquire 9.4% interest in Shanghai Huafeng for a consideration of RMB752,000,000 and Shanghai Pudong Development was entrusted to hold the 9.4% indirect interest in Shanghai Huafeng on behalf of Shanghai Sunac Ruifeng;
- (qq) the supplemental agreement dated 30 November 2015 entered into between, among others, Tianjin Sunac Ao Cheng and Sunac Real Estate, which are both wholly-owned subsidiaries of the Company and Xian Titan Real Estate Group Co., Ltd (“**Xian Titan**”), pursuant to which the parties thereto agreed to amend and supplement the cooperative agreement dated 2 September 2015 with respect to the acquisition of Jinan Lihao Properties Co., Ltd. (濟南立皓置業有限公司) and Jinan Liyuan Properties Co., Ltd. (濟南立遠置業有限公司);
- (rr) the supplemental agreements dated 30 November 2015 entered into between, among others, Tianjin Sunac Ao Cheng, Sunac Real Estate and Xian Titan, pursuant to which the parties thereto agreed to amend and supplement the cooperative agreement dated 2 September 2015 with respect to the acquisition of Tianmao Properties (Nanjing), Ltd. (天茂置業(南京)有限公司), Titan International Investment Group Limited and Nanjing Titan Technology Investment Development Co., Ltd. (南京天朗科技投資發展有限公司);
- (ss) the equity transfer agreement dated 29 October 2015 entered into between Shanghai Sunac Real Estate Development Co., Ltd (“**Shanghai Sunac Real Estate**”), a wholly-owned subsidiary of the Company, as purchaser, and Shanghai Yuehua Kangjian Investment Management Co., Ltd (“**Shanghai Yuehua**”) as vendor, pursuant to which Shanghai Sunac

Real Estate agreed to, or would procure its designated wholly-owned subsidiary to, acquire and Shanghai Yuehua agreed to dispose of, the entire equity interest in Shanghai Lingwu Investment Management Co., Ltd. (“**Shanghai Lingwu**”) and the outstanding shareholder’s loan owing by Shanghai Lingwu to Shanghai Yuehua at a total consideration of RMB1,400,000,000; and

- (tt) the cooperative agreement dated 2 September 2015 entered into between, among others, Tianjin Sunac Ao Cheng and Tianjin Sunac Zhidi Co., Ltd (天津融創置地有限公司) (“**Sunac Zhidi**”), which are both wholly-owned subsidiaries of the Company, and Xian Titan, pursuant to which Tianjin Sunac Ao Cheng and Xian Titan agreed to cooperate to establish a joint venture company in Xian, the PRC (the “**Joint Venture**”) with a registered capital of RMB100 million, and was contributed as to 80% by Tianjian Sunac Ao Cheng and 20% by Xian Titan. Upon establishment of the Joint Venture, it (i) shall acquire the equity interest in the two property projects under development in Xian, the PRC held by Xian Titan for a total consideration of RMB187.9 million; (ii) can acquire and develop the projects to be developed by Xian Tital or its affiliated companies in Xian, the PRC by participating in the process of tender, auction and listing; and (iii) shall cooperate with Xian Titan in the acquisition and development of the reserve projects in Xian to be participated or intended to be acquired by Xian Titan or its affiliated companies and subsidiaries in the future by way of joint injection of funds for the establishment of project companies of which Xian Titan and the Joint Venture shall hold no more than 30% and no less than 70% equity interest in such project companies, respectively. Further, pursuant to the cooperative agreement, Tianjin Sunac Ao Cheng agreed to acquire (by itself or through its designated company) the 100% equity interest in the project companies of Xian Titan with property projects located in Jinan, Nanjing and Chengdu of the PRC for a total consideration of RMB496.17 million.

8. EXPERT’S QUALIFICATION AND CONSENT

The following is the qualification of the expert whose name, opinions and/or reports are contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong
DTZ Cushman & Wakefield Limited	Independent property valuer

As at the Latest Practicable Date, each of the above experts (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2016 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed

of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) had given and had not withdrawn its consent to the issue of this circular with the inclusion of its letter, opinions and/or reports and the reference to its name included herein in the form and context in which they respectively appear.

9. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

10. GENERAL

- (a) The registered office of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1- 9005, Cayman Islands.
- (b) The head office of the Company is at 10/F, Building C7, Magnetic Plaza, Binshuixi Road, Nankai District, Tianjin 300381 and principal place of business of the Company in Hong Kong is at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (c) Mr. Gao Xi (“**Mr. Gao**”) is one of the joint company secretaries of the Company and the Company has engaged Ms. Mok Ming Wai (“**Ms. Mok**”) as the other joint company secretary of the Company to assist Mr. Gao.

Mr. Gao is currently the vice president of the Group and a joint company secretary of the Company. Since joining the Group in 2007, he had held different positions in various departments of the Group, including the capital operations centre, financial management center and financing management department. Since 2011, he began to act successively as the manager, director and general manager of the investor relations department of the Company. Mr. Gao has participated in the work in relation to the Company’s initial public offering, and upon the listing of the shares of the Company on the Stock Exchange in 2010, he contributed to establish the investor relations department, where he is mainly responsible for listing compliance, corporate governance, investor relations and offshore financing related matters. Mr. Gao graduated from Shanxi University of Finance & Economics in 2008 with a master’s degree in quantitative economics.

Ms. Mok is a director of KCS Hong Kong Limited. She has over 16 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

- (d) The Cayman Islands principal share registrar and transfer office is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.
- (e) The Hong Kong branch share registrar and transfer is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text unless otherwise specified.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong up to and including the date falling on 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2016;
- (c) the accountant's report on Tianjin Xingyao from PricewaterhouseCoopers, the text of which is set out in Appendix II to this circular;
- (d) the valuation report on Tianjin Xingyao from DTZ Cushman & Wakefield Limited, the text of which is set out in Appendix IV to this circular;
- (e) the report on unaudited pro forma financial information of the Enlarged Group from PricewaterhouseCoopers, the text of which is set out in Appendix V to this circular;
- (f) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (g) the circular of the Company dated 4 May 2017;
- (h) the circular of the Company dated 26 May 2017; and
- (i) this circular.