The following is the preliminary consolidated financial information of the Group for the year ended 31 December 2013 ("2013 Preliminary Financial Information") together with the discussion and analysis of the Group's financial condition and results of operations. The 2013 Preliminary Financial Information was not audited. Investors who read the information should bear in mind that such 2013 Preliminary Financial Information in this Appendix may be subject to adjustments.

CONSOLIDATED INCOME STATEMENTS

		Years ended 31 December	
	Note	**2013**	**2012**
		RMB'000 (Unaudited)	*RMB'000*
Turnover	*4*	1,966,348	1,812,014
Cost of sales		(1,254,158)	(1,235,378)
Gross profit		712,190	576,636
Other income	*5*	21,981	7,450
Selling and distribution expenses		(47,450)	(39,154)
Administrative expenses		(141,922)	(118,287)
Other expenses	*5*	(911)	(482)
Results from operating activities before changes in fair value of investment properties		543,888	426,163
Increase in fair value of investment properties		6,542	8,167
Results from operating activities after changes in fair value of investment properties		550,430	434,330
Finance income		15,263	19,359
Finance costs		(12,597)	(1,592)
Net finance income	*6(a)*	2,666	17,767
Share of losses of associates		(439)	(386)
Share of profits/(losses) of joint ventures		41,124	(4,653)
Profit before taxation	*6*	593,781	447,058
Income tax	*7*	(255,227)	(169,357)
Profit for the year		338,554	277,701

	Note	Years ended 31 December 2013 RMB'000 (Unaudited)	2012 RMB'000
Attributable to:			
Equity shareholders of the Company		320,869	211,276
Non-controlling interests		17,685	66,425
Profit for the year		338,554	277,701
Basic earnings per share (RMB) *(Note)*	8	3,485	2,515

Note: The earnings per share as presented above has not taken into account the proposed capitalisation issue pursuant to the shareholders' resolution dated 12 March 2014 (Note 13) because the proposed capitalisation has not become effective as at the date of approval of the 2013 Preliminary Financial Information.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years ended 31 December	
	Note	**2013**	**2012**
		RMB'000 (Unaudited)	*RMB'000*
Profit for the year		338,554	277,701
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China		(486)	(303)
Share of the movement of a joint venture's reserve		–	1,994
Total comprehensive income for the year		338,068	279,392
Attributable to:			
Equity shareholders of the Company		320,383	212,557
Non-controlling interests		17,685	66,835
Total comprehensive income for the year		338,068	279,392

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	At 31 December 2013	At 31 December 2012
		RMB'000 (Unaudited)	*RMB'000*
Non-current assets			
Property, plant and equipment		175,440	99,477
Investment properties		298,200	299,800
Intangible assets		4,332	4,246
Interest in associates		1,146	1,585
Interest in joint ventures		160,475	119,351
Other investments		10,000	10,000
Deferred tax assets		75,194	50,996
		724,787	585,455
Current assets			
Other investments		122,220	58,316
Properties under development		2,946,308	1,729,850
Completed properties held for sale		992,615	941,206
Inventories and contracting work-in-progress		200,072	130,479
Trade and other receivables	*9*	898,022	1,101,531
Current tax assets		32,578	49,467
Restricted cash		3,630	4,288
Cash and cash equivalents		1,163,239	947,899
		6,358,684	4,963,036
Current liabilities			
Trade and other payables	*10*	2,530,444	2,805,324
Loans and borrowings		905,500	476,165
Corporate bonds payable	*11*	77,427	–
Current tax liabilities		151,745	95,181
		3,665,116	3,376,670
Net current assets		2,693,568	1,586,366
Total assets less current liabilities		3,418,355	2,171,821

		At 31 December	
	Note	**2013**	**2012**
		RMB'000 (Unaudited)	*RMB'000*
Non-current liabilities			
Loans and borrowings		1,151,830	733,000
Corporate bonds payable	*11*	544,763	–
Deferred tax liabilities		56,646	50,454
		1,753,239	783,454
Net assets		1,665,116	1,388,367
Equity			
Share capital		8	4,852
Reserves		1,434,417	866,926
Total equity attributable to equity shareholders of the Company		1,434,425	871,778
Non-controlling interests		230,691	516,589
Total equity		1,665,116	1,388,367

NOTES TO 2013 PRELIMINARY FINANCIAL INFORMATION

1 Basis of preparation

The 2013 Preliminary Financial Information does not constitute the Group's consolidated financial statements for the year ended 31 December 2013 but is extracted from those consolidated financial statements.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"). The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those set out in the Group's consolidated financial information for the years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2013.

The 2013 Preliminary Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis except for investment properties and certain financial assets which are stated at their fair value.

2 Impact of issued but not yet effective IFRSs

The IASB has issued the following new standards, amendments to standards and interpretations which are not yet effective for the accounting year/period beginning on 1 January 2013, and have not been applied in preparing the Group's consolidated financial statements for the year ended 31 December 2013. Of these developments, the following relate to matter that may be relevant to the Group's operations and the Financial Information:

	Effective for accounting periods beginning on or after
Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
IFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments and new standard is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

3 Segment reporting

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following six reportable segments. The operating segments with similar economic characteristics have been aggregated to form the following reportable segments.

– Property development: this segment develops and sells industrial parks and residential properties. Currently the Group's activities in this regard are carried out in the PRC.

– Construction contract: the revenue of this segment recognised results from the development of a number of office and residential buildings for some of the Group's customers. These buildings are constructed based on specifically negotiated contracts with customers. Currently the Group's activities in this regard are carried out in the PRC.

– Property leasing: this segment leases office units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

– Development management services: this segment provides construction management for the projects under construction. Currently the Group's activities in this regard are carried out in the PRC.

– Business operation services: this segment provides property management and other services for the completed projects of industrial parks and residential properties Currently the Group's activities in this regard are carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities and certain liabilities unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted profit from operations". To arrive at adjusted profit from operations the Group's profits are further adjusted for items not specifically attributed to an individual reportable segment, such as directors' remuneration, auditors' remuneration and other head office or corporate administrative expenses.

In addition to receiving segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

For the year ended 31 December 2013 (unaudited)

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,580,002	184,577	23,544	27,343	150,882	1,966,348
Inter-segment revenue	–	581,509	567	3,131	34,663	619,870
Reportable segment revenue	1,580,002	766,086	24,111	30,474	185,545	2,586,218
Reportable segment profits	470,707	10,669	14,404	26,054	14,526	536,360
Finance income	11,277	2,375	–	–	1,611	15,263
Finance costs	(7,669)	(4,710)	–	–	(218)	(12,597)
Depreciation	(4,677)	(7,174)	–	–	(1,353)	(13,204)
Amortisation	(1,081)	(92)	–	–	(76)	(1,249)
Share of losses of associates	(439)	–	–	–	–	(439)
Share of profit of a joint venture	41,124	–	–	–	–	41,124
Increase in fair value of investment properties	6,350	192	–	–	–	6,542

For the year ended 31 December 2012

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,431,893	195,056	17,635	36,099	131,331	1,812,014
Inter-segment revenue	–	547,222	165	6,810	12,630	566,827
Reportable segment revenue	1,431,893	742,278	17,800	42,909	143,961	2,378,841
Reportable segment profits	362,338	7,897	16,227	28,884	15,489	430,835
Finance income	16,826	1,416	–	–	1,117	19,359
Finance costs	(399)	(606)	–	–	(587)	(1,592)
Depreciation	(5,290)	(5,009)	–	–	(1,138)	(11,437)
Amortisation	(554)	(68)	–	–	(63)	(685)
Share of losses of associates	(386)	–	–	–	–	(386)
Share of loss of a joint venture	(4,653)	–	–	–	–	(4,653)
Increase in fair value of investment properties	7,167	400	–	–	600	8,167

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Years ended 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Revenue		
Reportable segment revenue	2,586,218	2,378,841
Elimination of inter-segment revenue	(619,870)	(566,827)
Consolidated revenue	1,966,348	1,812,014
Profits/(losses)		
Reportable segment profit derived from the Group's external customers	536,360	430,835
Increase in fair value of investment properties	6,542	8,167
Share of losses of associates	(439)	(386)
Share of profits/(losses) of a joint venture	41,124	(4,653)
Other income	21,981	7,450
Finance income	15,263	19,359
Finance costs	(12,597)	(1,592)
Depreciation and amortisation	(14,453)	(12,122)
Consolidated profit from continuing operations before tax	593,781	447,058
Assets		
Reportable segment assets	6,821,591	5,393,751
Equity accounted investees	160,552	120,936
Other unallocated amounts	101,328	33,804
Consolidated total assets	7,083,471	5,548,491
Liabilities		
Reportable segment liabilities	5,414,069	4,153,205
Other unallocated amounts	4,286	6,919
Consolidated total liabilities	5,418,355	4,160,124

4 Turnover

The principal activities of the Group are development and sales of properties, design and construction, property management services and operation of industrial park property in the PRC.

Turnover represents the income from sales of properties, revenue from construction contracts, property management services and rental income, net of business tax and other sales related taxes and is after deduction of any trade discounts.

The amounts of each significant category of revenue recognised in turnover is as follows:

	Years ended 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Revenue from:		
Property development	1,580,002	1,431,893
Construction contract	184,577	195,056
Business operation services	150,882	131,331
Development management services	27,343	36,099
Property leasing	23,544	17,635
	1,966,348	1,812,014

5 Other income and other expenses

Other income

	Years ended 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Government grants *(Note)*	4,829	4,723
Net gain on disposal of other non-current assets	12,122	1,380
Compensation income	100	500
Others	4,930	847
	21,981	7,450

Note: During the year ended 31 December 2013 and 2012, the Group received government subsidies from different local government bureaus as a recognition of the Group's contribution in the relevant districts.

Other expenses

	Years ended 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Net loss on disposal of property, plant and equipment	(269)	(129)
Penalty	(18)	(11)
Others	(624)	(342)
	(911)	(482)

6 Profit before taxation

(a) Finance income/(costs)

Profit before taxation is arrived at after (charging)/crediting:

	Years ended 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Finance income		
Interest income	10,459	15,533
Net realised and unrealised gains on other investments	4,804	3,602
Net foreign exchange gain	–	224
Sub-total	15,263	19,359
Finance costs		
Interest expenses	(127,710)	(131,095)
Less: Capitalised interest expenses *(Note)*	120,524	130,089
	(7,186)	(1,006)
Net foreign exchange loss	(1,227)	–
Net realised and unrealised losses on other investments	(4,184)	(586)
Sub-total	(12,597)	(1,592)
Net finance income	2,666	17,767

Note: The borrowing costs have been capitalised at rates ranging from 5.4% to 11.46% (2012: 5.4% to 8.32%) per annum for the year ended 31 December 2013.

(b) Other items

Profit before taxation is arrived at after (charging)/crediting:

	Years ended 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Depreciation	13,204	11,437
Amortisation	1,249	685
Auditor's remuneration	3,730	1,944
Cost of properties sold	955,877	957,556
Cost of construction and goods sold	173,322	173,536
Rentals receivable from investment properties	(23,544)	(17,635)
Less: Direct outgoings	32	472
Operating lease charges	3,295	1,778

7 Income tax in the consolidated income statement

Income tax in the consolidated income statement represents:

	Years ended 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Current tax		
PRC corporate income tax for the year	139,791	113,053
PRC Land Appreciation Tax for the year	133,442	81,753
	273,233	194,806
Deferred taxation Origination and reversal of temporary differences	(18,006)	(25,449)
Total income tax expense	255,227	169,357

8 Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2013 is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2013, and the deemed weighted average number of 92,045 (2012: 84,003) shares of the Company.

There were no dilutive potential ordinary shares during the year ended 31 December 2013 and therefore, diluted earnings per share are not presented.

The basic earnings per share as presented on the consolidated income statement have not taken into account the proposed capitalisation issue as described in Note 13.

9 Trade and other receivables

	At 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Amounts due from third parties		
– Trade receivables *(Note (i))*	127,732	136,712
– Bills receivable	4,341	–
Amounts due from non-controlling equity holders	21,312	32,258
Amounts due from related parties	14,950	5,318
Prepayments		
– for properties held for development *(Note (ii))*	518,056	668,078
– for construction cost and raw materials	91,784	111,718
Prepaid business tax and other tax	44,596	66,653
Others	75,251	80,794
Total	898,022	1,101,531

Notes:

(i) Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding sale and purchase agreements. If payment is made in lump-sum payment, settlement is normally required by date of signing the sales contract. If payments are made in instalments, settlement is in accordance with the contract terms.

The remaining balance of trade receivables is expected to be recovered within one year.

The directors are of the view that all trade receivables are neither individually nor collectively considered to be impaired as at the end of each reporting period.

Amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

(ii) The Group has entered into a number of contracts of property development projects and has made prepayments in accordance with the terms of contracts.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable based on the date trade receivables and bills receivable recognised, is as follows:

	At 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Within 1 month	78,587	92,087
1 to 3 months	3,232	1,955
3 to 6 months	3,836	16,593
Over 6 months	46,418	26,077
Total	132,073	136,712

(b) The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Neither past due nor impaired	108,097	96,528
Less than 1 month past due	14,592	2,606
1 to 3 months past due	3	3,148
3 to 6 months past due	–	20,313
Over 6 months past due	9,381	14,117
Total	132,073	136,712

10 Trade and other payables

	At 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Amounts due to third parties		
– Trade payables *(Note)*	1,125,360	731,661
– Notes payables	6,430	–
– Receipts in advance	549,030	1,263,451
– Accrued payroll	17,997	23,309
Other payables and accruals	388,034	193,366
	2,086,851	2,211,787
Amounts due to non-controlling equity holders	224,021	491,212
Amounts due to related parties	219,572	102,325
	443,593	593,537
	2,530,444	2,805,324

Note: As of the end of the reporting period, the ageing analysis of trade and notes payables based on the date the trade payables recognised, is as follows:

	At 31 December	
	2013	**2012**
	RMB'000 (Unaudited)	*RMB'000*
Within 1 month	998,457	379,902
1 to 12 months	76,577	111,392
Over 12 months	56,756	240,367
	1,131,790	731,661

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones. The Group normally retains 5% as retention payment.

Included in trade payables were retention payables which were expected to be settled after more than one year amounted to RMB40,176,000 at 31 December 2013 (2012: RMB28,451,000).

11 Corporate bonds payable

	At 31 December 2013
	RMB'000 (Unaudited)
Current	
At issue date *(Note (i))*	69,350
Add: Transaction costs amortised	83
Interest payable *(Note (iii))*	7,994
	77,427
Non-current	
At issue date *(Note (ii))*	543,527
Add: transaction costs amortised	1,236
	544,763
	622,190

Notes:

(i) On 11 November 2013, a subsidiary of the Group issued a short-term corporate bond ("the 2013 Short-term Corporate Bond"). The 2013 Short-term Corporate Bond is unsecured, issued at par of RMB70,000,000 with a maturity period of 365 days and bears interest at 7.2% per annum payable at maturity date.

(ii) In October 2013, a subsidiary of the Group issued a long-term corporate bond, namely "the 2013 Long-term Corporate Bond", amounting to RMB600,000,000. The net proceed of the 2013 Long-term Corporate Bond at the issue date was RMB543,527,000, after deducting transaction costs of RMB56,473,000.

The 2013 Long-term Corporate Bond is interest bearing at 7.35% per annum with interest payable in arrears on 22 October 2014, 2015 and 2016. In accordance with the terms of the bond, on 23 October 2016 the Group has the option to adjust upward the interest rate of the bond for at the third anniversary by maximum of 100 basis points and the bond is, at the option of the bondholder, redeemable at its par value on the same date. If not being redeemed on 23 October 2016, the 2013 Long-term Corporate Bond is repayable on 23 October 2019 and the interest for the next three years is payable in arrears on 22 October 2017, 2018 and 2019.

The 2013 Long-term Corporate Bond is guaranteed by Wuhan Credit Risk Management Co, Ltd. and secured by certain of the Group's investment properties with carrying value of RMB144,458,000 as at 31 December 2013.

(iii) The interest expenses amounted to RMB7,350,000 for the 2013 Long-term Corporate Bond and RMB644,000 for the 2013 Short-term Corporate Bond for the year ended 31 December 2013 was included in interest payable.

12 Dividends

Dividends for the year ended 31 December 2013 amounted to RMB50,479,000 (2012: RMB85,042,000), which represents dividends declared or proposed by the relevant subsidiaries now comprising the Group out of their retained earnings to the then equity holders of the respective companies, after eliminating intra-group dividends, before the group reorganisation completed on 16 September 2013.

13 Subsequent event

Pursuant to the written resolutions of the Company's shareholders passed on 12 March 2014, conditional on the share premium account of the Company being credited as a result of the global offering set out in the section headed "Structure of the Global Offering", the directors are authorised to allot and issue a total of 2,999,900,000 shares, by way of capitalisation of the sum of HK$299,990,000 standing to the credit of the share premium account of the Company, credited as fully paid at par to the Shareholders as appearing on the register of members of the Company.

BUSINESS REVIEW

We engage primarily in development and operation of large-scale business parks with distinctive industry themes. We ranked second in China as at 31 December 2013 among all commercial business park developers and operators in terms of the total GFA of completed projects, projects under development and projects planned for future development, according to the Savills Valuation Report.

Property Development

We have developed a portfolio of multi-theme business parks, and are a market leader in the business park development sector, in Wuhan, Qingdao and Ezhou. Based on our accumulated industry knowledge, development capabilities and operational expertise in the development and operation of large-scale, industry theme-focused business parks in Wuhan, we replicate our business model in business park development in our other target cities. Furthermore, in line with local urban development plans in our target cities, we develop residential projects that are generally in proximity and complementary to our business park developments so as to develop our large-scale projects with a fully-functional living environment (產城一體). Because our business parks are in line with local development plans and have contributed, or are expected to contribute, significantly to the upgrading of local industrial structures and the growth of local economies, local governments have provided us with incentives in relation to various aspects of the development of our projects in the relevant cities.

During the Relevant Period and up to 31 December 2013, we completed 11 business park projects in Wuhan, Qingdao and Ezhou and three residential projects in Wuhan and Huangshi. The total GFA and the total market value attributable to our Group of our completed projects as at 31 December 2013 were 2,247,680 sq.m. and RMB2,619.3 million, respectively. We have continuously increased the contracted sales and the contracted saleable GFA of our business park projects outside Wuhan, which have accounted for an increasing proportion of the total contracted sales and the total contracted saleable GFA of all our business park projects, respectively.

Construction Contract

We provide construction services for decorating and improving external parts and internal public areas of buildings to customers in our business parks as well as property developments owned by third parties. As we strengthen our vertically integrated business model along the value-chain of the business park development industry, Wuhan Lido Technology has provided decoration and improvement services increasingly to our project companies, rather than external customers. Our turnover from construction contract decreased by RMB10.5 million, or 5.4%, from RMB195.1 million for the year ended 31 December 2012 to RMB184.6 million for the year ended 31 December 2013.

Business Operation Services

We provide enterprises in our business parks with a wide range of business operation services to facilitate their business operations and reduce their operational costs. As we develop and complete an increasing number of business parks, we have expanded scope of our services and increased the number of customers in our business parks. We provide business operation services to our customers (such as property management and operation services, centralized energy supply systems and services for the relevant districts, and human resources and training services). Our turnover from business operation services increased by RMB19.6 million, or 14.9%, from RMB131.3 million for the year ended 31 December 2012 to RMB150.9 million for the year ended 31 December 2013.

Development Management Services

As part of our strategic plan, we provide, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them. As at 31 December 2013, we had provided development management services for four business park projects with the total GFA of 2,091,384 sq.m. and two residential projects with the total GFA of 285,686 sq.m.

Property Leasing

We engage in property leasing and strategically hold and lease out certain properties providing supporting services in our business parks as well as office properties suitable for general business uses to generate recurring rental income. As at 31 December 2013, we held investment properties with the total GFA of 50,733 sq.m. and the total market value attributable to our Group of RMB296.5 million.

PROSPECT FOR 2014

The PRC commercial business park market where we operate has grown rapidly driven by significant demand from enterprises in a large number of industries for business parks, government policies in upgrading and restructuring of industries, increased level of urbanization, as well as development and business innovation of SMEs. According to the Savills Report, the market supply of commercial business parks in China is estimated to increase in 2014, as many local governments are actively promoting the development of the commercial business parks in their cities or local districts to stimulate the sustainable growth of local economies. The market demand for commercial business parks in China is estimated to remain very strong in 2014, primarily due to the increasing urbanization level, economic restructuring and other growth drivers. According to the 2012 China Service Outsourcing City Investment Attractiveness Assessment by Devott, Wuhan, Qingdao, Shenyang and Hefei where we have presence ranked among the top ten cities whose outsourcing industries are expected to experience the most rapid growth in the PRC. Our Directors are of the view that our business will continue to grow primarily attributable to strong support from national and local governments, trend of industry clustering in relation to business park development, rising selling and rental prices of office space in core urban areas of our target cities, and growth of the PRC outsourcing industry.

We have particular competitive advantages in Wuhan, Qingdao and Ezhou as we have developed a portfolio of multi-theme business parks and are a market leader in the business park development sector in these cities. We intend to further consolidate our market leader position and continue to replicate our business model in fast-growing target cities and establish our national market coverage of our business. Moreover, we intend to leverage our brand, experience, talents and other competitive strengths to develop business parks focusing on new, fast-growing industries. Furthermore, we will strengthen our vertically integrated business model by enhancing our strong capacities in business park development, as well as improving the levels and expanding the scope of our business operation services. In addition, we will strategically increase our holdings of investment properties and develop hotels with various brands to enhance our profitability and diversify our revenue base. We also plan to expand the scope of our development management services with respect to business parks owned by third-parties.

FINANCIAL REVIEW

Turnover

We generated turnover from sale of business parks and residential properties, business operation services, construction contract, property leasing and development management services. Our turnover increased by RMB154.3 million, or 8.4%, from RMB1,812.0 million for the year ended 31 December 2012 to RMB1,966.3 million for the year ended 31 December 2013. The major contributor to our turnover in these two periods was sales of properties in our projects.

The following table illustrates our turnover by operating segment for the indicated periods.

	Years ended 31 December			
	2012		2013	
	Turnover *RMB'000*	**% of total**	**Turnover** *RMB'000* (unaudited)	**% of total**
Property development	1,431,893	79.0%	1,580,002	80.3%
Construction contract	195,056	10.8%	184,577	9.4%
Business operation services	131,331	7.2%	150,882	7.7%
Development management services	36,099	2.0%	27,343	1.4%
Property leasing	17,635	1.0%	23,544	1.2%
Total	**1,812,014**	**100.0%**	**1,966,348**	**100.0%**

Property Development

Our turnover from sale of business parks and residential properties increased by RMB148.1 million, or 10.4%, from RMB1,431.9 million for the year ended 31 December 2012 to RMB1,580.0 million for the year ended 31 December 2013, primarily due to an increase in the total GFA of business park projects sold to our customers as we developed and completed an increasing number of developments. Moreover, the ASP of properties sold in the Optics Valley Software Park (Phase II) increased as we developed the project in a more mature and advanced stage with well-developed infrastructure and supporting facilities.

Construction Contract

Our turnover from construction contract decreased by RMB10.5 million, or 5.4%, from RMB195.1 million for the year ended 31 December 2012 to RMB184.6 million for the year ended 31 December 2013, primarily because Wuhan Lido Technology provided decoration and improvement services increasingly to our project companies, rather than external customers, as we strengthened our vertically integrated business model along the value-chain of the business park development industry.

Business Operation Services

Our turnover from business operation services increased by RMB19.6 million, or 14.9%, from RMB131.3 million for the year ended 31 December 2012 to RMB150.9 million for the year ended 31 December 2013 primarily because we developed and completed an increasing number of business parks, expanded scope of our services and increased the number of customers in our business parks.

Development Management Services

Our turnover from development management services decreased by RMB8.8 million, or 24.4%, from RMB36.1 million for the year ended 31 December 2012 to RMB27.3 million for the year ended 31 December 2013, primarily due to a decrease in service fees earned for property development as we completed the major development stages of the Wuhan Hi-Tech Medical Devices Business Park (Phase I), the Wuhan Future Technology City (Phase I) and the Lido Mason (Phase I) in 2012 in accordance with relevant project development schedules, partially offset by the bonus payment from the Wuhan Municipal Government in 2013 for our completion of the major development phase of the Wuhan Hi-Tech Medical Devices Business Park (Phase I) in lower costs than prior estimation.

Property Leasing

Our turnover from property leasing increased by RMB5.9 million, or 33.5%, from RMB17.6 million for the year ended 31 December 2012 to RMB23.5 million for the year ended 31 December 2013, primarily due to an increase in rental income from apartment buildings in the Optics Valley Financial Harbour (Phase I) as the property value and average rental price of investment properties in the project increased, partially offset by a decrease in investment properties as a third-party customer was willing to pay higher prices for, and we sold, some shopping units in the Romantic Town.

Cost of Sales

Overview

Cost of sales comprises primarily (i) cost of properties sold in respect of our property development business (mainly including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies), (ii) cost of construction services (mainly including construction costs for decoration and improvement services provided by Wuhan Lido Technology), and (iii) other costs relating to other service businesses (including business operation services, construction contract and development management services). For the years ended 31 December 2012 and 2013, our cost of sales was approximately 68.2% and 63.8% of our turnover for the same periods, respectively.

Our cost of sales increased by RMB18.8 million, or 1.5%, from RMB1,235.4 million for the year ended 31 December 2012 to RMB1,254.2 million for the year ended 31 December 2013, primarily due to (i) an overall increase in cost of properties sold as a result of the increase in the total GFA of the business park projects sold to our customers, and (ii) an increase in costs relating to our service businesses (including business operation services, construction contract and development management services) as we provided different services to an increasing number of customers.

Cost of Properties Sold

Cost of properties sold consisted primarily of costs incurred directly for our property development activities, including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies. For the years ended 31 December 2012 and 2013, the cost of properties sold accounted for 77.5% and 76.2% of our total cost of sales, respectively.

Cost of properties sold increased by RMB1.7 million, or 0.3%, from RMB957.6 million for the year ended 31 December 2012 to RMB955.9 million for the year ended 31 December 2013, primarily due to an overall increase in construction costs, land costs and finance costs as a result of the increase in the total GFA sold to our customers mainly in respect of the Optics Valley Financial Harbour (Phase II – Buildings B1-B20), the Optics Valley Software Park (Phase V), the Wuhan Innocenter (Phase I) and the Ezhou OVU Science and Technology City (Phase I) as we developed and completed an increasing number of developments.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by RMB135.6 million, or 23.5%, from RMB576.6 million for the year ended 31 December 2012 to RMB712.2 million for the year ended 31 December 2013. Our overall gross profit margin increased from 31.8% for the year ended 31 December 2012 to 36.2% for the year ended 31 December 2013.

Other Income

Our other income increased by RMB14.5 million, or 193.3%, from RMB7.5 million for the year ended 31 December 2012 to RMB22.0 million for the year ended 31 December 2013, primarily due to an increase of approximately RMB13.0 million in net gain on disposal of other non-current assets from the sale of certain office properties to third-party customers in the fourth quarter of 2013 after we relocated our head office to a new building.

Selling and Distribution Expenses

Selling and distribution expenses primarily comprised advertising and promotional expenses, sales and marketing staff cost, travel and communication expenses, office administration expenses, depreciation expenses, and others. For the years ended 31 December 2012 and 2013, our selling and distribution expenses were approximately 2.2% and 2.4% of our total turnover for the same periods, respectively.

Our selling and distribution expenses increased by RMB8.3 million, or 21.2%, from RMB39.2 million for the year ended 31 December 2012 to RMB47.5 million for the year ended 31 December 2013, primarily due to an increase in our advertising and promotional expenses as we engaged in more sales, marketing and advertising activities for the increasing number of projects.

Administrative Expenses

Administrative expenses primarily comprised administrative staff costs, office administration expenses, travel, meeting and communication expenses, other indirect taxes, depreciation and amortization expenses, listing expenses, professional fees, and others. For the years ended 31 December 2012 and 2013, our administrative expenses were approximately 6.5% and 7.2% of our total turnover for the same periods, respectively.

Our administrative expenses increased by RMB23.6 million, or 20.0%, from RMB118.3 million for the year ended 31 December 2012 to RMB141.9 million for the year ended 31 December 2013, primarily because (i) administrative staff costs increased as we increased our administrative employee head count from 272 as at 31 December 2012 to 346 as at 31 December 2013 due to our expanded operation scale, (ii) our office administration expenses, as well as travel, meeting and communication expenses, increased due to our expanded general operation scale, and (iii) listing expenses increased in accordance with payment schedules under relevant agreements.

Other Expenses

Our other expenses increased by RMB429,000, or 89.0%, from RMB482,000 for the year ended 31 December 2012 to RMB911,000 for the year ended 31 December 2013, primarily due to an increase in net loss on disposal of property, plant and equipment, and an increase others, as a result of our expanded operation scale, as well as compensation by Wuhan Lido Property Management to an employee in the third quarter of 2013.

Increase in Fair Value of Investment Properties

Fair value gains on our investment properties decreased by RMB1.7 million, or 20.7%, from RMB8.2 million for the year ended 31 December 2012 to RMB6.5 million for the year ended 31 December 2013, primarily due to a decrease in investment properties as a third-party customer was willing to pay higher prices for, and we sold, some shopping units in the Romantic Town which was developed in a more mature and advanced development stage.

For the years ended 31 December 2012 and 2013, the fair value gains on investment properties contributed to approximately 2.9% and 1.9% of our profit for the year, respectively. Fair value gains were recorded in both periods primarily due to the increasing property prices of our investment properties as overall rental prices in local markets generally increased.

Finance Income

Our finance income decreased by RMB4.1 million, or 21.2%, from RMB19.4 million for the year ended 31 December 2012 to RMB15.3 million for the year ended 31 December 2013, primarily due to a decrease of RMB5.0 million, or 32.3%, in our interest income on loans and receivables from RMB15.5 million for the year ended 31 December 2012 to RMB10.5 million for the year ended 31 December 2013 mainly attributable to the interest income we received from Hubei Science & Technology Investment in 2012 on the relevant loan for land acquisition. The decrease in interest income from 2012 to 2013 was, partially offset by an increase of RMB1.2 million, or 33.3%, in the net realized and unrealized gains on other investments from RMB3.6 million for the year ended 31 December 2012 to RMB4.8 million for the year ended 31 December 2013, mainly attributable to sale of trading securities and other financial investment products.

Finance Costs

Our finance costs increased by RMB11.0 million, or 687.5%, from RMB1.6 million for the year ended 31 December 2012 to RMB12.6 million for the year ended 31 December 2013, primarily due to a decrease in capitalized interest expenses as the interest expenses in relation to the Optics Valley Software Park (Phase VI) project were not capitalized in 2013, partially offset by an increase in net realised and unrealised losses on other investments mainly attributable to the disposal of trading securities at losses.

Share of Profit/(Losses) of Associates

Share of loss of associates increased by RMB53,000, or 13.7%, from RMB386,000 for the year ended 31 December 2012 to RMB439,000 for the year ended 31 December 2013, primarily due to our proportional share of losses in Wuhan Integrated Circuit Design Technology Co., Ltd.

Share of Profit/(Losses) of Joint Ventures

We had share of loss of joint ventures of RMB4.7 million for the year ended 31 December 2012, mainly attributable to our proportional share of losses in Wuhan Mason according to our 50% equity interest in the company. Wuhan Mason generated losses primarily due to selling and distribution expenses and administrative expenses incurred in connection with sale of properties in the Lido Mason (Phase I) and most of such expenses were incurred in 2012. We had share of profit of joint ventures of RMB41.1 million for the year ended 31 December 2013, which consisted primarily of our share of profits of Wuhan Mason from sales of properties in the Lido Mason (Phase I) for that period in proportion to our 50% equity interest in that company.

Income Tax

Our income tax expenses increased by RMB85.8 million, or 50.7%, from RMB169.4 million for the year ended 31 December 2012 to RMB255.2 million for the year ended 31 December 2013. The increase in income tax was primarily due to (i) an increase in PRC land appreciation tax of RMB51.7 million as our pre-tax profit increased in line with the growth in the profit from our property development, (ii) an increase in PRC corporate income tax of RMB26.7 million, (iii) a decrease in deferred taxation of RMB7.4 million.

Our effective tax rate, representing income tax expense divided by profit before taxation, was 37.9% and 43.0% for the years ended 31 December 2012 and 2013.

Profit for the Year

As a result of the foregoing, our profit for the period increased by RMB60.9 million, or 21.9%, from RMB277.7 million for the year ended 31 December 2012 to RMB338.6 million for the year ended 31 December 2013.

FINANCIAL AND LIQUIDITY POSITION

Property under Development

The carrying amount of properties under development increased by RMB1,216.4 million, or 70.3%, from RMB1,729.9 million as at 31 December 2012, to RMB2,946.3 million as at 31 December 2013, primarily due to the development of the Optics Valley Financial Harbour (Phase II), the Creative Capital (Phase I), the Qingdao Optics Valley Software Park (Phase I), the Ezhou OVU Science and Technology City (Phase I) and the Huangshi OVU Science and Technology City (Phase I).

Completed Properties Held for Sale

The carrying amount of completed properties held for sale increased by RMB51.4 million, or 5.5%, from RMB941.2 million as at 31 December 2012 to RMB992.6 million as at 31 December 2013, primarily due to an increase in completed properties held for sale in respect of the Optics Valley Software Park (Phase V), the Optics Valley Financial Harbour (Phase II), the Wuhan Innocenter (Phase I) and the Qingdao Optics Valley Software Park (Phase I).

Trade and Other Receivables

Our trade and other receivables decreased by RMB203.5 million, or 18.5%, from RMB1,101.5 million as at 31 December 2012 to RMB898.0 million as at 31 December 2013, primarily due to a decrease in prepayments for land acquisition prices and other construction-related costs, as well as a decrease in prepaid business tax and other tax on customized developments, as we transferred the relevant prepayments into inventories in accordance with project development schedules.

Trade and Other Payables

Our trade and other payables decreased by RMB274.9 million, or 9.8%, from RMB2,805.3 million as at 31 December 2012 to RMB2,530.4 million as at 31 December 2013, primarily due to (i) a decrease in receipts in advance as we recognized turnover from sale of customized properties in the Optics Valley Financial Harbour (Phase II), the Wuhan Innocenter (Phase I) and the Optics Valley Software Park (Phase V) for the year ended 31 December 2013, and (ii) a decrease in amounts due to non-controlling equity holders as we repaid part of the outstanding balance under entrusted loan arrangements with Hubei Science & Technology Investment, partially offset by an increase in amounts due to third parties which are primarily installment payments to third party contractors as we developed and completed an increasing number of projects.

Key Financial Ratios

Our current ratio, representing current assets divided by current liabilities, increased from 1.47 as at 31 December 2012 to 1.73 as at 31 December 2013, mainly attributable to an increase in our current assets primarily as a result of increases in properties under development and completed properties held for sale as we developed an increasing number of projects while the terms of a majority of loans and other borrowings for our property development were more than one year and our current liabilities increased at a slower pace compared to current assets.

Our gearing ratio, representing total debt (comprising short-term borrowings and long-term borrowings) divided by total equity and times 100%, increased from 87.1% as at 31 December 2012 to 160.9% as at 31 December 2013, primarily because we increased bank loans and other borrowings for an increasing number of development projects from 2012 to 2013.

Indebtedness

Our total outstanding bank loans and other borrowings increased by RMB1,470.3 million, or 121.6%, from RMB1,209.2 million as at 31 December 2012 to RMB2,679.5 million as at 31 December 2013.

Wuhan Optics Valley Union issued the long-term corporate bond of RMB600 million to PRC institutional investors on October 23, 2013 for the purposes of replacing short-term loans with the long-term corporate bond and using the proceeds for development of the Optics Valley Financial Harbour (Phase II). In addition, Wuhan Optics Valley Union intends to issue the short-term corporate bond in an aggregate amount of RMB400 million to PRC institutional investors to fund our general working capital. On November 14, 2013, Wuhan Optics Valley Union issued the first batch of the short-term corporate bonds of RMB70 million to a PRC bank.

As at 31 December 2013, we had utilized banking facilities and other borrowings in a total amount of RMB2,854.3 million, unutilized unrestricted banking facilities of RMB1,985.7 million and unutilized unrestricted other borrowings of RMB1,887.2 million. As at 31 December 2013, a secured syndicated bank loan with the value of RMB330.0 million was guaranteed by Mr. Huang Liping and his spouse.

Contingent Liabilities

In accordance with market practice, we provide guarantees for our customers' mortgage loans with PRC banks to facilitate their purchases of our pre-sold properties. As at 31 December 2012 and 2013, the outstanding guarantees for mortgage loans by the customers of our pre-sold properties were approximately RMB453.4 million and RMB272.0 million, respectively.

Net Current Assets

Our current assets consist primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracting work-in progress, and cash and cash equivalents. Our total current assets were approximately RMB6,358.7 million as at 31 December 2013, as compared to RMB4,963.0 million as at 31 December 2012.

As at 31 December 2012 and 2013, our aggregate cash denominated in Renminbi amounted to approximately RMB947.9 million and RMB1,163.2 million, respectively. We have primarily financed our expenditures through internally generated cash flows, being primarily cash generated through pre-sale and sale of our properties (including progress payments from customers of our customized developments and sales deposits from customers of our pre-sold properties), and proceeds from bank loans and other borrowings.

Our current liabilities consist primarily of trade and other payables, loans and borrowings, and current tax liabilities. Trade and other payables represent costs related to our development activities. Our total current liabilities were approximately RMB3,665.1 million as at 31 December 2013, as compared to RMB3,376.7 million as at 31 December 2012.

As at 31 December 2013, we had net current assets of approximately RMB2,693.6 million as compared to RMB1,586.4 million as at 31 December 2012. Our net current assets increased from 2012 to 2013 primarily attributable to increases in properties under development and completed properties held for sale as we developed an increasing number of projects.

Capital Expenditure and Capital Commitment

Our capital expenditure increased by RMB76.1 million, or 73.4%, from RMB103.7 million for the year ended 31 December 2012 to RMB179.8 million for the year ended 31 December 2013. Our capital expenditures were primarily related to expenditure for our construction in progress development, purchases of property, plant and equipment in relation to property development, and purchases of intangible assets.

As at 31 December 2012 and 2013, the outstanding balance of our commitments related to property development expenditure was RMB2,452.3 million and RMB2,244.4 million. Certain commitments of RMB250.0 million in relation to the minimum tax guarantee in respect of the Hefei Financial Harbour were included as part of the commitments in our balance sheet information as at 31 December 2013 as we had not yet obtained the relevant land use right certificate at such reporting date. See the subsection headed "Business – Property Development – Business Park Development Process – Land Acquisition" in this prospectus for discussion.

We estimate that our capital expenditures and capital commitments will further increase as our business and operations continue to expand. We anticipate that these capital expenditures and capital commitments will be financed primarily by proceeds from the Global Offering, bank borrowings and cash flow generated from operating activities. If necessary, we may raise additional funds on terms that are acceptable to us.

MARKET RISKS

See the subsection headed "Financial Information – Market Risks" in this prospectus for further discussion.

CODE ON CORPORATE GOVERNANCE PRACTICES

As our Company was not yet listed on the Hong Kong Stock Exchange during the year ended 31 December 2013, the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix 14 to the Hong Kong Listing Rules was not applicable to our Company during such period under review. After the Listing, save for Mr. Huang Liping being both the chairman of our Board and the president of our Group, we shall comply with all the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR UNAUDITED PRELIMINARY FINANCIAL INFORMATION

We will establish an audit committee upon Listing in compliance with the Corporate Governance Code. Members of the audit committee has discussed with the management of our Company on and reviewed the unaudited preliminary financial information of our Company for the year ended 31 December 2013 set out in this appendix. The unaudited preliminary financial information of our Company has been agreed with our reporting accountants, KPMG.

PURCHASE, SALES OR REDEMPTION OF OUR COMPANY'S SHARES

As our Company was not yet listed on the Hong Kong Stock Exchange during the year ended 31 December 2013, this disclosure requirement is not applicable to our Company.