

**YIDA 亿达**

**億達中國控股有限公司**  
**Yida China Holdings Limited**

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

**GLOBAL  
OFFERING**

Stock Code : 3639.HK



*Sole Sponsor*

**Deutsche Bank Group** 

*Joint Global Coordinators*

**Deutsche Bank Group**  **citi** **Morgan Stanley**

*Joint Bookrunners and Joint Lead Managers*

**Deutsche Bank Group**  **citi** **Morgan Stanley**   

## IMPORTANT

**IMPORTANT:** If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

# YIDA 亿达

YIDA CHINA HOLDINGS LIMITED

億達中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

## GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	580,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	58,000,000 Shares (subject to adjustment)
Number of International Offer Shares	:	522,000,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK\$2.90 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	US\$0.01 per Share
Stock code	:	3639

**Sole Sponsor**

Deutsche Bank Group 

**Joint Global Coordinators**

Deutsche Bank Group 



Morgan Stanley

**Joint Bookrunners and Joint Lead Managers**

Deutsche Bank Group 



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GF HONG KONG

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or around Friday, June 20, 2014 and, in any event, not later than Tuesday, June 24, 2014. The Offer Price will be not more than HK\$2.90 per Offer Share and is currently expected to be not less than HK\$2.30 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, upon application, the maximum Offer Price of HK\$2.90 per Offer Share for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$2.90 per Offer Share. If, for any reason, the Offer Price is not agreed by Tuesday, June 24, 2014 between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$2.30 to HK\$2.90) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of our Company at [www.yidachina.com.cn](http://www.yidachina.com.cn). Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

June 17, 2014

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## EXPECTED TIMETABLE

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If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in the South China Morning Post (in English), and in the Hong Kong Economic Times (in Chinese).

Latest time for completing electronic applications under <b>White Form eIPO</b> service through the designated website <a href="http://www.eipo.com.hk">www.eipo.com.hk</a> <sup>(2)</sup> . . . . .	11:30 a.m. on Friday, June 20, 2014
Application lists open <sup>(3)</sup> . . . . .	11:45 a.m. on Friday, June 20, 2014
Latest time for lodging <b>WHITE</b> and <b>YELLOW</b> Application Forms . . . . .	12:00 noon on Friday, June 20, 2014
Latest time for completing payment of <b>WHITE Form eIPO</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . .	12:00 noon on Friday, June 20, 2014
Latest time for giving <b>electronic application instructions</b> to HKSCC <sup>(4)</sup> . . . . .	12:00 noon on Friday, June 20, 2014
Application lists close <sup>(3)</sup> . . . . .	12:00 noon on Friday, June 20, 2014
Expected Price Determination Date <sup>(5)</sup> . . . . .	Friday, June 20, 2014
(1) Announcement of the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on . . . . .	Thursday, June 26, 2014
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus . . . . .	Thursday, June 26, 2014
(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and our Company's website at <a href="http://www.yidachina.com.cn">www.yidachina.com.cn</a> <sup>(6)</sup> from . . . . .	Thursday, June 26, 2014
Results of allocations in the Hong Kong Public Offering will be available at <a href="http://www.iporesults.com.hk">www.iporesults.com.hk</a> with a "search by ID" function from . . . . .	Thursday, June 26, 2014
Dispatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before <sup>(7)(9)</sup> . . . . .	Thursday, June 26, 2014
Dispatch of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before <sup>(8)(9)</sup> . . . . .	Thursday, June 26, 2014
Dealings in the Shares on the Stock Exchange expected to commence on . . . . .	Friday, June 27, 2014

**Notes:**

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, June 20, 2014, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

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## EXPECTED TIMETABLE

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- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date is expected to be on or around Friday, June 20, 2014 and, in any event, not later than Tuesday, June 24, 2014. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and us by Tuesday, June 24, 2014, the Global Offering will not proceed and will lapse.
- (6) None of the website or any of the information contained on the website forms part of this prospectus.
- (7) Share certificates will only become valid at 8:00 a.m. on Friday, June 27, 2014 provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.
- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
- (9) Applicants who have applied on **WHITE** Application Forms or through the **White Form eIPO service** for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, June 26, 2014 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who is eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which is eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation’s chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants’ stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply via Electronic Application Instructions to HKSCC” in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to that bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed “How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies” and “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies” in this prospectus.

**The above expected timetable is a summary only. You should refer to the sections headed “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.**

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### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by Yida China Holdings Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.*

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## SUMMARY

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

***There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed "Risk Factors" starting on page 34 of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.***

### OVERVIEW

We are the largest business park developer in the PRC in terms of completed GFA as of December 31, 2013, according to the DTZ Report<sup>(1)</sup>. We believe we are also a leading business park operator in the PRC, as our internationally renowned Dalian Software Park had the highest percentage of Fortune Global 500 tenants to the total number of its tenants among the top 20 business parks in China as of December 31, 2013, according to the DTZ Report<sup>(2)</sup>. According to the same report, we had the largest market share in terms of sales amount in Dalian, Liaoning Province in 2013<sup>(3)</sup>. In 2013, we were ranked as the 29th-largest property developer in the PRC based on a comprehensive enterprise assessment<sup>(4)</sup>.

We develop, lease and sell properties in, and manage large scale, high quality and low density business parks, which integrate office buildings and residential properties. In addition, we develop and sell residential properties in multi-functional, integrated residential community projects. We also provide property management and construction, decoration and landscaping services.

### Our Business Model

We attribute our success to our business model that consists of the following aspects:

- ***Development, lease and sale of properties in and management of business parks.*** We primarily develop large scale, high quality and low density business parks consisting of office

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#### Notes:

- (1) The ranking was based on a survey conducted by DTZ Shanghai on 414 qualified business parks in 30 large cities in the PRC. Please refer to the section headed "Industry Overview — The Market of Business Parks in the PRC — Overview of Business Parks in the PRC" starting on page 71 for detailed information regarding the names of those cities and the qualifications of those business parks. The survey conducted by DTZ Shanghai did not include industry parks or projects developed for own use by enterprises due to their different nature from that of the business parks defined in the DTZ Report.
- (2) Please refer to the section headed "Industry Overview — The Market of Business Parks in the PRC — Success Factors of Business Parks — Outstanding Project Performance Which Enhances Brand Recognition and Corporate Image" starting on page 74 for detailed information regarding the names of the 20 business parks.
- (3) The real estate market in Dalian City accounted for approximately 1.3% of sales value in the real estate market in the PRC in 2012, according to the DTZ Report.
- (4) The ranking was based on an assessment in terms of business scale, risk management, profitability, growth potential, operational performance, innovational capability and social responsibility according to the China Real Estate Development Enterprises 500 Assessment Report (中國房地產開發企業500強測評報告) issued by China Real Estate Association, China Real Estate Research Association and China Real Estate Appraisal in 2013. This report was not commissioned by us or the Sole Sponsor. Each of China Real Estate Association, China Real Estate Research Association and China Real Estate Appraisal is an independent institution unrelated to us, our connected persons or the Sole Sponsor and provide real estate related research and/or information services in China. While Mr. Sun Yinhan, our Director, also serves as the Vice-President of China Real Estate Association, he bears no executive or administrative duties in the China Real Estate Association. These institutions conduct surveys on a quarterly and nationwide basis with respect to various aspects of the property industry. The evaluation results are published publicly and are available at no cost on its website: <http://www.fangchan.com/zt/top500/>. Contents available at such website do not constitute a part of this prospectus.

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## SUMMARY

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buildings, residential property projects and ancillary facilities, such as retail stores, hotels, storage spaces and car parks. We lease and sell office buildings in our business parks according to a target ratio that we set for each project and regularly modify based on our development plans and market demand. We hold the core office buildings in our business parks as investment properties in accordance with our development plan to enjoy the recurring rental income and capital appreciation. We sell residential properties, a small portion of office buildings, car parks and commercial facilities within our business parks. Depending upon our cash flow requirements and market conditions, we may adjust the proportion of the GFA we hold as investment properties from time to time. In addition, we provide professional operation and management services to business park projects that are developed by local governments and other real estate developers. Our business park-related businesses, including the lease and sale of our office buildings, the sale of residential properties within our business parks and the provision of the professional operation and management services, generated approximately 40.8%, 41.1% and 60.2%, respectively, of our total revenue in 2011, 2012 and 2013.

- **Development and sale of residential property projects.** We develop multi-functional, integrated residential community projects outside of our business parks and sell residential properties within these projects. Development and sales of such residential property projects generated approximately 24.6%, 43.5% and 28.6%, respectively, of our total revenue in 2011, 2012 and 2013.
- **Construction, decoration and landscaping services.** We are also engaged in the provision of construction, decoration and landscaping services for the properties developed by us and other developers.
- **Property management services.** We provide comprehensive property management services to tenants of office buildings and residents of residential properties in our business park projects and multi-functional, integrated residential community projects and other developers' residential projects.

We believe our business model is sustainable and replicable. Our business model provides the following benefits to:

- **Tenants of our business parks.** Our business park projects are designed to attract knowledge-based and high-tech businesses with a convenient and efficient working environment. A healthy flow of people and commercial activities to the business park not only accelerates the development of the commercial facilities within the business park, but also facilitates the demand for residential properties from both employees of office building tenants and other customers. Our business park projects are also located in areas where there are ample well-educated work force to ensure that our tenants can recruit adequate talents to work with them.
- **Owners of residential properties.** The above synergy effect helps increase the value of the areas where our business parks are located following the full development and operation of the business parks and further expansion of the city center, thereby providing a better and convenient living environment for residents within the business park, as compared to certain other residential properties located in the city center.
- **Local governments.** The development of our business parks is closely aligned with the local government's urbanization initiatives, overall economic development plan and industry upgrading strategy. Our business parks contribute to local prosperity by attracting business activities, generating tax revenue, creating employment opportunities, upgrading the local industry mix and accelerating infrastructure construction.
- **Our Company.** The success of our business park projects provides us with a relatively quick cash flow and liquidity as we are able to sell residential properties and selected office buildings in our business parks. It also results in a stable recurring rental income and an increase in the value of office buildings in business parks that we hold for investment to allow us to enjoy long-term property appreciation. Therefore, the success of our business parks helps us achieve a balance between short-term and long-term funding needs and capital returns over time.



## SUMMARY

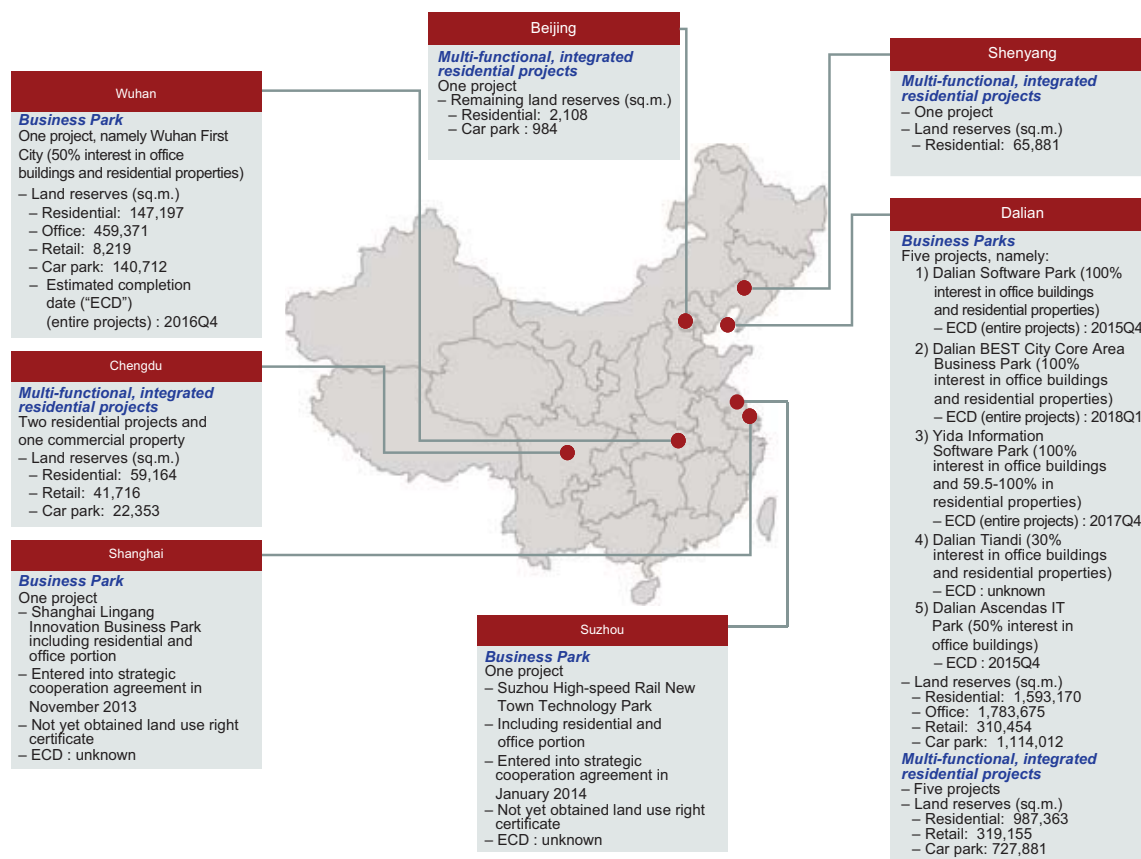
### Our Sources of Revenue

The following table sets forth a breakdown of our revenue by sources for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)					
<b>Sales of properties</b>						
— within business parks .....	1,324.0	35.0	2,195.5	36.6	3,556.8	55.6
— outside business parks .....	932.7	24.5	2,613.7	43.5	1,828.5	28.6
<b>Sub-total</b> .....	<u>2,256.7</u>	<u>59.5</u>	<u>4,809.2</u>	<u>80.1</u>	<u>5,385.3</u>	<u>84.2</u>
<b>Rental income</b> .....	219.8	5.8	264.9	4.4	293.1	4.6
<b>Business park operation and management income</b> .....	4.5	0.1	4.6	0.1	4.8	0.1
<b>Construction, decoration and landscaping income</b> .....	1,193.8	31.5	805.8	13.5	579.4	9.0
<b>Property management income</b> .....	118.2	3.1	116.2	1.9	136.6	2.1
<b>Total</b> .....	<u>3,793.0</u>	<u>100</u>	<u>6,000.7</u>	<u>100</u>	<u>6,399.2</u>	<u>100</u>

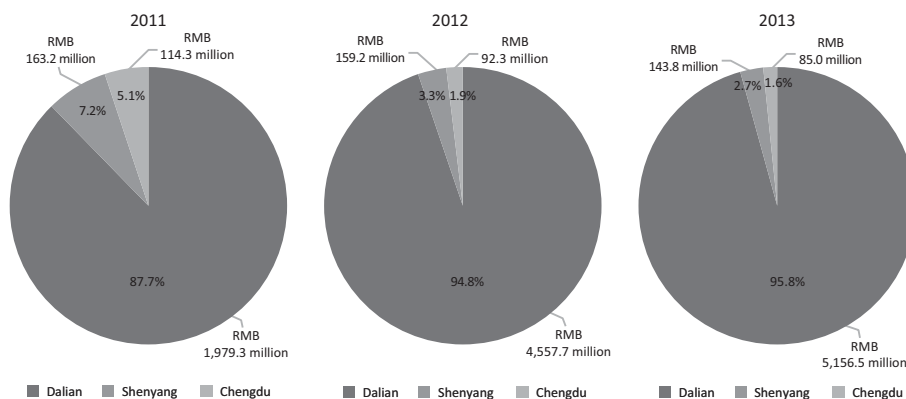
### Summary of Our Property Projects

We primarily develop and operate business park projects. In addition to the residential properties within our business park projects, we also develop multi-functional, integrated residential community projects located in the cities of Dalian, Shenyang, Chengdu and Beijing. Set forth below is a summary of our business park projects and multi-functional, integrated residential community projects and total saleable/leasable GFA attributable to our Group as of March 31, 2014, except for the Shanghai Lingang Innovation Business Park project, the strategic cooperation agreement of which was entered into in November 2013, and Suzhou High-speed Rail New Town Technology Park project, the strategic cooperation agreement of which was entered into in January 2014.



## SUMMARY

The following charts illustrate the breakdown of our revenues from sales of properties by cities in 2011, 2012 and 2013.



We did not recognize any revenues from sales of properties in Wuhan, Shanghai, Suzhou or Beijing during the Track Record Period because we either had not completed the construction of any property in such cities during the Track Record Period or only hold a minority interest in the relevant project and therefore cannot treat revenues from sales of properties in such project as our revenues.

### **Our Business Park Projects**

As of March 31, 2014, we had led the development of six business park projects, five of which are located in Dalian, Liaoning Province and one of which is located in Wuhan, Hubei Province, including (1) Dalian Software Park (**DLSP**<sup>SM</sup>), an internationally renowned project of which we own 100% interest in office buildings and residential properties, (2) Dalian BEST City Core Area Business Park, of which we own 100% interest in office buildings and residential properties, (3) Yida Information Software Park, of which we own 100% interest in office buildings and 59.5%-100% interest in residential properties, (4) Dalian Ascendas IT Park, of which we own 50% interest in office buildings, (5) Dalian Tiandi, of which we own 30% interest in office buildings and residential properties, and (6) Wuhan Fist City, of which we own 50% interest in office buildings and residential properties. We had sold some of the properties in these business park projects according to the target lease to sale ratios we set for these projects. As of the same date, we, as an operator, also provided operation and management services to Suzhou Hi-tech Software Park in which we do not own any interest and Phase I of Wuhan First City. Prior to the Track Record Period, we also participated in the development and operation of two other business park projects, namely Wuhan Optical Valley Software Park and Tianjin Binhai Service Outsourcing Industrial Park, which were developed by us through the BOT arrangement and subsequently transferred to the local governments, and we no longer own any interest in these projects. We entered into a strategic cooperation agreement with an entity under Shanghai SASAC in November 2013 which contemplates the establishment of a joint venture to develop a business park in Shanghai. We entered into a strategic cooperation agreement with the Administrative Committee of Suzhou High-speed Rail New Town in January 2014 which contemplates the establishment of a joint venture to develop Suzhou High-speed Rail New Town Technology Park. These proposed development plans are subject to obtaining the relevant land use right. For details of the strategic cooperation agreements, please see “Business – Overview of Our Property Projects” starting on page 155.

### **Our Multi-Functional, Integrated Residential Community Projects**

We develop multi-functional, integrated residential community projects, comprising a variety of residential properties, such as high-rise and multi-storey apartments, low-rise garden apartments and townhouses, commercial properties, such as office buildings, retail areas and banking facilities, high-end education resources, such as nursery, elementary and middle schools, sports clubs and facilities, and other ancillary facilities, in the cities of Dalian, Shenyang, Chengdu and Beijing.

## SUMMARY

### **Residential Properties within Business Parks and Residential Community Projects**

We provide customers with high quality properties with stylish and elegant designs that create a comfortable and convenient living environment, which in turn have promoted our brand recognition and reputation. According to the DTZ Report, we are one of the most well-known developers in Dalian. We believe our brand is well recognized by not only local Dalian customers, but also customers from Northeast and North China, including provinces of Liaoning, Jilin, Heilongjiang and Inner Mongolia, which enlarges our potential customer base for our residential properties. According to the same report, we had the largest market share in terms of sales amount in Dalian, Liaoning Province in 2013. In view of our high quality residential properties and well-known brand name, we enjoy a higher degree of price premium and loyalty of our existing customers. For example, according to the DTZ Report, the ASP of our residential property projects in Dalian Software Park is approximately 18.5% higher than that of comparable residential projects in adjacent areas. In addition, according to the DTZ Report, approximately 10% of our residential properties were sold to our existing customers during the Track Record Period.

### **Overview of GFA**

As of March 31, 2014, a total GFA of 2,785,878 sq.m. of our business park projects had been completed and a planned GFA of 7,274,253 sq.m. was under development or reserved for the construction of business park projects in the future. As of March 31, 2014, we had completed a total GFA of 1,163,781 sq.m. multi-functional, integrated residential community projects and a planned GFA of 2,656,083 sq.m. is under construction or to be developed. In addition, as of the same date, we had a land bank of an aggregate GFA of 11,803,602 sq.m. for our business park projects and multi-functional, integrated residential community projects. The following table sets forth an overview of the GFA of our property projects by category as of March 31, 2014.

	Total GFA						GFA Attributable to the Group					
	Completed		Under Development		Future Development	Total Land Bank	Completed		Under Development		Future Development	Total Land Bank
	Total GFA	GFA Remaining Unsold	Total GFA	GFA Pre-Sold	Planned GFA	Total GFA	Total GFA	GFA Remaining Unsold	Total GFA	GFA Pre-Sold	Planned GFA	Total GFA
<b>Business Park projects</b>												
Offices .....	836,225	788,641	328,342	—	2,336,119	3,453,102	601,170	573,311	282,014	—	1,200,877	2,056,202
Ancillary apartments .....	212,506	212,506	—	—	—	212,506	186,843	186,843	—	—	—	186,843
Related Residence .....	1,010,597	251,801	1,168,286	199,500	1,237,252	2,657,339	848,581	206,874	908,884	156,925	624,609	1,740,367
Carparks <sup>(1)</sup> .....	402,814	301,444	656,073	—	724,581	1,682,098	296,989	218,598	527,218	—	508,908	1,254,724
Retail .....	80,654	62,966	86,107	—	544,087	693,160	50,979	33,291	60,881	—	224,501	318,673
Non-saleable/leasable .....	243,082	—	81,475	—	111,931	193,406	201,580	—	59,150	—	97,289	156,439
<b>Total business park GFA</b> .....	<b>2,785,878</b>	<b>1,617,358</b>	<b>2,320,283</b>	<b>199,500</b>	<b>4,953,970</b>	<b>8,891,611</b>	<b>2,186,142</b>	<b>1,218,917</b>	<b>1,838,147</b>	<b>156,925</b>	<b>2,656,184</b>	<b>5,713,248</b>
<b>Multi-functional, integrated residential community projects</b>												
Residences .....	874,647	123,521	452,175	84,909	951,146	1,526,842	847,528	119,607	315,938	58,596	678,971	1,114,516
Car parks .....	150,270	81,480	233,303	6,501	654,203	968,986	146,588	79,653	152,362	6,501	519,203	751,218
Retail .....	81,031	50,907	87,176	6,513	228,531	366,614	81,031	50,907	84,430	6,513	225,534	360,871
Non-saleable/leasable .....	57,833	—	17,249	—	32,300	49,549	51,210	—	16,939	—	29,225	46,164
<b>Total multi-functional, integrated residential community projects</b> .....	<b>1,163,781</b>	<b>255,908</b>	<b>789,903</b>	<b>97,923</b>	<b>1,866,180</b>	<b>2,911,991</b>	<b>1,126,357</b>	<b>250,167</b>	<b>569,669</b>	<b>71,610</b>	<b>1,452,933</b>	<b>2,272,769</b>
<b>Total</b> .....	<b>3,949,659</b>	<b>1,873,266</b>	<b>3,110,186</b>	<b>297,423</b>	<b>6,820,150</b>	<b>11,803,602</b>	<b>3,312,499</b>	<b>1,469,084</b>	<b>2,407,816</b>	<b>228,535</b>	<b>4,109,117</b>	<b>7,986,017</b>

Note:

(1) Includes car parks for office buildings and for residential properties.

### **Our Fully Integrated Service Capabilities**

We have fully integrated service capabilities and we are able to participate in most of the work involved in the development, operation and management of our business parks and residential property projects through our own interior design, construction, landscaping services and property management companies. Our ability to provide property management service and construction, decoration and landscaping services not only demonstrates our ability to provide fully integrated services, but also ensures that our property projects will be built according to our own design, schedule and quality requirements. Our ability to provide fully integrated services also helps to provide high quality products with reasonable prices to our customers.

### **Our Customers and Strategic Partners**

Leveraging our extensive experience in operating and managing business parks, we are able to attract large-scale and famous tenants. We believe that our successful relationships with these multinational companies help these companies to expand into other cities in the PRC and also attract additional high quality tenants to our business parks in the future.

## SUMMARY

Set forth below is a list of logos of some of the representative tenants of our business parks.



Note: The above logos are listed in random order and not in any particular order of importance.

We also work with a number of strategic partners with respect to various aspects of our businesses. The table below sets forth a list of our strategic partners and their relationships with our Company.

Strategic Partner	Relationship
Shui On Land Limited and SOCAM Development Limited	Co-developers of Dalian Tiandi (大連天地)
Sumitomo Realty & Development Co., Ltd.	Co-developer of Qingyun Sky (青雲天下)
Ascendas (China) Pte. Ltd.	Co-developer of Dalian Ascendas IT Park (大連騰飛軟件園)
Aetos Capital Real Estate, L.P.	Co-developer of First County (第一郡), Provence Ambo Valley (普羅旺斯安博谷) and Provence Stone Valley (普羅旺斯世通谷)
Panasonic Corporation of China	Joint venture partner of our decoration service joint venture, Panasonic Yida
Hubei United Development Investment Group Co., Ltd. and Wuhan East Lake High-tech Group Co., Ltd.	Co-developer of Wuhan First City

### GOVERNMENT AND MARKET RECOGNITION

We have been often recognized by the government and professional institutions for our ability and the quality of our products, including:

- In December 2003, Dalian Software Park was named as “National Software Export Base” jointly by the National Development and Reform Commission, the Ministry of Industry and Information Technology and MOFCOM.
- In October 2009, Dalian Software Park, as the representative of China’s Green New Technology Cities, participated in the United Nations’ International Competition of the World’s Most Livable Cities and Communities, and won a gold medal for the park’s ecologically substantiable development, and integration of industry, education, employment and living.
- In June 2012, Ascendas IT Park in Dalian was awarded “China Software and Information Service – Best Service Provider Award” by the State Council.
- In December 2012, the business park located in the core area of Dalian BEST City was named one of the ten proposed research and development parks in Liaoning Province, and the only one of those projects in Dalian, by the Liaoning Service Industry Committee.

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## SUMMARY

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### OUR COMPETITIVE STRENGTHS

We believe our success in achieving a leading position in our industry is primarily attributable to our competitive strengths as follows:

- We are in a leading position in business parks development market in the PRC, and benefit from industry development and urbanization
- Leveraging our strong capability and extensive experience in operating and managing business parks, we have attracted a large number of top enterprises from both the PRC and abroad to become our tenants and at the same time built up long-term and steady customer relationships
- The performance of our business parks is well recognized by local governments, which has enabled us to obtain quality land bank for future development in different cities in the PRC
- Our residential properties are well received by end users, which brings us healthy cash flow and attractive profit
- With our fully integrated service capabilities, we are able to offer quality and reasonably priced products to our customers, strengthen our management capability and cement a solid foundation for expansion
- Our experienced management team values our corporate culture, which ensures our future growth and success

### OUR STRATEGIES

We are dedicated to become the best business park developer and the largest business park operator in the PRC. We are committed to expanding our business model that consists of the development, lease, sale and management of office buildings, residential buildings and other supporting facilities in business parks, in regions of the country where there is a potential for developing the knowledge-based and high-tech industries. We plan to expand into at least one new city every year in the next five years.

Given the continuous growth of the PRC economy, continuous urbanization policy of the PRC Government and the demand by local governments for industry structure development and adjustment, we believe that our business model will continue to achieve strong results. In order to achieve our long-term business targets, we plan to replicate our business model, facilitate our business and geographic expansion and enhance our properties' value, continue to provide value-added services and diversified product offerings to our customers and further enhance our brand recognition, seek to optimize the mix between properties for sale and properties for investment purposes to enhance our business and financial performance and asset value, further standardize our property development and operation processes and strengthen internal management and control, and continue to attract, cultivate and motivate skilled and talented employees through long-term human resource development plans and performance-based incentive policies. Please refer to the section headed "Business — Our Strategies" starting on page 152.

### OUR SHAREHOLDING STRUCTURE

Immediately upon completion of the Capitalization Issue and the Global Offering, Mr. Sun Yinhuan will, via Right Won, indirectly and beneficially, own in total 62.46% of the issued share capital of our Company taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme. As a result, Mr. Sun Yinhuan and Right Won are our Controlling Shareholders.

### PRE-IPO INVESTMENT

On November 27, 2013, each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony subscribed for and were allotted a total of 1,550 Shares for an aggregate consideration of US\$180,100,000. The purchase consideration was settled on December 2, 2013. The investment cost per Share represents a premium over the mid-point of our Offer Price range. Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony are investment holding companies held by employees of our Group. Our Directors believe that the investment by these investors will positively motivate our employees. For details of the pre-IPO investment, see "History, Reorganization and Corporate Structure — Reorganization — Pre-IPO Investments" starting on page 133.

## SUMMARY

### SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our selected consolidated financial information for the Track Record Period. We have derived the summary of our consolidated financial information from our consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus.

#### Selected Consolidated Statements of Profit or Loss Items

	For the year ended December 31,		
	2011	2012	2013
	(in RMB thousands)		
Revenue	3,793,015	6,000,667	6,399,179
Cost of sales	(2,771,803)	(3,913,480)	(4,293,662)
Gross profit	1,021,212	2,087,187	2,105,517
Other income and gains <sup>(1)</sup>	83,800	52,269	256,177
Fair value gains on investment properties, net of tax	833,685	476,861	308,675
Finance costs	(101,792)	(92,010)	(260,464)
Share of profits and losses of:			
Joint ventures	4,646	146,214	1,540
Associates	17,367	40,124	(28,726)
Profit before tax	1,483,125	2,200,722	1,667,321
Tax	(544,367)	(801,047)	(810,059)
Profit for the year	938,758	1,399,675	857,262
Attributable to:			
Owners of the parent	864,096	1,310,691	827,865
Non-controlling interests	74,662	88,984	29,397
	938,758	1,399,675	857,262
Adjusted profit for the year <sup>(2)</sup>	96,134	799,635	606,256

#### Notes:

- (1) Other income and gains primarily include government subsidy income, compensation from government for its delay in transferring a certain land parcel to us, gains on the disposal of certain subsidiaries and joint ventures and interest income. See "Financial Information – Description of Certain Statement of Profit Or Loss Items – Other Income and Gains."
- (2) The following table presents reconciliation of adjusted profit for the year to profit for the year, which is the most directly comparable HKFRS measure.

	For the year ended December 31,		
	2011	2012	2013
	(in RMB thousands)		
Profit for the year (as above)	938,758	1,399,675	857,262
Fair value gains on investment properties, net of tax	(833,685)	(476,861)	(308,675)
Fair value loss on derivative financial instruments	13,074	63,159	30,483
Share of profits of joint ventures	(4,646)	(146,214)	(1,540)
Share of (profits)/losses of associates	(17,367)	(40,124)	28,726
Adjusted profit for the year	96,134	799,635	606,256

#### Selected Consolidated Statements of Financial Position Items

	As of December 31,		
	2011	2012	2013
	(in RMB thousands)		
<b>NON-CURRENT ASSETS</b>			
Investment properties	9,026,450	10,128,246	10,796,582
<b>CURRENT ASSETS</b>			
Properties under development	7,136,781	6,557,493	5,528,112
Completed properties held for sale	1,536,104	2,484,521	4,424,458
Prepayments, deposits and other receivables	3,660,657	4,648,512	4,840,356
Due from related parties	4,300,822	4,834,455	43
Cash and cash equivalents	1,638,331	531,499	2,116,401
<b>TOTAL ASSETS</b>	33,080,598	36,125,255	36,662,498
<b>CURRENT LIABILITIES</b>			
Receipts in advance	5,842,298	5,313,465	5,125,930
Interest-bearing bank and other borrowings	2,834,603	4,842,697	5,148,302
Due to related parties	9,692,241	8,776,820	3,817,171
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	4,210,932	4,006,744	8,278,361
<b>TOTAL EQUITY</b>	6,078,981	7,189,135	6,999,001

## SUMMARY

### Selected Financial Ratios

	As of December 31,		
	2011	2012	2013
Gross margin .....	26.9%	34.8%	32.9%
Return on equity <sup>(1)</sup> .....	14.7%	19.0%	11.8%
Current ratio <sup>(2)</sup> .....	94.2%	94.4%	110.4%

*Notes:*

- (1) Return on equity is calculated by dividing profit for the year attributable to owners of the parent by total equity attributable to owners of the parent as of the end of the respective financial year.
- (2) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the respective year/period.

### GLOBAL OFFERING STATISTICS

Offer size	: Initially 22.48% of the enlarged issued share capital of the Company	
Offering structure	: Approximately 10% for Hong Kong Public Offering (subject to adjustment) and approximately 90% for International Offering (subject to adjustment and the Over-allotment Option)	
Over-allotment Option	: Up to 15% of the number of Offer Shares initially available under the Global Offering	
Offer Price per Shares	: HK\$2.30 to HK\$2.90 per Offer Share	
	<b>Based on the low end of the Offer Price range of HK\$2.30 per Share</b>	<b>Based on the high end of the Offer Price range of HK\$2.90 per Share</b>
Market capitalization of our Shares <sup>(2)</sup>	HK\$5,934 million	HK\$7,482 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share <sup>(3)</sup>	HK\$3.90	HK\$4.03

*Notes:*

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 580,000,000 Shares expected to be issued under the Global Offering, and assuming that 2,580,000,000 Shares are issued and outstanding immediately following the completion of the Capitalization Issue and the Global Offering.
- (3) The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in Appendix II "Unaudited Pro Forma Financial Information" and on the basis that 2,580,000,000 Shares are issued and outstanding immediately following the completion of the Capitalization Issue and the Global Offering.

### USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$2.60 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$1,425.5 million, after deduction of estimated underwriting commission, the Sole Sponsor's fee and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

Amount (HK\$ in million)	Approximate % of total estimated net proceeds	Intended use
641.5 .....	45%	new land acquisitions
641.5 .....	45%	development of our existing projects
142.5 .....	not more than 10%	working capital and other general corporate purposes

Please see the section headed "Future Plans and Use of Proceeds" starting on page 281 of this prospectus for further details.

### DIVIDEND POLICY

Our Board has absolute discretion in whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to be declared and paid will be subject to our Shareholders' approval. Future dividend payments will depend on payments made from our PRC subsidiaries. Certain payments from our PRC subsidiaries are subject to PRC taxes, statutory reserve requirements and other legal restrictions.

## SUMMARY

Our Company did not declare or distribute any dividends to our shareholders during the Track Record Period. Some of our subsidiaries declared dividends in an aggregate amount of RMB343.3 million, RMB275.6 million and RMB757.2 million in 2011, 2012 and 2013, respectively, to their respective shareholders. You should note that historical dividend distributions are not indicative of our future dividend distribution policy. After the Global Offering, we currently intend, subject to limitations as further described in “Financial Information — Dividend Policy,” and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to pay dividends to our Shareholders of no less than 20% of any net distributable profits derived during each fiscal year, excluding any fair value gain or loss in the relevant period. However, we will re-evaluate our dividend policy annually and we cannot assure you that dividends of any amount will be declared or distributed in any given year. Going forward, we will re-evaluate from time to time our dividend policy in light of our financial position and the prevailing economic climate, and other factors that our Board deems relevant.

### LISTING EXPENSES

In 2013, we incurred listing expenses of RMB20.5 million of which RMB15.8 million have been charged to our administrative expenses and RMB4.7 million have been recorded in prepayments, deposits and other receivables which will be charged against share premium upon the Listing. We currently expect to incur further expenses amounting to approximately RMB65.3 million, calculated based on the mid-point of the Offer Price range stated in this prospectus, subsequent to the end of the Track Record Period. We do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2014.

Please see the section headed “Financial Information — Listing Expenses” starting on page 295 of this prospectus for further details.

### PROPERTY VALUATION REPORT AND DTZ REPORT

DTZ has valued our property interests as of March 31, 2014. Our property portfolio comprises properties held for different purposes such as investment, sale and owner occupation. See Property Valuation Report in Appendix III to this prospectus. Subject to our holding intention of the properties and availability of identifiable comparables, DTZ used investment approach or direct comparison approach in carrying out the valuations. Investment approach is conducted by capitalizing the rental income derived from the committed tenancies, if any, with due provision for reversionary income potential of the properties, while direct comparison approach is conducted by making reference to comparable sales evidence as available in the relevant market. In conducting the valuations, DTZ relied on the information provided by our Group and our PRC legal advisor in relation to title to the properties and assumed, among other things, that properties that are uncompleted will be developed and completed in accordance with our development plans. However, investors are advised that the appraised value of our property interests shall not be taken as their actual realizable value or a forecast of their realizable value. See “Risk Factors — Risks Relating to Our Businesses — The appraised value of our properties may be different from their actual realizable value and are subject to change” starting on page 43 of this prospectus. Most of our properties are located in Dalian and the key assumptions adopted by DTZ in valuing our properties in Dalian include the following:

	Approximate market monthly unit rent	Capitalization rate	Unit price
	(RMB/sq.m. except otherwise indicated)		(RMB/sq.m. except otherwise indicated)
Office .....	43-89	5.0%	10,000-11,000
Retail .....	61-165	5.0-5.5%	15,000-28,357
Residential .....	34-52	4.5-5.0%	9,400-24,800
Car park <sup>(1)</sup> .....	309-368	3.5-4.0%	120,000-226,000 <sup>(1)</sup>
Residential land .....	—	—	2,210-8,800
Non-residential land .....	—	—	404-3,661

Note:

(1) Price per unit.

Certain information included in the sections headed “Business” starting on page 145 and “Industry Overview” starting on page 69 is quoted from the DTZ Report. Analysis in relation to the business park market in the DTZ Report was based on a survey on 414 business parks in the PRC conducted by DTZ Shanghai. DTZ Shanghai considered these 414 business parks to be a fair



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## SUMMARY

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representation of the overall business park market in the PRC. The surveyed 414 business parks were selected based on the following criteria:

- (1) they are completed or will be completed within three years;
- (2) they have a scale above 10,000 sq.m; and
- (3) they are located in one of the 30 cities that have (i) a relatively long history of business park development; (ii) a stronger leading industry base of business parks; (iii) one to two National Torch Program Software Industrial Bases; and (iv) strong capability in outsourcing.

The DTZ Report did not include industrial parks or projects developed for own use by enterprises due to their different nature from that of the business parks defined in the DTZ Report. The upcoming supply of these 414 parks in the next three years is based on interviews that DTZ Shanghai conducted with the park managers and publicly disclosed development plans with respect to the parks.

### RECENT DEVELOPMENT

There have been signs of deceleration in the PRC property market since the beginning of 2014. According to the National Bureau of Statistics of China, sales of commodity properties in China decreased by 7.8% in the first four months of 2014 as compared to the same period in 2013. Sales of residential properties and office buildings decreased by 9.9% and 10.2%, respectively, and sales of commercial and business properties increased by 3.5%, in the first four months of 2014 as compared to the same period in 2013. Total investments in real estate amounted to RMB2,232.2 billion in the first four months of 2014, representing an increase of 16.4% over the same period in 2013. While we recorded significant increase in our revenue and gross profit in the first three months of 2014, we expect the recent slow-down in the PRC property market will have some negative impact on our business and financial performance.

Based on our unaudited interim condensed consolidated financial information for the three months ended March 31, 2014, which has been reviewed by our Reporting Accountants in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”)<sup>(1)</sup>,

- Our revenue was RMB927.1 million for the three months ended March 31, 2014, representing a significant increase from the same period in 2013, primarily due to an increase in the sale of properties.
- Our gross profit was RMB358.7 million for the three months ended March 31, 2014, representing a significant increase from the same period in 2013. Our gross profit margin was 38.7% for the three months ended March 31, 2014, which is higher than the gross profit margin for the same period in the prior year.
- Gross profit margin of our properties sold was 37.7% for the three months ended March 31, 2014, which is higher than the gross profit margin of our properties sold for the same period in 2013, primarily due to difference in the mix of projects and property types delivered.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial and trading position or prospects since December 31, 2013, and there is no event since December 31, 2013 which would materially affect the information shown in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

### RISK FACTORS

There are certain risks and uncertainties involved in our operations, some of which are beyond our control. We are subject to extensive risks, including (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to the PRC, and (iv) risks relating to the Global Offering. Such risks include but not limited to, risks relating to replicating our business model, industry concentration of our business parks, geographical concentration of our property development projects, dependency and correlation to the PRC property markets and our financing capacity.

A detailed discussion of all the risk factors involved are set forth in the section headed “Risk Factors” starting on page 34 in this prospectus and you should read the whole section carefully before you decide to invest in the Offer Shares.

*Note:*

- (1) Our unaudited interim condensed consolidated financial information for the three months ended March 31, 2013 has not been reviewed by our Reporting Accountants in accordance with HKSRE 2410.

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## DEFINITIONS

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

“Application Form(s)”	<b>WHITE</b> application form(s), <b>YELLOW</b> application form(s) and <b>GREEN</b> applications form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the articles of association of our Company, conditionally adopted on June 1, 2014 and as amended, supplemented or otherwise notified from time to time, a summary of which is set out in Appendix IV to this prospectus
“Asia Great Investment”	Asia Great Investment Limited (國佳投資有限公司), a limited liability company incorporated in Hong Kong on February 12, 2007 and our associated company
“Associated Companies”	Richcoast Group (together with its PRC subsidiaries) and Crown Speed and “Associated Company” mean any of them
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Beijing Qixia”	Beijing Qixia Real Estate Development Co., Ltd. (北京啓夏房地產開發有限公司), a limited liability company established in the PRC on April 21, 2006 and a subsidiary of Prime Asset, our joint venture
“Better Chance”	Better Chance Investments Limited (鴻禧投資有限公司), a limited company incorporated in Hong Kong on June 8, 2010 and is owned as to 59.06% by Normandy Investment Ltd., an Independent Third Party, 33.94% by Lorraine Investment Ltd., an Independent Third Party, and 7% by Gang Xin
“Board” or “Board of Directors”	our board of Directors
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capital Chain”	Capital Chain Holdings Limited (志圖控股有限公司), a limited company incorporated in Hong Kong on June 8, 2010 and is owned as to 59.06% by Normandy Investment Ltd, an Independent Third Party, 33.94% by Lorraine Investment Ltd., an Independent Third Party, and 7% by Gang Xin
“Capitalization Issue”	the issue of Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “A. Further information about our Group — 3. Resolutions in writing of our Shareholders passed on June 1, 2014” in Appendix V to this prospectus

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## DEFINITIONS

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“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CBRC”	China Banking Regulatory Commission
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Central Build”	Central Build Investments Limited (建中投資有限公司), a limited liability company incorporated in the BVI on August 6, 2009 and our indirect wholly owned subsidiary
“Charmful Investment”	Charmful Investment Limited (昌發投資有限公司), a limited liability company incorporated in Hong Kong on February 8, 2007 and our associated company
“Chengdu Yixing”	Chengdu Yixing Property Management Company Limited (成都億興物業管理有限公司), a limited liability company established in the PRC on April 28, 2007 and our indirect wholly owned subsidiary
“China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” and the “PRC” do not include Hong Kong, Macau and Taiwan
“CIT”	corporate income tax
“CIT Law”	the Corporate Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法)
“CIT Rules”	the Regulation on the Implementation of the CIT Law (中華人民共和國企業所得稅法實施條例)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Companies (Winding Up And Miscellaneous Provisions) Ordinance”	the Companies (Winding Up And Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time

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## DEFINITIONS

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“Company,” “our Company,” “we” or “us”	Yida China Holdings Limited (億達中國控股有限公司), formerly known as Yida Group (China) Limited (億達集團(中國)有限公司), Yida Property Limited (億達地產有限公司) and Profit Ever Investments Limited (利永投資有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 26, 2007, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. Sun Yinhuan and Right Won
“CPPCC”	Chinese People’s Political Consultative Conference
“Crown Speed”	Crown Speed Investments Limited (佳際投資有限公司), a limited liability company incorporated in Hong Kong on July 3, 2009 and is owned as to 78.78% by Denali Investment Ltd., an Independent Third Party and 21.22% by King Equity
“CSRC”	China Securities Regulatory Commission
“Culture Xintiandi”	Culture Xintiandi (Chengdu) Property Development Company Limited (文化新天地(成都)房地產開發有限公司), a limited liability company established in the PRC on March 2, 2007 and our indirect non-wholly owned subsidiary, owned as to 60% by New Culture Development and 40% by Dalian Yida Services
“Dalian BEST City Co.”	Dalian BEST City Development Company Limited (大連科技城發展有限公司), a limited liability company established in the PRC on January 27, 2010 and our indirect wholly owned subsidiary
“Dalian BEST City Changde”	Dalian BEST City Changde Development Company Limited (大連科技城昌得開發有限公司), formerly known as Dalian Technology City Ronghua Information Consulting Co., Ltd. (大連科技城榮華信息諮詢有限公司), a limited liability company established in the PRC on June 25, 2010 and our indirect wholly owned subsidiary
“Dalian BEST City Changyuan”	Dalian BEST City Changyuan Development Company Limited (大連科技城常源開發有限公司), (formerly known as Dalian Technology City Changsheng Information Consulting Co., Ltd. (大連科技城昌盛信息諮詢有限公司), a limited liability company established in the PRC on June 25, 2010 and our indirect wholly owned subsidiary
“Dalian BEST City Taifeng”	Dalian BEST City Taifeng Development Company Limited (大連科技城泰楓開發有限公司), formerly known as Dalian Technology City Taixing Information Consulting Co., Ltd. (大連科技城泰興信息諮詢有限公司) a limited liability company established in the PRC on June 25, 2010 and our indirect wholly owned subsidiary

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## DEFINITIONS

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“Dalian BEST City Tairui”	Dalian BEST City Tairui Development Company Limited (大連科技城泰銳開發有限公司), formerly known as Dalian Technology City Taian Information Consulting Co., Ltd. (大連科技城泰安信息諮詢有限公司), a limited liability company established in the PRC on June 25, 2010 and our indirect wholly owned subsidiary
“Dalian BEST City Xinrui”	Dalian BEST City Xinrui Development Company Limited (大連科技城欣銳開發有限公司), formerly known as Dalian Technology City Xinrui Information Consulting Co., Ltd. (大連科技城新銳信息諮詢有限公司), a limited liability company established in the PRC on June 25, 2010 and our indirect wholly owned subsidiary
“Dalian BEST City Xintong”	Dalian BEST City Xintong Development Company Limited (大連科技城欣同開發有限公司), formerly known as Dalian Technology City Xintong Information Consulting Co., Ltd. (大連科技城新通信息諮詢有限公司), a limited liability company established in the PRC on June 25, 2010 and our indirect wholly owned subsidiary
“Dalian BEST City Xinyuan”	Dalian BEST City Xinyuan Development Company Limited (大連科技城欣原開發有限公司), formerly known as Dalian Technology City Changda Information Consulting Co., Ltd. (大連科技城昌達信息諮詢有限公司), a limited liability company established in the PRC on June 25, 2010 and our indirect wholly owned subsidiary
“Dalian Changhe Property”	Dalian Changhe Property Development Company Limited (大連昌和房地產開發有限公司), formerly known as Dalian Changhe Information Consulting Co., Ltd. (大連昌和信息諮詢有限公司), a limited liability company established in the PRC on August 25, 2010 and our indirect wholly owned subsidiary
“Dalian Delan Software”	Dalian Delan Software Development Co., Ltd. (大連德蘭軟件發展有限公司), a limited liability company established in the PRC on June 19, 2007 and our associated company
“Dalian Gaoji Property”	Dalian Gaoji Property Development Company Limited (大連高基房地產開發有限公司), a limited liability company established in the PRC on March 20, 2006 and our indirect wholly owned subsidiary
“Dalian Hi-Think”	Dalian Hi-Think Computer Technology, Corp. (大連華信計算機技術有限公司), a limited liability company established in the PRC on May 23, 1996 and is owned as to 97.52% by various Independent Third Parties and 2.48% by Dalian Software Park Co.
“Dalian Jiadao Information”	Dalian Jiadao Information Co., Ltd. (大連嘉道科技發展有限公司), a limited liability company established in the PRC on June 20, 2007 and our associated company
“Dalian Lanwan”	Dalian Lanwan Property Company Limited (大連藍灣房地產有限公司), a limited liability company established in the PRC on March 14, 2008 and our indirect wholly owned subsidiary

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## DEFINITIONS

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“Dalian Lvshun Yida Sports”	Dalian Lvshun Yida Sports Centre Company Limited (大連旅順億達文體中心有限公司), a limited liability company established in the PRC on July 26, 2011 and our indirect wholly owned subsidiary
“Dalian Qiantong”	Dalian Qiantong Science & Technology Development Co., Ltd. (大連乾通科技發展有限公司), a limited liability company established in the PRC on June 18, 2007 and our associated company
“Dalian Qingyun Sky”	Dalian Qingyun Sky Realty & Development Co., Ltd. (大連青雲天下房地產開發有限公司), a limited liability company established in the PRC on February 19, 2013 and our associated company
“Dalian Ruanjing”	Dalian Ruanjing Gongyu Development Company Limited (大連軟景公寓開發有限公司), a limited liability company established in the PRC on August 15, 2008 and our indirect wholly owned subsidiary
“Dalian Ruisheng Software”	Dalian Ruisheng Software Development Co., Ltd. (大連瑞聖軟件發展有限公司), a limited liability company established in the PRC on June 15, 2007 and our associated company
“Dalian San Ann Real Estate”	Dalian San Ann Real Estate Development Co., Ltd. (大連聖安房地產開發有限公司), a limited liability company established in the PRC on October 8, 2010 and our indirect wholly owned subsidiary
“Dalian San Yan Real Estate”	Dalian San Yan Real Estate Development Co., Ltd. (大連聖仁房地產開發有限公司), a limited liability company established in the PRC on October 8, 2010 and our indirect wholly owned subsidiary
“Dalian Service Outsourcing”	Dalian Service Outsourcing Base Development Company Limited (大連服務外包基地發展有限公司), a limited liability company established in the PRC on May 13, 2008 and our indirect wholly owned subsidiary
“Dalian Shengbei Development”	Dalian Shengbei Development Company Limited (大連聖北開發有限公司), a limited liability company established in the PRC on January 31, 2013 and our indirect wholly owned subsidiary
“Dalian Shenghe Property”	Dalian Shenghe Property Development Company Limited (大連聖和房地產開發有限公司), a limited liability company established in the PRC on July 8, 2009 and our indirect wholly owned subsidiary
“Dalian Shengyue Property”	Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司), a limited liability company established in the PRC on June 25, 2010 and our indirect wholly owned subsidiary
“Dalian Software”	Dalian Software Park Development Co., Ltd. (大連軟件園開發有限公司), a limited liability company established

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	in the PRC on March 27, 2001 and is wholly owned by Yida Group
“Dalian Software Park Ambo”	Dalian Software Park Ambo Development Company Limited (大連軟件園安博開發有限公司), a limited liability company established in the PRC on April 19, 2010 and a joint venture of our Group, which is owned as to 51% by Sichuan Yixing Real Estate, 40.06% by Crown Speed and 8.94% by Sino Delight Investments Limited, an Independent Third Party
“Dalian Software Park Ascendas”	Dalian Software Park Ascendas Development Company Limited (大連軟件園騰飛發展有限公司), a limited liability company established in the PRC on November 11, 2004 and a joint venture of our Group, which is owned as to 50% by Dalian Software Park Co. and 50% by Ascendas (China) Private Limited (騰飛(中國)私人有限公司), an Independent Third Party
“Dalian Software Park Co.”	Dalian Software Park Company Limited (大連軟件園股份有限公司), formerly known as Dalian Bohai Machinery Co., Ltd (大連渤海機床股份有限公司), Dalian Yida Electrical Industrial Co., Ltd. (大連億達機電工業股份有限公司), Yida Group Dalian Software Park Development Co., Ltd. (億達集團大連軟件園開發股份有限公司), Dalian Software Park Development Co., Ltd. (大連軟件園開發股份有限公司) and Dalian Software Park Technology Development Co., Ltd. (大連軟件園科技發展股份有限公司), a limited liability company established in the PRC on June 20, 1995 and our indirect wholly owned subsidiary
“Dalian Software Park Development”	Dalian Software Park Development Company Limited (大連軟件園發展有限公司), a limited liability company established in the PRC on September 5, 2008 and our indirect wholly owned subsidiary
“Dalian Software Park Hengrong”	Dalian Software Park Hengrong Development Company Limited (大連軟件園恒榮開發有限公司), a limited liability company established in the PRC on April 6, 2010 and our indirect wholly owned subsidiary
“Dalian Software Park Hengrui”	Dalian Software Park Hengrui Development Company Limited (大連軟件園恒瑞開發有限公司), a limited liability company established in the PRC on April 6, 2010 and our indirect wholly owned subsidiary
“Dalian Software Park Information Technology”	Dalian Software Park Information Technology Training Centre (大連軟件園信息技術培訓中心), a non-enterprise unit established in the PRC on August 25, 2005 and our indirect wholly owned subsidiary
“Dalian Software Park Intellectual Property Consulting”	Dalian Software Park Intellectual Property Consulting Centre (大連軟件園知識產權諮詢服務中心), a non-enterprise unit established in the PRC on November 30, 2006 and our indirect wholly owned subsidiary
“Dalian Software Park Rongda”	Dalian Software Park Rongda Development Co., Ltd. (大連軟件園榮達開發有限公司), a limited liability company established in the PRC on November 26, 2008 and our associated company

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## DEFINITIONS

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“Dalian Software Park Rongtai”	Dalian Software Park Rongtai Development Co., Ltd. (大連軟件園榮泰開發有限公司), a limited liability company established in the PRC on November 26, 2008 and our associated company
“Dalian Software Park Rongyuan”	Dalian Software Park Rongyuan Development Co., Ltd. (大連軟件園榮源開發有限公司), a limited liability company established in the PRC on November 26, 2008 and our associated company
“Dalian Software Park Ruian”	Dalian Software Park Ruian Co., Ltd. (大連軟件園瑞安開發有限公司), a limited liability company established in the PRC on June 25, 2007 and our associated company
“Dalian Software Park Ruian Development”	Dalian Software Park Ruian Development Co., Ltd. (大連軟件園瑞安發展有限公司), a limited liability company established in the PRC on June 22, 2007 and our associated company
“Dalian Software Park Shitong”	Dalian Software Park Shitong Development Company Limited (大連軟件園世通開發有限公司), a limited liability company established in the PRC on April 19, 2010 and a joint venture of our Group, which is owned as to owned as to 51% by Sichuan Yixing Real Estate, 40.06% by Crown Speed and as to 8.94% by Sino Delight Investments Limited, an Independent Third Party
“Dalian Software Park Zhongxing”	Dalian Software Park Zhongxing Development Co., Ltd. (大連軟件園中興開發有限公司), a limited liability company established in the PRC on May 16, 2008 and our associated company
“Dalian Tiandi”	Business park located in Lvshun South Road Industry Belt, Dalian City, Liaoning Province
“Dalian Yida Construction”	Dalian Yida Construction Engineering Company Limited (大連億達建設工程有限公司), formerly known as Dalian Yida Construction Corporation (大連億達建築工程總公司), Yida Group Dalian Construction Co., Ltd. (億達集團大連建築工程有限公司) and Dalian Yida Construction Work Co., Ltd. (大連億達建築工程有限公司), a limited liability company established in the PRC on September 10, 1992 and our indirect wholly owned subsidiary
“Dalian Yida Deji”	Dalian Yida Deji Decoration Engineering Company Limited (大連億達德基裝飾工程有限公司), a limited liability company established in the PRC on March 1, 1985 and a joint venture of our Group which is owned as to 50% by Dalian Yida Construction and 50% by Pat Davie Ltd. (德基(中國)有限公司), which in turn is owned as to 92% by SOCAM Development Ltd., a company which is owned as to 4.26% by Mr. Sun Yinhan, our executive Director and one of our Controlling Shareholders
“Dalian Yida Development”	Dalian Yida Development Company Limited (大連億達發展有限公司) (formerly known as Dalian Fuhua Real Estate Co., Ltd



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	(大連富華房地產有限公司) and Dalian Fuhua Commercial Management Co., Ltd. (大連富華商業管理有限公司), a limited liability company established in the PRC on November 27, 1992 and our indirect wholly owned subsidiary
“Dalian Yida Electrical”	Dalian Yida Electrical Installation Company Limited (大連億達電氣安裝有限公司), a limited liability company established in the PRC on January 31, 1997 and our indirect wholly owned subsidiary
“Dalian Yida Information”	Dalian Yida Information Consulting Company Limited (大連億達信息諮詢有限公司), a limited liability company established in the PRC on April 6, 2010 and our indirect wholly owned subsidiary
“Dalian Yida Jincheng”	Dalian Yida Jincheng Development Company Limited (大連億達金城開發有限公司), a limited liability company established in the PRC on May 18, 2011 and our indirect wholly owned subsidiary
“Dalian Yida Landscaping”	Dalian Yida Landscaping Engineering Company Limited (大連億達園林綠化工程有限公司), formerly known as Dalian Yida Landscaping Works Co., Ltd. (大連億達園林工程有限公司), a limited liability company established in the PRC on March 23, 1999 and our indirect wholly owned subsidiary
“Dalian Yida Management”	Dalian Yida Management Consulting Co., Ltd. (大連億達管理諮詢有限公司), a limited liability company established in the PRC on July 12, 2013 and our indirect wholly owned subsidiary
“Dalian Yida Meijia”	Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司), a limited liability company established in the PRC on April 21, 2006 and our indirect wholly owned subsidiary
“Dalian Yida Property”	Dalian Yida Property Company Limited (大連億達房地產股份有限公司), formerly known as China Physical Construction Dalian Property Development Corporation (中國體育建設公司大連房屋開發公司), China Dalian Huadian Property Development Co., Ltd. (大連華電房屋開發有限公司), Dalian Property Development Corporation (大連房屋開發總公司), Dalian Yida Property Development Corporation (大連億達房地產開發總公司), Yida Group Dalian Property Development Co., Ltd. (億達集團大連房地產開發有限公司) and Dalian Yida Property Development Corporation (大連億達房地產開發總公司), a limited liability company established in the PRC on May 14, 1988 and our indirect wholly owned subsidiary
“Dalian Yida Property Management”	Dalian Yida Property Management Company Limited (大連億達物業管理有限公司), a limited liability company established in the PRC on June 26, 2000 and our indirect wholly owned subsidiary

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“Dalian Yida Services”	Dalian Yida Services Consulting Company Limited (大連億達服務諮詢有限公司), a limited liability company established in the PRC on July 9, 2013 and our indirect wholly owned subsidiary
“Dalian Yihong Property”	Dalian Yihong Property Development Company Limited (大連億鴻房地產開發有限公司), a limited liability company established in the PRC on December 22, 2010 and a joint venture of our Group which is owned as to 51% by Capital Chain Holdings and 49% by Dalian Yida Property
“Dalian Yitong Property”	Dalian Yitong Property Development Company Limited (大連益通房地產開發有限公司), a limited liability company established in the PRC on August 25, 2010 and our indirect wholly owned subsidiary
“Dalian Yize Property”	Dalian Yize Property Development Company Limited (大連億澤房地產開發有限公司), a limited liability company incorporated in the PRC on December 22, 2010 and a joint venture of our Group which is owned as to 51% by Better Chance Investments and 49% by Dalian Yida Property
“Dalian Zhongjia Commerce”	Dalian Zhongjia Commerce Co., Ltd. (大連中佳商貿有限公司), a limited liability company established in the PRC on June 22, 2011 and our associated company
“Director(s)”	the director(s) of our Company
“Domain Creation”	Domain Creation Limited (建域有限公司), a limited liability company incorporated in the BVI on July 16, 2009 and our indirect wholly owned subsidiary
“DTZ”	DTZ Debenham Tie Leung Limited, an independent professional surveyor and property valuer
“DTZ Shanghai”	DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd., an independent industry consultant
“DTZ Report”	the report prepared by DTZ Shanghai dated the date hereof that was commissioned by our Company in connection with the Global Offering
“Eagle Fit”	Eagle Fit Limited (鷹健有限公司), a limited liability company incorporated in the BVI on May 19, 2009 and a joint venture of our Group which is owned as to 65% by Noble Pearl Limited, an Independent Third Party and 35% by Keen Hero
“Elite City”	Elite City Limited, a limited liability company incorporated in the BVI on August 8, 2005 and our indirect non-wholly owned subsidiary
“Everest Everlasting”	Everest Everlasting Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Chen Wen (陳文), an employee of our Group

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## DEFINITIONS

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“Everest Excellence”	Everest Excellence Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Gao Wei (高煒), an executive Director
“Everest Grace”	Everest Grace Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Ms. Ma Lan (馬蘭), an employee of our Group
“Everest Harmony”	Everest Harmony Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Sun Yinfu (孫蔭福), an employee of our Group and a brother of Mr. Sun Yinhuan
“Everest Talent”	Everest Talent Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Sun Yansheng (孫燕生), an executive Director
“Everhigh Investments”	Everhigh Investments Limited (恆高投資有限公司), a limited liability company established in the BVI on March 28, 2007 and is owned as to 90% by Right Leap and as to 10% by Right Mind
“Extended Group”	the Group, the Joint Ventures and the Associated Companies
“Famous Profit”	Famous Profit International Limited (譽利國際有限公司), a limited liability company incorporated in the BVI on November 21, 2007 and our direct wholly owned subsidiary
“Fine Harmony”	Fine Harmony Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Qin Xuesen (秦學森), an employee of our Group
“FIREE”	Foreign Invested Real Estate Enterprises established pursuant to the Opinion on Regulating the Access and Management of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見) issued by the Ministry of Construction, MOFCOM, NDRC, PBOC, the SAIC and SAFE on July 11, 2006
“Gang Xin”	Gang Xin Limited (港鑫有限公司), a limited liability company incorporated in the BVI on June 1, 2010 and our indirect wholly owned subsidiary
“Garco Investment”	Garco Investment Limited (嘉高投資有限公司), a limited liability company incorporated in Hong Kong on April 12, 2007 and our associated company
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Grace Everlasting”	Grace Everlasting Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Ms. Sun Qi (孫琦), the daughter of Mr. Sun Yinhuan
“Grace Excellence”	Grace Excellence Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly

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	owned by Mr. Jiang Xiuwen (姜修文), an executive Director and a nephew of Mr. Sun Yinhuan and Mr. Sun Yinfeng
“Grace Sky Harmony”	Grace Sky Harmony Limited, a limited liability company incorporated in the BVI on November 20, 2013 and is owned as to 34.517% by Mighty Equity, 34.446% by Keen Peak and 31.037% by Keen Everlasting
“Grand Create”	Grand Create Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Sun Yinfeng (孫蔭峰), an executive Director and a brother of Mr. Sun Yinhuan
“ <b>GREEN</b> application form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group” or “our Group”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Harmony Everlasting”	Harmony Everlasting Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Sun Tongmin (孫桐民), the son of Mr. Sun Yinhuan
“HK\$” or “Hong Kong dollars” or “HK dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 58,000,000 Shares initially offered by our Company for subscription pursuant to the Hong Kong Public Offering (subject to adjustments as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus

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## DEFINITIONS

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“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 16, 2014 relating to the Hong Kong Public Offering and entered into by, among others, our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters as further described in the section headed “Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering” in this prospectus
“Hopeful Zone Investments”	Hopeful Zone Investments Limited (希域投資有限公司), a limited liability company incorporated in the BVI on February 9, 2007 and our associated company
“Independent Third Parties”	individual(s) or company(ies) not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of our Company or any of its subsidiaries or any of their respective associates
“International Offer Shares”	the 522,000,000 Shares initially offered by our Company pursuant to the International Offering for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to adjustments as described in the section headed “Structure of the Global Offering” in this prospectus)
“International Offering”	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the group of international underwriters that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or around June 20, 2014 by, among others, our Company, the Joint Global Coordinators, the Joint Bookrunners and the International Underwriters in respect of the International Offering, as further described in the section headed “Underwriting – Underwriting Arrangements and Expenses – The International Offering” in this prospectus
“Joint Bookrunners”	Deutsche Bank AG, Hong Kong Branch, Citigroup Global Markets Asia Limited, Morgan Stanley Asia Limited, CMB International Capital Limited, CCB International Capital Limited, GF Securities (Hong Kong) Brokerage Limited
“Joint Global Coordinators”	Deutsche Bank AG, Hong Kong Branch, Citigroup Global Markets Asia Limited, Morgan Stanley Asia Limited
“Joint Lead Managers”	Deutsche Bank AG, Hong Kong Branch, Citigroup Global Markets Asia Limited, Morgan Stanley Asia Limited, CMB

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## DEFINITIONS

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	International Capital Limited, CCB International Capital Limited, GF Securities (Hong Kong) Brokerage Limited
“Joint Ventures”	Dalian Software Park Ambo, Dalian Software Park Shitong, Dalian Software Park Ascendas, Wuhan New Software Park Co., Dalian Yida Deji, Dalian Yize Property, Dalian Yihong Property, Eagle Fit, Dalian Qingyun Sky, Beijing Qixia, Panasonic Yida, Wuhan Chuntian and Wuhan Ruanjing and “Joint Venture” mean any of them
“Jolly Creation”	Jolly Creation Limited (建欣有限公司), a limited liability company incorporated in the BVI on July 30, 2009 and our indirect wholly owned subsidiary
“Keen Everlasting”	Keen Everlasting Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Ms. Yang Kangning (楊康寧), an employee of our Group
“Keen Everlasting Harmony”	Keen Everlasting Harmony Limited, a limited liability company incorporated in the BVI on November 20, 2013 and is owned as to 50% by Harmony Everlasting and 50% by Grace Everlasting
“Keen Harmony”	Keen Harmony Limited, a limited liability company incorporated in the BVI on November 20, 2013 and is owned as to 42.105% by Grand Create, 31.579% by Kind Source and 26.316% by Kind Everest
“Keen Hero”	Keen Hero International Limited (建英國際有限公司), a limited liability company incorporated in the BVI on July 20, 2009 and our indirect wholly owned subsidiary
“Keen High Keen Source”	Keen High Keen Source Limited, a limited liability company incorporated in the BVI on November 20, 2013 and is owned as to 42.98% by Grace Excellence, 28.653% by Wonderful High, 11.461% by Everest Grace, 7.163% by Wonderful Well, 4.298% by Wonderful Hero, 2.579% by Everest Everlasting, 1.433% by Prosper Grace and 1.433% by Fine Harmony
“Keen Peak”	Keen Peak Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Ms. Xu Dangchun (許當春), an employee of our Group
“Keen Sky Grace”	Keen Sky Grace Limited, a limited liability company incorporated in the BVI on November 20, 2013 and is owned as to 37.5% by Everest Talent, 25% by Everest Harmony, 25% by Everest Excellence and 12.5% by Prosper Hero
“Kind Everest”	Kind Everest Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Wang Ruosong (王若松), an employee of our Group
“King Equity”	King Equity Holdings Limited (均安集團有限公司), a limited liability company incorporated in Hong Kong on November 10, 2005 and our indirect wholly owned subsidiary

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## DEFINITIONS

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“Kind Source”	Kind Source Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Wen Hongyu (聞宏宇), an executive Director
“Latest Practicable Date”	June 10, 2014, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Liaoning Jiaye”	Liaoning Jiaye Real Estate Development Company Limited (遼寧佳業地產開發有限公司), a limited liability company established in the PRC on August 5, 2005 and our indirect wholly owned subsidiary
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or around Friday, June 27, 2014, on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Many Gain International”	Many Gain International Limited (萬盈國際有限公司), a limited liability company incorporated in the BVI on January 8, 2007 and our direct wholly owned subsidiary
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, conditionally adopted on June 1, 2014 and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
“Mighty Equity”	Mighty Equity Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Wang Gang (王剛), an employee of our Group
“MLR”	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOHURD”	Ministry of Housing and Urban-Rural Development of the PRC
“Most Lead”	Most Lead Investments Limited (豐圖投資有限公司), a limited liability company incorporated in Hong Kong on June 22, 2009 and our indirect wholly owned subsidiary
“New Culture Development”	New Culture Development Company Limited (文化新天地有限公司) (formerly known as Eternal Capital

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## DEFINITIONS

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	Investment Limited (永都投資有限公司), a limited liability company incorporated in Hong Kong on November 3, 2004 and is wholly owned by Elite City
“Noble Joy”	Noble Joy Holdings Limited (禮冠控股有限公司), a limited liability company incorporated in Hong Kong on May 3, 2010 and our indirect wholly owned subsidiary
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) to be determined in the manner further described in the section headed “Structure of the Global Offering – Pricing and Allocation” in this prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expect to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 87,000,000 additional Shares at the Offer Price to cover over-allocations in the International Offering, if any
“Panasonic Yida”	Panasonic Yida Decoration Co., Ltd. (松下億達裝飾工程有限公司), formerly known as Panasonic Yida Decoration (Dalian) Co., Ltd. (松下億達裝飾工程(大連)有限公司) and Dalian Matsushita Electric Works Yida Decoration Co., Ltd. (大連松下電工億達裝飾工程有限公司), a limited liability company established in the PRC on January 17, 2003 and a joint venture of our Group, which is owned as to 49% by Dalian Yida Services and 51% by Panasonic Corporation of China Co., Ltd., an Independent Third Party save for its equity interest in Panasonic Yida
“PBOC”	People’s Bank of China (中國人民銀行)
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“PRC Legal Advisor”	Commerce & Finance Law Offices, the legal advisor to our Company as to the laws of the PRC
“Pre-IPO Investments”	the investments made by each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony on November 27, 2013, details of which are set out in the section headed “History, Reorganization and Corporate Structure – Reorganization – Pre-IPO Investments” in this prospectus



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## DEFINITIONS

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“Price Determination Agreement”	the agreement to be entered into by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around June 20, 2014 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Global Coordinators (on behalf of the Underwriters) and our Company may agree, but in any event no later than June 24, 2014
“Prime Asset”	Prime Asset Investment Limited (高置投資有限公司), a limited liability company incorporated in Hong Kong on April 2, 2004 and a subsidiary of Eagle Fit, our joint venture
“Prosper Grace”	Prosper Grace Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Yu Dahai (于大海), an employee of our Group
“Prosper Hero”	Prosper Hero Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Sun Guangyu (孫廣玉), an employee of our Group
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Reorganization”	the reorganization arrangements undertaken by our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganization and Corporate Structure” in this prospectus
“Richcoast Group”	Richcoast Group Limited (富岸集團有限公司), a limited liability company incorporated in the BVI on March 28, 2007 and is owned as to 61.54% by Innovate Zone Group Limited, a wholly owned subsidiary of Shui On Land Limited (which would have been an Independent Third Party but for its interest in this company), 28.2% by Main Zone Group Limited, a wholly owned subsidiary of SOCAM Development Limited (which would have been an Independent Third Party but for its interest in this company), and 10.26% by Many Gain International
“Right Leap”	Right Leap Investments Limited (正騰投資有限公司), a limited liability company incorporated in the BVI on January 19, 2007 and is wholly owned by Cheng Huiyan (程慧艷) on trust for Mr. Sun Yinhan
“Right Mind”	Right Mind Investments Limited (正思投資有限公司), a limited liability company incorporated in the BVI on February 2, 2007 and is owned as to 50% by each of Ms. Ma Lan (馬蘭) and Mr. Sun Yansheng (孫燕生) on trust for Mr. Sun Yinhan

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## DEFINITIONS

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“Right Won”	Right Won Management Limited (正宏管理有限公司), a limited liability company incorporated in the BVI on April 13, 2007 and wholly owned by Mr. Sun Yinluan, one of our Controlling Shareholders
“RMB” or “Renminbi”	the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	State Administration of Foreign Exchange of the People’s Republic of China (中華人民共和國國家外匯管理局)
“SAIC”	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	State Administration of Taxation of the People’s Republic of China (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Newtouch”	Shanghai Newtouch Software Co., Ltd. (上海新致軟件有限公司), a limited liability company established in the PRC on June 4, 1994 and is owned as to 91.22% by ten Independent Third Parties and 8.78% by Dalian Software Park Co.
“Shanghai SASAC”	State-owned Assets Supervision and Administration Commission of Shanghai
“Share Option Scheme”	the share option scheme conditionally adopted by the written resolutions of the Shareholders of our Company passed on June 1, 2014, the principal terms of which are summarized in the section headed “Statutory and General Information — D. Other Information — 1. Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	holder(s) of our Shares
“Shares”	ordinary share(s) in the capital of our Company with nominal value of US\$0.01 each
“Shenyang Yida Property Management”	Shenyang Yida Property Management Company Limited (瀋陽億達物業管理有限公司), a limited liability company established in the PRC on August 2, 2004 and our indirect wholly owned subsidiary
“Sichuan Yixing Real Estate”	Sichuan Yixing Real Estate Development Company Limited (四川億興置業發展有限公司), a limited liability company established in the PRC on April 28, 2003 and our indirect wholly owned subsidiary
“Sinoco Investment”	Sinoco Investment Limited (統高投資有限公司), a limited liability company incorporated in Hong Kong on April 4, 2007 and our associated company

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## DEFINITIONS

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“SME”	small and medium enterprises
“Sole Sponsor” or “Sponsor”	Deutsche Securities Asia Limited
“SOM”	Skidmore, Owings & Merrill LLP
“State Council”	the PRC State Council (中華人民共和國國務院)
“Stabilizing Manager”	Deutsche Bank AG, Hong Kong Branch
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Success Path”	Success Path Holdings Limited (弘揚控股有限公司), a limited liability company incorporated in Hong Kong on June 8, 2010 and our indirect wholly owned subsidiary
“Teamachieve Holdings”	Teamachieve Holdings Limited (達天控股有限公司), a limited liability company incorporated in the BVI on March 29, 2007 and our associated company
“Tennick Holdings”	Tennick Holdings Limited (得力控股有限公司), a limited liability company incorporated in the BVI on March 2, 2007 and our associated company
“Timeglobe Holdings”	Timeglobe Holdings Limited (時高控股有限公司), a limited liability company incorporated in the BVI on March 15, 2007 and our associated company
“Track Record Period”	the period comprising the financial years ended December 31, 2011, 2012 and 2013
“True Treasure”	True Treasure Holdings Limited (誠悅控股有限公司), a limited liability company incorporated in Hong Kong on May 19, 2010 and our indirect wholly owned subsidiary
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$, “USD” or “U.S. dollars”	United States dollars, the lawful currency for the time being of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online

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## DEFINITIONS

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	through the designated website of <b>White Form eIPO</b> at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Wonderful Hero”	Wonderful Hero Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Ms. Chu Xiaoli (初曉麗), an employee of our Group
“Wonderful High”	Wonderful High Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Wang Haolin (王浩凜), an employee of our Group
“Wonderful Well”	Wonderful Well Limited, a limited liability company incorporated in the BVI on November 19, 2013 and is wholly owned by Mr. Liu Dashun (劉大舜), an employee of our Group
“Wuhan Chuntian”	Wuhan Chuntian Real Estate Development Company Limited (武漢春田房地產開發有限公司), a limited liability company established in the PRC on November 12, 2013 and a wholly owned subsidiary of Wuhan New Software Park Co.
“Wuhan First City”	business park developed by Wuhan New Software Park Co.
“Wuhan New Software Park Co.”	Wuhan New Software Park Development Company Limited (武漢軟件新城發展有限公司), a limited liability company established in the PRC on May 15, 2012 and a joint venture of our Group which is owned as to 50% by Dalian Software Park Co., 25% by Hubei United Development Investment Group Co., Ltd. (湖北省聯合發展投資集團有限公司), an Independent Third Party, and 25% by Wuhan East Lake High-tech Group Co., Ltd. (武漢東湖高新集團股份有限公司), an Independent Third Party
“Wuhan Optical Valley Software Park”	a large business park for software companies located in Hong Shan District of Wuhan City, Hubei Province
“Wuhan Ruanjing”	Wuhan Ruanjing Real Estate Development Company Limited (武漢軟景房地產開發有限公司), a limited liability company established in the PRC on November 12, 2013 and a wholly owned subsidiary of Wuhan New Software Park Co.
“Yida Group”	Yida Group Co., Ltd. (億達集團有限公司), formerly known as Dalian Yida Corporation (大連億達總公司), Dalian Yida Group Co., Ltd. (大連億達集團有限公司), a limited liability company established in the PRC on September 8, 1992 and is ultimately wholly owned by Mr. Sun Yinhuan
“Yida Holdings”	Yida Holdings Limited (億達控股有限公司) (formerly known as Beijing Yida Investment Co., Ltd (北京億達投資有限公司)), a limited liability company established in the PRC on January 5, 2011 and is wholly owned by Yida Group
“%”	per cent.

*The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese or another language included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.*

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.*

“ASP”	average selling price
“average occupancy rate”	is obtained by dividing the sum of the occupancy rates at the end of each month during the year or period by the total number of month during the year or period
“BOT”	build-operate-transfer
“BPO”	business processing outsourcing
“CBD”	central business district
“commodity properties”	residential properties, commercial properties and other properties developed by property developers for the purposes of sales or lease
“completion certificate” (竣工驗收備案表)	a certificate issued by local urban construction bureaus or equivalent authorities in the PRC with respect to the completion of property projects subsequent to on-site examination and inspection
“construction commencement permit” (建築工程施工許可證)	a permit issued by local construction committees or equivalent authorities in the PRC with respect to the commencement of construction of property projects
“construction land planning permit” (建設用地規劃許可證)	a permit issued by local urban zoning and planning bureaus or equivalent authorities in the PRC with respect to the commencement of the survey, planning and design of property projects
“construction work planning permit” (建設工程規劃許可證)	a permit issued by local urban zoning and planning bureaus or equivalent authorities in the PRC evidencing government approval of the overall planning and design of a property project
“GFA”	gross floor area
“ITO”	information technology outsourcing
“land grant contract” (國有土地使用權出讓合同)	a contract we enter into with the relevant local government authority after a public tender, auction or listing-for-sale process (as applicable), which provides for, among other things, the amount of land grant premium payable to acquire the land use rights of the relevant land parcel. After the land grant premium is paid and the conditions as set forth in the contract are satisfied, we will obtain a land use rights certificate for such land parcel
“land use rights certificate” (土地使用權證)	a certificate (or certificates as the case may be) of the right of a party to use a parcel of land

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## GLOSSARY OF TECHNICAL TERMS

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“LAT”	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則)
“leasable GFA”	the GFA attributable to the land parcel for leasing and investment appreciation purposes
“plot ratio”	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
“pre-sale permit” (商品房預售許可證)	the pre-sale permit authorizing a developer to commence the pre-sale of a property project under construction in the PRC
“property ownership certificate” (房屋所有權證)	property ownership certificate issued by relevant PRC government authorities with respect to the ownership rights of buildings
“public tender,” “auction” or “listing-for-sale”	public tender, auction or listing at a land exchange administered by the local government, each of which is a competitive bidding process through which a purchaser acquires land use rights directly from the PRC government. Please refer to the section entitled “Laws and Regulations relating to the Industry” in this prospectus for a detailed explanation of these processes
“saleable GFA”	the GFA attributable to the land parcel for sale
“total GFA”	the GFA attributable to the above-ground and underground saleable and/or leasable area contained within the external walls of any building at each floor level and the whole thickness of the external walls of the relevant project together with other non-leasable and non-saleable area. In general, it includes mechanical and electrical services rooms, refuse rooms, water tanks, car parks, elevators and staircases.
“sq.km.”	square kilometers
“sq.m.”	square meters

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. All statements other than statements of historical fact contained in this prospectus, including, without limitation, those regarding our future financial position, strategies, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate and any statements preceded by, followed by or that include the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would” and similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, and may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the risk factors set forth under the section headed “Risk Factors” in this prospectus and the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

Statements of or references to the intentions of our Company or any of our Directors are made as at the date of this prospectus. Any such intentions may potentially change in light of future developments.

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## RISK FACTORS

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*An investment in our Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial information and related notes, before you decide to buy our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market price of our Shares could decline and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of many factors, including the risks described below.*

### **RISKS RELATING TO OUR BUSINESS**

#### **We may not be as successful in replicating our business model as before when we expand into new cities and build business park projects for new industries**

We attribute our success to our business model of developing business parks near suburban areas and combining office spaces and associated residential properties and other supporting facilities to create an integrated environment. We believe that, through strategic cooperation with local governments, we have been able to obtain a competitive advantage in competing for business park projects and acquiring land reserves. Whether we can successfully duplicate this business model depends on many factors which are beyond our control, including whether we can find suitable sites at reasonable costs in suburban areas in other cities that satisfy certain criteria and whether we can establish and maintain cooperative relationships with local governments.

Historically, we have focused primarily on the development of business park projects for ITO or BPO industries in second-tier cities. As of March 31, 2014, we had six business park projects under various stages of development located in Dalian and Wuhan. We also intend to continue to expand our business park related business into other industries, such as R&D and healthcare, and other types of cities including suburban areas of first-tier cities, cities with a large number of colleges and ample supply of well-educated work force. Expanding into new geographical locations or building business park projects for new industries involve uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies. In addition, expanding our business into new geographical locations would entail competition with developers who have better-established local presence or better relationships with local governments or greater access to local labor, expertise and knowledge than we do.

As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our resources and past experience to meet challenges encountered in these new markets. For example, we may have difficulties in accurately predicting market demand for our properties in the cities into which we expand. We may also have difficulties in promoting and maintaining high occupancy rates and/or rental rates in the business parks that we are currently developing after these properties are completed and commence operations. Any such failures may materially and adversely affect our business, financial condition and results of operations.

#### **Our concentration on business park projects for specific industries may subject us to risks associated with such industries**

We currently focus on developing business parks for knowledge-based and high-tech industries such as ITO and BPO industries. The concentration on these industries may subject us to risks affecting such specific industry sectors. Any material adverse change in such industries may bring an overall adverse effect on the business operation and financial condition of our tenants in such industries and reduce their budgets on office spaces, and may in turn affect the occupancy rates of our business park office buildings and our revenue generated from office space leasing. In addition, if we cannot attract top-tier companies to reside in our future business park projects, our occupancy



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## RISK FACTORS

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rates may decline. The decreased occupancy rates of our business park office buildings will materially and adversely affect our business park operation and management service and property management service businesses, as well as sales of our residential property projects in such business parks and the fair value of our investment properties.

**Our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets, particularly in Dalian, Wuhan, Shenyang, Chengdu and Beijing where we have operations**

As of March 31, 2014, all of our properties were located in Dalian, Wuhan, Shenyang, Chengdu and Beijing, with a total land bank of approximately 11,803,602 sq.m. under various stages of development. We cannot assure you that our existing projects will continue to attract tenants and purchasers and generate income at historical rates, or that they will continue to be successful in the future. Since we expect to continue to strengthen our market presence in such cities by developing additional projects, our business will continue to be heavily dependent on the performance of property markets in these areas. These property markets may be affected by local, regional, national and global factors, including economic and financial conditions, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. Any market downturn in China generally or in cities in which we have or expect to have operations may materially and adversely affect our business, financial condition and results of operations.

Furthermore, we derive the majority of our revenue from the sales and lease of properties located in Dalian. As of March 31, 2014, our projects with approximately 10.1 million sq.m., or 85% of our total land bank, were located in Dalian, Liaoning. We cannot assure you that we can successfully replicate our business model into other cities, as we may be less familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies. Please refer to “Risks Relating to Our Business — We may not be as successful in replicating our business model as before when we expand into new cities and build business park projects for new industries”.

In addition, any over-supply of properties or any potential decline in demand or prices for properties in the cities in which we operate could have a material and adverse impact on our business, cash flows, financial position and results of operations. In particular, property prices and demand for properties in these areas have fluctuated significantly in recent years. Further policies implemented by the PRC government on bank loans and trust financing arrangement for real estate development projects since January 2010 have had, and may continue to have, a negative effect on the property markets in which we operate.

**We maintain a substantial level of indebtedness, which may affect our business, financial condition, results of operations and prospects**

We maintain a substantial level of indebtedness. Our total outstanding bank and other borrowings amounted to RMB7,045.5 million, RMB8,849.4 million and RMB13,426.7 million as of December 31, 2011, 2012 and 2013, respectively. Of our other borrowings, loans from trust financing companies amounted to RMB285.0 million, RMB565.0 million and RMB2,224.8 million as of December 31, 2011, 2012 and 2013, respectively. As of December 31, 2013, of our bank and other borrowings, RMB5,148.3 million was repayable within one year or on demand and RMB8,278.4 million was repayable beyond one year.

Our ability to repay the principal and pay the interest on our borrowings and to meet our capital commitments and contingent liabilities depends substantially on the cash flows and results of operations of our operating subsidiaries, which depend in part upon social, political, economic, legal and other risks described in this prospectus, most of which are beyond our control. We cannot assure you that we will have sufficient cash flows to service our borrowings, our capital commitments or our contingent liabilities. If we are not able to refinance our borrowings on commercially acceptable terms

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or at all, our liquidity will be adversely affected and, as a result, our results of operations, financial condition and business prospects may be materially and adversely affected.

**We had net current liabilities during the Track Record Period, and our ability to raise funding may be adversely affected by our net current liability position**

As of December 31, 2011, 2012 and 2013 and April 30, 2014, we had net current liabilities of RMB1,247.2 million, net current liabilities of RMB1,284.9 million, net current assets of RMB1,949.7 million and net current assets of RMB5,366.9 million, respectively, representing in part amounts due to related parties, receipts in advances from pre-sold properties, interest-bearing bank and other borrowings and trade payables. There can be no assurance that we will be able to record positive net current assets in the future, and our business operations and our ability to raise funding may be materially and adversely affected by our net current liability position. We cannot assure you that we will maintain sufficient working capital, revenues or raise necessary funding to pay off our current liabilities and meet our capital commitments. In such circumstances, our business, financial position and prospects may be materially and adversely affected.

**Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate**

Our business is subject to extensive governmental regulations and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC Government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, limitation on the qualification of the property purchasers, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise the loan benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose property tax, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector.

In recent years, the PRC Government implemented a series of regulations and policies to slow down the property market and inflation of property prices, as well as to dampen property speculation. These policies may limit our ability to obtain financing, acquire land for future developments, sell our properties at a profit or generate sufficient operating cash flows from contracted sales. In addition, as a result of the various measures implemented by the PRC government since 2011, including but not limited to, increasing the down payment requirements and mortgage rates for second-time residential property purchasers, and imposing limits on the number of residential properties local and foreign residents may purchase, the growth rate of the total transaction volumes for properties in the cities where we build residential properties declined.

We cannot assure you that the PRC Government will not adopt additional and more stringent industry policies, regulations and measures in the future. It is also difficult to ascertain the extent of the impact of any such measures. If we fail to adapt our operations to new policies, regulations or measures that may come into effect from time to time with respect to the property industry, or if our marketing and pricing strategies are ineffective in promoting our business in response, such policies and regulatory changes may adversely affect our sales, result in the deferral of our pre-sale schedules, and cause us to lower our ASPs and/or incur additional costs, in which case our operating cash flows, gross profit margin, business prospects, results of operations and financial condition may be materially and adversely affected.

**If we are unable to obtain the land use rights for current projects or for projects we may acquire in the future, we will not be able to develop these projects**

We are in the process of establishing a joint venture with an entity under Shanghai SASAC with the plan to develop Shanghai Lingang Innovation Business Park pursuant to a strategic cooperation

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agreement signed in November 2013. We also plan to establish a joint venture with an entity under the Administrative Committee of Suzhou High-speed Rail New Town with the plan to develop Suzhou High-speed Rail New Town Technology Park pursuant to a strategic cooperation agreement signed in January 2014. See “Business — Our Business Park Projects — Other Development Plan”. Pursuant to the strategic cooperation agreement, the municipal government has identified land which is suitable for our development plan and set forth the primary land preparation and overall plan. However, the signing of the strategic cooperation agreement does not guarantee that we will obtain the land use rights of the land identified. Such land needs to be granted through a public tender, auction and listing for sale process in accordance with PRC laws and regulations.

Moreover, we cannot assure you that we will be successful in obtaining the land use right certificates for our projects held for future development or in respect of any land we may acquire in the future in a timely manner, at a commercially reasonable price, or at all. If we are not successful in obtaining the land use rights for such land, we will not be able to develop such properties, which may adversely and materially affect our business, financial condition and results of operations.

**We may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices**

The sustainable growth and success of our business significantly depend on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for our residential projects. Our ability to acquire land depends on a variety of factors that are beyond our control, such as overall economic conditions, the availability of land parcels provided by the government, our effectiveness in identifying and acquiring land parcels suitable for development and competition for such land parcels. During the Track Record Period, all of our land reserves were acquired in land auctions held by local governments. The availability and price of land sold at auctions also depends on factors beyond our control, including government land policies and competition. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. Furthermore, the rapid development in the cities we conduct business in recent decades has resulted in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs, which constitutes one of the major components of our cost of sales. Please refer to the section headed “Regulatory Overview” in this prospectus for details. To the extent that we are unable to acquire suitable land parcels at commercially acceptable prices for our future development in a timely manner or at prices that enable reasonable economic returns to us, our business, financial condition, results of operations and prospects may be materially and adversely affected.

**Our business model involving business park project development requires significant upfront capital expenditure and may involve longer periods to generate net cash inflows**

Our business model involves developing business parks. To facilitate the development of the area and enhance the value of the residential properties within our business parks, significant upfront capital expenditures are required to develop the business park. The development of business parks involves massive and complicated processes including going through land parcel acquisitions, project financing, interaction with local government, construction of basic public facilitation, solicitation of top-tier industry players. Therefore, it may take a relatively longer period of time before the value of the adjacent area can be enhanced to the extent we can obtain optimal profitability from the sale of residential properties surrounding the business parks.

**We may not have adequate financing to fund our future land acquisitions and property developments, and such capital resources may not be available on commercially reasonable terms, or at all**

Property development is capital-intensive. We expect to continue to incur a high level of capital expenditures for construction and land acquisition in the foreseeable future.

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During the Track Record Period, we financed our property projects primarily through proceeds from the pre-sales and sales of our residential properties and part of our business park office buildings, the lease of the office spaces in our business parks, government grants and borrowings from financial institutions comprising CBRC-licensed commercial banks and trust financing companies. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including:

- requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets;
- our future results of operations, financial condition and cash flows;
- the condition of the international and domestic financial markets and financing availability;
- changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and
- changes in policies regarding regulation and control of the real estate market.

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

- the PBOC has adjusted the Renminbi deposit reserve ratio several times since 2010, first upward to a peak of 21.5% and more recently downward to the level of 20.0% as of the Latest Practicable Date;
- the PBOC has adjusted the benchmark one-year bank lending rate many times since 2008;
- commercial banks and trust financing companies shall not grant loans to property developers to pay land premiums;
- the CBRC has issued guidelines that require at least 30% of the total investment in a property project to be funded by the developer's own capital; and
- the CBRC has issued rules governing the establishment, operation and financing activities of trust financing companies in 2007, including the provision of such financing to property developers.

For further information, please refer to the sections headed "Industry Overview" and "Regulatory Overview" in this prospectus. The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans and other borrowing arrangements to finance our property projects. We cannot assure you that the PRC government will not introduce other initiatives, which may further limit our access to capital and the ways we finance our property projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all.

**Our business is sensitive to general economic conditions. A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business and our financial condition**

The global financial markets experienced significant disruptions in 2008 and the United States, Europe and other economies went into recession. The recovery from the lows of 2008 and 2009 was uneven and it is facing new challenges, including the escalation of the European sovereign debt crisis since 2011. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of

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the world's leading economies, including China's. There have also been concerns over unrest in the Middle East and Africa, which have resulted in higher oil prices and significant market volatility. Economic conditions in China are sensitive to global economic conditions. Since we derive, and expect to continue to derive, our revenues almost entirely from China, and both the business park and residential property markets tend to be very sensitive to overall economic conditions, our business and prospects may be affected by economic conditions in China. We cannot assure you that reductions in office space needs and residential property spending will not occur. A decline in the economic prospects of our current and potential tenant customers and residential property purchasers or the economy in general could reduce their needs for our products and services. Therefore, any prolonged slowdown in the global or China's economy may materially and adversely affect our financial condition and results of operations. In addition, the weak economy could weaken investor confidence, which constitutes the basis of the credit markets. Renewed financial turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing in the capital markets or from financial institutions on commercially reasonable terms, or at all, which could also materially and adversely affect our business, results of operations and prospects.

### **Investment properties are illiquid and changes in the fair value of such investment properties could affect our profit**

As of December 31, 2013, we had investment properties amounting to RMB10,796.6 million. Our investment property portfolio may increase in the future. Investments in properties are generally illiquid. As a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, if at all. We cannot predict the length of time needed to find purchasers to purchase such investment properties. In addition, should we decide to sell a property which is subject to a tenancy agreement, we may have to obtain consent from or pay termination fees to the tenants. We may also need to incur capital expenditure to manage and maintain our properties, or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all.

Furthermore, aging of investment properties, changes in economic and financial condition, such as change in interest rates, or changes in the competitive landscape in the PRC property market may adversely affect the amount of rentals and revenue we generate from, as well as the fair value of, our investment properties, either completed or under development. However, our ability to convert any of our investment properties to alternative uses is limited as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that such approvals and financing can be obtained when needed. These and other factors that impact our ability to respond to adverse changes in the performance of our investment in properties may adversely affect our business, financial condition and results of operations.

We are also required to reassess the fair value of any investment properties that we hold. Gains or losses arising from changes in the fair value of any such investment properties will be reflected in our results of operations in the period in which they arise. The fair value gains on our investment properties of our subsidiaries in 2011, 2012 and 2013 were RMB1,111.6 million, RMB635.8 million and RMB411.6 million, respectively. We cannot assure you that we can recognize comparable fair value gains in investment properties in the future and we may also recognize fair value losses, which would impact our result of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. On the other hand, fair value losses in investment properties would have a negative effect on our result of operations, even though such losses would not change our cash position as long as these properties are held by us.

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### **Our financing costs may increase as a result of changes in interest rates**

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from commercial banks and trust financing companies. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and operating results. As most of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC and the premiums or discounts demanded by banks or trust financing companies, which have fluctuated significantly in recent years. The average effective interest rate on our bank and other borrowings were 9.2%, 10.0% and 10.7%, respectively, as of December 31, 2011, 2012 and 2013. Average effective interest rates are derived by dividing the total interest costs for the relevant period by interest-bearing bank and other borrowings as at the end of that period, multiplying by 365 days and dividing by the number of days in that period. Our interest expenses incurred in 2011, 2012 and 2013 were RMB645.8 million, RMB883.6 million and RMB1,438.3 million, respectively. Most of the interest expenses incurred were capitalized. The change in the effective interest rate on our bank and other borrowings was primarily driven by the changes in the PBOC benchmark rates and the tightened credit policies imposed by banks towards PRC property developers during the Track Record Period. Future increases in the PBOC benchmark interest rate, the premiums or discounts demanded by banks or trust financing companies may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

### **The CBRC and/or other agencies of the PRC government may tighten the regulations relating to trust financing being provided to the property industry in the PRC, which may affect our ability to obtain trust financing in the future**

We entered into a number of trust financing arrangements to finance our property development during the Track Record Period. As of December 31, 2011, 2012 and 2013, our borrowings through trust financing arrangements amounted to RMB1,065.0 million, RMB1,125.1 million and RMB2,224.8 million, respectively. Operations of the trust financing companies in the PRC are primarily regulated by the CBRC pursuant to the “Rules Governing Trust Financing Companies” (信託公司管理辦法), which came into effect on March 1, 2007. Trust financing companies are therefore under the supervision and monitoring of the CBRC and are required to comply with all notices and regulations promulgated by the CBRC. For further information, please refer to the section headed “Regulatory Overview” in this prospectus. We cannot assure you that the PRC government will not implement additional or more stringent measures to limit the amount that trust financing companies can make available for the PRC property industry. If this were to happen, our ability to enter into future trust financing arrangements and hence, our business operation, cost of borrowing, cash flow, financial conditions and prospects may be adversely affected.

### **The unavailability of any favorable regulatory treatment, including governmental grants, in future periods for our projects could adversely affect our business, financial condition and results of operations.**

We enjoy certain favorable regulatory treatments, including government grants, which are offered by local regulatory authorities of regions where we develop our business park projects. During the Track Record Period, we received amounts of government grants in connection with our business park projects in Dalian. In 2011, 2012 and 2013, the total amount of government grants we received amounted to RMB51.8 million, RMB278.5 million and RMB69.0 million, respectively. During the years ended December 31, 2011, 2012 and 2013, RMB17.0 million, RMB18.5 million and RMB76.3 million have been credited to other income and gains, and RMB27.7 million, RMB4.3 million and RMB96.4 million have been offset with the project cost of the relevant projects. As of December 31, 2013, we had received RMB152.4 million, which was available to offset the project costs or credit to profit and loss in the future period. Government grants have historically contributed to our profitability, reflected in lower cost of sales and resulting in higher gross profit margins yielded by our business park

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projects in Dalian. The amounts of the grants also contributed to the fluctuation of our gross profit margins during the Track Record Period. The grants also enhanced our liquidity position, reflected in the increase in cash and cash equivalents and current liabilities after the receipt of grants. We expect to continue to receive government grants in the future with respect to our existing projects or new projects based on our negotiations with local regulatory authorities.

However, such government grants were offered on a case-by-case basis subject to our negotiation with relevant regulatory authorities. There is no assurance that we will be able to continue to secure opportunities in developing business parks that are coupled with satisfactory government grants. In addition, although we believe that government grants are provided by local authorities in compliance with current policies, laws and regulations in China, we face uncertainty relating to the availability of government grants with respect to our current projects due to potential unexpected changes in PRC policies, laws and regulations. If we are unable to obtain or maintain government grants or any other similar favorable treatments for our existing or future projects, our ability to secure business opportunities and find proper land sites to develop business parks as well as our ability to complete our existing business park projects could be adversely affected. We may not be able to continue to geographically expand into new regions and cities as we currently expect. Our gross margins may experience more fluctuations and we may experience decreases in profitability for our existing or future projects. As a result, our business, prospects, financial condition and results of operations may be adversely affected.

**Our business may be adversely affected if we fail to obtain or renew, or experience material delays in obtaining or renewing, requisite government approvals or licenses in carrying out our property development, construction and management operations**

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development and management operations, we must apply to the relevant government authorities to obtain (and renew for those relating to on-going operations) various licenses, permits, certificates and approvals upon different property development stages, including but not limited to, qualification certificates, land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits, pre-sale permits and completion certificates. We must meet specific conditions in order for the government authorities to issue or renew any certificate or permit and we cannot assure you that we will obtain in time. Please see the section headed “Regulatory Overview” in this prospectus for details.

We cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

**We may not be able to complete our development projects according to our budget or on time, or at all, which may lead to loss of or delay in recognizing revenues, lower profitability and claims from customers**

Completion of property development projects requires substantial capital expenditures for, among other things, land acquisition and construction. The construction of property projects may take over a year or longer before they could generate positive net cash flow through pre-sales, sales and leasing. Furthermore, depending on the type of properties and the revenue generated, it may take a year or more after the completion of these properties before we recognize revenue from such projects. As a result, our cash flows and results of operations may be significantly affected by our

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project development schedules and any changes to those schedules and that our developments are completed within the planned budget. The schedules of our project developments and whether the project can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and the associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- changes in relevant regulations and government policies;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or may be able to terminate the pre-sale agreements and claim damages. See “— We face risks related to the pre-sale of properties from any potential limitation and restriction imposed by the PRC government and claims from customers in the event the pre-sold properties are not delivered on time or completed.” We cannot assure you that we will not experience any significant delays in completion or delivery of our projects in the future or that we will not be subject to any liabilities for any such delays.

In addition, the change in the schedule of delivery of our properties will impact the revenue recognition of sales of properties. As a result, our profitability may fluctuate or decline during certain periods when limited amount of properties are delivered despite the fact that significant amount of properties have been pre-sold.

### **We provide guarantee for mortgage loans of our customers and may become liable to mortgage banks if customers default on their mortgage loans**

We derive a substantial portion of our revenue from sales of our properties and most of our purchasers apply for bank borrowings and mortgages to fund their purchases. Therefore, the availability of mortgages to our prospective purchasers would significantly affect our results of operations and financial condition. In accordance with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loans for purchasers up until (i) we complete the registration of mortgage interests to the mortgagee bank, or (ii) the settlement of mortgage loans between the mortgagee bank and the purchaser, whichever is earlier. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our statements of financial position.



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### **We rely on our major suppliers to provide materials and equipment for our property development**

In 2011, 2012 and 2013, purchases from our five largest suppliers represented 25.7%, 25.4% and 15.4% of our total cost of sales, respectively, and purchases from our single largest supplier accounted for 6.4%, 15.5% and 8.5% of our total cost of sales, respectively. There can be no assurance that we will be able to maintain our relationships with our major suppliers. If the business relationship between us and our major suppliers were to deteriorate or if any of those suppliers were to terminate its business relationship with us, our business and results of operations may be adversely affected.

### **We may be adversely affected by the performance of third-party contractors**

In addition to our in-house construction force, we engage third-party contractors to carry out various services relating to our property development projects, including design, pile setting, foundation building, construction, equipment installation, electromechanical and pipeline engineering, elevator installation and landscaping. We endeavor to engage third-party companies with a strong reputation and track record, high performance reliability and adequate financial resources. However, any such third-party contractor may still fail to provide satisfactory services at the level of quality or within the timeline required by us. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to a contractor's financial or other difficulties. If the performance of any third-party contractor is not satisfactory, we may need to replace such contractor or take other remedial actions, which could adversely affect the cost structure and development schedule of our projects and could have a negative impact on our reputation, credibility, financial position and business operations. In addition, as we are expanding our business into other geographical locations in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other selection criteria in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors in a timely manner, which may adversely affect the construction schedules and development costs of our property development projects.

### **We face risks related to the pre-sale of properties from any potential limitation and restriction imposed by the PRC government and claims from customers in the event the pre-sold properties are not delivered on time or completed**

PRC law allows property developers to pre-sell properties prior to their completion upon satisfaction of certain requirements. We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and may use pre-sale proceeds only to finance the development project where the pre-sold properties are located. We cannot assure you that the PRC national or local government will not in the future adopt a limitation, restriction or abolishment of the pre-sale practice in the commercial or residential property industry. Any such measure will adversely affect our cash flow position and require us to seek alternative sources of funding for much of our property development business.

In addition, the pre-sale of our properties carries certain risks. For example, we may fail to complete a fully or partially pre-sold property development, in which case we may be liable to purchasers for losses suffered by them. We cannot assure you that these losses will not exceed any deposits that may have been paid in respect of the pre-sold properties. Furthermore, if a pre-sold property development is not delivered on time, the purchaser may be entitled to claim damages.

### **The appraised value of our properties may be different from their actual realizable value and are subject to change**

The appraised value of our properties as contained in the Property Valuation Report are based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on

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which the appraised value of our properties and land reserves are based, include (i) that transferable land use rights in respect of the properties for its specific term at a nominal annual land use fee have been granted and that any premium payable has already been fully paid; (ii) that we have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted; and (iii) that the properties are free from encumbrance, restrictions and outgoings of any onerous nature which could affect their values.

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

As of the Latest Practicable Date, some properties that cannot be sold or transferred or leased without restriction by us to third parties were not assigned any commercial value for the purposes of issuing the Property Valuation Report in Appendix III to this prospectus. In footnotes to valuation certificates of such properties included in the Property Valuation Report, DTZ made references to the investment value of such properties on a non-market value basis as of March 31, 2014. As of March 31, 2014, with respect to properties that cannot be sold or transferred or leased without restriction by us to third parties, while we have successfully obtained the relevant local government's approvals that allow us to lease the properties to certain types of tenants, we do not know when and if the remaining restrictions can be removed. The indicative investment values referenced in footnotes to valuation certificates of such properties are on a non-market value basis which is different from the market value basis of other properties in Appendix III. You should not place undue reliance on such indicative investment values.

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

We are subject to certain restrictive covenants in the loan contracts or trust financing agreements between us and certain banks and financial institutions. For instance, some of our operating subsidiaries are subject to covenants that restrict them from carrying out any merger, restructuring, spin-off, reduction of registered share capital, material asset transfer, liquidation, change in shareholding or management structure, or establishment of any joint venture without the lenders' written consents. In addition, borrowings provided under certain loan agreements or trust financing agreements between our operating subsidiaries with banks or other financial institutions are not allowed to be used for purposes other than the specific project development as provided in the agreement. Our subsidiaries may also be subject to certain financial ratios as provided in the loan agreements or trust financing agreements, such as debt asset ratio lower than a certain percentage. We cannot assure you that we will be able to abide by all restrictive covenants of any of our loan agreements in the future or obtain lenders' consents or waivers in a timely manner or at all. Should we fail to abide by these provisions, our lenders may be entitled to accelerate repayment of our loans, in which case our business, financial condition and results of operations will be adversely affected.

### **The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations and our LAT provisions and prepayments may not be sufficient to meet our LAT obligations**

In accordance with PRC regulations on LAT, all persons including companies and individuals that receive income from the sale or transfer of land use rights, properties and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the property. In 2011, 2012 and 2013, the approximate amount of LAT we paid was RMB275.7 million, RMB260.2 million and RMB243.4 million, respectively. Pursuant to a circular issued by the State

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Administration of Taxation, effective February 1, 2007, LAT obligations must be settled with the relevant tax bureaus within a specified time frame after the completion of a property project.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement of the same with the relevant tax authorities. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimate based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of LAT. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. As a result, our LAT expenses as recorded in a particular period may require subsequent adjustments. In 2011, 2012 and 2013, we recorded approximately RMB126.9 million, RMB318.3 million and RMB464.6 million, respectively, as current tax on LAT expenses. If we substantially underestimated LAT for a particular period, our LAT provisions and prepayments may not be sufficient to meet our LAT obligations and a payment of the additional LAT assessed and levied on us by the tax authorities could adversely affect our financial results for a subsequent period.

### **Fluctuations in the cost of labor and construction materials could adversely affect our business and financial performance**

Our labor cost has been increasing significantly within the Track Record Period. In addition, most of our building construction materials, such as steel and concrete, and equipment, such as elevators, doors and windows, sanitary wares and air-conditioning systems, are procured by the third-party construction contractors we engage. The cost of construction materials, such as steel and concrete, may continue to fluctuate from time to time. Therefore, any significant increase in the labor cost and cost of construction materials, particularly steel and concrete, will adversely impact our overall cost of sales. If we fail to pass any or all of the increased costs on to our customers, our profitability will be adversely affected.

### **Our property development business is subject to claims under statutorily-mandated quality warranties**

Under Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例), which became effective on August 6, 2005, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from the third-party contractors we hire with respect to our property projects. If a significant number of claims were brought against us under our warranties and if we were unable to fully cover our liabilities by enforcing the relevant quality warranties against the third-party contractors in a timely manner, or at all, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and materially adversely affect our business, financial condition and results of operations.

### **The regulatory authorities in China may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts**

Under PRC laws and regulations, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premiums and other fees, the specified use of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty, or reclaim our land. Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land premiums by the stipulated deadline, we may be subject to a late payment penalty at the rate of 0.1% of the

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unpaid land premium per day. If we fail to fully pay the land premiums within 60 days after the land grant contract became effective, the assignor is entitled to terminate the land grant contract and claim for indemnities. Furthermore, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the land authorities may serve a decision on levy of idle land fee on us and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years, the land is subject to forfeiture unless the delay in development is caused by government actions or by force majeure. Moreover, even if we commence development of the land in accordance with the land grant contract, if the area of the developed land is less than one-third of the area of the total site area of the land, or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land. In the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) promulgated by the State Council in 2008, the aforesaid policy was reinforced. This notice states, among other things, that the MLR and other authorities are required to conduct research on and commence drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the MLR issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterates the current rules regarding idle land. In September 2010, the MLR and MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its shareholders will be prohibited from participating in land bidding before any noncompliance or illegal behaviors in which it engages, such as (1) land idle for more than one year on its own reasons, (2) illegal transfer of land use rights, (3) noncompliance with the land development requirements specified in a land grant contract, and (4) crimes such as taking land by forging official documents and illegal land speculation, have been completely rectified. We cannot assure you that circumstances leading to imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. We and our associated companies had to apply to local governments for extension of deadlines for commencement of development of certain parcels of land in the past. While we have obtained all necessary extensions in the past, we cannot assure you that, if similar circumstances arise in the future, we will always be able to obtain such extensions. If we are deemed as holding land idle for more than one year without cause or are required to forfeit land, we may lose the opportunity to develop the relevant land, our investments in the land, including land premiums paid and development costs incurred, and our ability to bid for other land in the future, any of which could materially and adversely affect our business prospects, results of operations and financial condition.

We cannot assure you that regulations relating to idle land in China will not become more restrictive in the future. If we fail to comply with the terms of land grant contracts due to delays in our developments, or as a result of factors out of our control, we may not only lose the opportunity to develop the projects on such land, but may also lose all of our past investments in the land, which would materially and adversely affect our business, financial condition and results of operations.

**Our results of operations may vary significantly from period to period and such fluctuations make it difficult to predict our future performance and the price of our Shares**

We derive the majority of our revenue from the sale and the lease of properties that we develop. Our results of operations may fluctuate from period to period due to a combination of various factors, including the overall schedule of our property development projects, the level of acceptance of our properties by prospective customers, the timing and the amount of GFA for lease, pre-sale or sale, our revenue recognition policies and any changes in costs and expenses, such as land acquisition and construction costs. Our rental income is recognized on a time proportion basis over the lease terms. As to properties developed for sale, our property developments are often developed in multiple phases over the course of several years. Typically, as the overall development approaches completion, the sale prices of the properties in such developments tend to increase because a more marketable property is available to purchasers. Furthermore, according to our accounting policy for

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revenue recognition, we recognize revenue from the sales of our properties upon delivery to purchasers. Generally, there is a time difference, typically ranging within one to two years, between the time we commence pre-sale of properties under development and completion of properties. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold and the timing of completion of the properties we sell. Periods in which we pre-sell a large amount of aggregate GFA, however, may not necessarily be the periods in which we generate a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within such period. The effect of timing of delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to substantial capital requirements for land acquisition and construction costs as well as the limited supply of land. Our results of operations are further impacted by changes in fair values of our investment properties, either completed or under development.

Accordingly, our interim results for a certain period may not be indicative of our performance for that financial year or otherwise comparable to our results in previous periods. In addition, the period-to-period comparisons of our operating results may not be as meaningful as they would be for a company with a greater proportion of recurring revenues. If our operating results in one or more periods do not meet the market's expectations, the price of our Shares could be materially adversely affected.

**Our property management business will suffer if property owners do not retain us as the provider of property management services and this will also have an adverse effect on our reputation and brand**

We currently provide property management services to the tenants and residents of our business park office spaces and residential properties developed by us through our property management subsidiaries, Dalian Yida Property Management, Chengdu Yixing and Shenyang Yida Property Management. They also provide property management services to other properties that are developed by third parties. Under PRC laws and regulations, property owners of a residential development have the right to change the property management service provider upon the approval of a certain percentage of the property owners of that residential development. If owners of the properties that we have developed are not satisfied with our property management services, they may terminate our property management services or negatively comment on our property management services. In such case, our reputation and brand may be harmed, and the reputation of such properties may decline as a result. Furthermore, if subsequent property management companies appointed by such properties did not maintain the properties pursuant to our usual standards, the condition of our properties may decline, which may result in further damages to our reputation and brand. Damage to our reputation may also have an adverse impact on the future sales of our other properties, which may negatively affect our results of operations.

**If we were unable to successfully retain the services of our current key personnel and hire, train and retain senior executives and other skilled employees, our ability to develop and successfully market our properties could be harmed**

The growth and success of our business has depended significantly on certain members of our senior management, in particular, Mr. Sun Yinhuan, the chairman of the Board of Directors, Mr. Sun Yinfeng, the vice chairman of the Board of Directors, and Mr. Sun Yansheng, our chief executive officer. For details of our Directors and senior management, please refer to the section headed "Directors and Senior Management" in this prospectus. In addition, several other members of our management have served us for many years and have played, and are expected to continue to play, key roles in making major business decisions. If we lose the services of any of our senior management for any reason, we may not be able to find suitable replacements for them in the short time. As competition in the PRC for senior management and key personnel with experience in property development is intense and the pool of qualified candidates is limited, we may not be able to

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retain the services of key personnel, or hire, train and retain high quality senior executives or other skilled employees in the future. In addition, if any Director or any member of our senior management team or any of our other key personnel joins a competitor or carry on a competing business, we may lose customers and key professionals and staff members. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified persons. If we are unable to successfully retain the services of our current key personnel and hire, train and retain senior executives and other skilled employees, our ability to develop and successfully market our products could be harmed and our business and prospects could be adversely affected.

### **Potential liability for health and environmental problems could result in substantial costs**

We are subject to a variety of laws and regulations concerning the protection of health and the environment. Environmental laws can prohibit or severely restrict property development activities in environmentally sensitive regions or areas. Compliance with health and environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas. Please refer to the sections headed “Business — Environmental and Safety Matters” and “Business – Legal Proceedings” in this prospectus for details.

As required by PRC laws, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and environmental impact assessment documents were submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty for a project with respect of which environmental impact assessment documents have not been approved before commencement of construction. It is possible that there may be material environmental liabilities of which we are unaware, and which may have a material and adverse impact on our business.

### **We may be involved in legal and other disputes from time to time arising out of our operations and may face significant liabilities as a result**

We may from time to time be involved in disputes with various parties involved in the development and the sale of our properties, including contractors, suppliers, construction companies, business or joint venture partners and purchasers. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs related to any delay in project development and diversion of resources and management’s attention from our core business activities. Purchasers of our properties may take legal action against us if our developed properties are perceived to be inconsistent with our representations and warranties made to such purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, in respect of which we may face administrative proceedings and unfavorable decisions that may result in liabilities and cause delays to our property developments. We may be involved in other proceedings or disputes in the future that may have a material and adverse effect on our business, financial condition, results of operations or cash flows.

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

Under PRC laws, construction companies bear the primary civil liability for personal injuries arising out of their construction work. The owner of a property under construction may also bear liability supplementary to the liability of the construction company if the latter is not able to fully compensate the injured. The owner of the property may also bear civil liability for personal injuries, accidents and death if such personal injuries, accidents or death are caused by the fault of such owner.

We purchased insurance for all of our investment properties. The level of insurance coverage acquired for each of the investment properties may not be adequate to cover all losses. In addition, as

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of the Latest Practicable Date, none of the properties held and/or managed by us for investment were covered by loss of profits insurance. Furthermore, there are certain types of losses, such as losses due to war and civil disorder, for which insurance is not available on what we believe to be commercially reasonable terms in China. As a result, we have not purchased insurance to cover any such losses. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have adequate insurance coverage to provide sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. See “Business — Insurance.” Therefore, there may be instances when we will sustain losses, damages and liabilities because of our lack of insurance coverage, which may in turn materially adversely affect our financial condition and results of operations.

**We have been, and may in the future be, entrusted by local government to provide funding and certain services in connection with land development and resettlement operations which exposes us to certain risks relating to such arrangement**

We have been entrusted by local government to provide funding and certain services in connection with the land development and resettlement operations for Dalian BEST City Core Area since 2008. Pursuant to an agreement with us, the local government of Ganjingzi District, Dalian entrusted us to perform certain work on its behalf including, among others, compensation and resettlement of residents in the affected area, destruction of existing structures and clearing of the land, construction of infrastructure and public facilities, and overall zoning and design of the redeveloped area. We may enter into similar agreements with other local governments in the future. The work entrusted to us by the local government involves relatively long execution periods and significant capital resources and commitments are required over the course of the land development and resettlement periods. There is no assurance that such work can be executed and consummated as planned and in a timely manner. Any significant delay could result in substantial costs and a diversion of our managerial and financial resources. We are also required to provide funding for all costs and expenses relating to the work. While the local government agrees to reimburse us for such costs and expenses, the reimbursement is subject to verification and approval by the local government and there is no assurance that we will have all of our incurred costs and expenses fully reimbursed by the local government. After we finish our work under the agreement, we are required to hand over the land together with the completed infrastructure to the local government who will organize public bidding of the relevant land use rights. While we may be able to gain insights into the particular land parcels through our involvement in the land development and resettlement operations, which increases our chances of obtaining the relevant land use rights in the public bidding process, we are still required under the relevant PRC laws and regulations to go through the public tenders, auctions or listings-for-sale and, if we are successful in the public bidding, enter into land use right grant contracts and pay the relevant land premiums. As such, there is no assurance that we will be successful in securing the land use right grant contracts or obtaining the relevant land use rights certificates in respect of the land. In addition, there is currently no comprehensive or uniform regulations in the PRC relating to such cooperation with local governments, and there is no assurance that such agreements with local governments will be implemented as agreed and there are risks with respect to the enforcement of these agreements, particularly in light of their relatively long execution periods and, in some cases, potential changes in PRC government policies. Any of the above risks, if materialized, could adversely affect our business, financial condition, results of operations and prospects.

**We may be adversely affected by the use of our civil air defense property**

We may be adversely affected by the use of our civil air defense property. According to Law of the People’s Republic of China on National Defense (中華人民共和國國防法), Civil Air Defense Law of the People’s Republic of China (中華人民共和國人民防空法), Property Law of the People’s Republic of China (中華人民共和國物權法), Measures of the Development and Utilization of Civil Air Defense Construction during Peace Time (人民防空工程平時開發利用管理辦法), several Opinions regarding Further Advancing the Development of Civil Air Defense by the State Council and the Central Military Commission

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(國務院、中央軍委關於進一步推進人民防空事業發展的若干意見), the construction of new buildings in cities should contain certain basement areas which may be used for civil air defense purposes in time of war. As of March 31, 2014, our projects had total civil air defense area of approximately 195,914 sq.m., or 1.7% of our land bank, calculated based on the project designs for our projects which were completed or under development as of March 31, 2014 and have obtained relevant governmental approval or certificate. The civil air defense area of our projects was accounted as ancillary facilities and the associated costs have been allocated to cost of sales of other saleable GFAs, and therefore, such area has a carrying amount of zero. The civil air defense area of our projects is primarily leased out as car parks. In times of peace, such area can be used and managed by us and any revenue generated from the use of such areas belongs to us. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not be able to lease out our car parks which form a portion of our civil air defense area, and such area will no longer be a source of rental income. In addition, while our business operations have complied with the laws and regulations on civil air defense property mentioned above, we cannot assure you that such laws and regulations will not be amended in the future which may make it more burdensome for us to comply with and increase our compliance cost.

### RISKS RELATING TO OUR INDUSTRY

**The PRC property market is heavily regulated and subject to frequent introduction of new regulations, including measures by the PRC government to slow down the growth of the property sector, which may adversely affect property developers**

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign investment and currency exchange restrictions. From 2004 to 2013, the PRC government introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

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

In particular, the PRC government also introduced the following policies, among others, to specifically control the growth of the residential property market:

- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- increasing the minimum amount of down payment of the purchase price of the residential property of a family;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property; and



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- limiting the availability of individual housing provident fund loans for the purchase of second (or more) residential properties by laborers and their family members.

Please see the section headed “Regulatory Overview” in this prospectus for details.

Following a downturn in the PRC property market in late 2008 and early 2009, property prices and transaction volume began increasing sharply in the second half of 2009. This has led to imposition of further regulations and policies by the PRC government aimed at slowing down the property market. These measures resulted in downward pricing pressures on the PRC property market starting in the second half of 2011 and low transaction volumes the first half of 2012. Please see the section headed “Industry Overview” in this prospectus.

We cannot assure you that the PRC government will not implement further tightening measures to restrain the PRC property market at the national, provincial, municipal and/or local levels, in which case the declining trends in transaction volume and selling prices of properties in the PRC may continue or further intensify, and as a result, our financial condition and results of operations may be, and or may continue to be, adversely affected.

### **Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC government with respect to overseas investment**

The PRC government has introduced a number of policies and regulations aimed at regulating overseas investment in the property industry in the past few years. On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (關於規範房地產市場外資准入和管理的意見). On May 23, 2007, the MOFCOM and SAFE issued the Circular on the Reinforcement and Regulation of Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (關於進一步加強規範外商直接投資房地產業審批和監管的通知) (“**Notice 50**”). For further information, please refer to the section headed “Summary of Constitution of the Company and Cayman Islands Company Law – Foreign Investment in Property Development” in Appendix V to this prospectus.

On May 10, 2013, SAFE issued the Circular of the State Administration of Foreign Exchange on Printing and Distributing the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors and Relevant Supporting Documents (國家外匯管理局關於印發《外國投資後境內直接投資外匯管理規定》及配套文件的通知). According to this circular, local branches of the SAFE must not register any foreign debt of a FIREE unless it obtained approval for its new establishment or capital increase from the local MOFCOM branches and filed such approval with the MOFCOM. This circular is another restrictive measure taken by the PRC government to limit foreign investment in the PRC property market. Pursuant to the requirements in the above circulars, we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our operations, engage in new project developments or operations or increase the registered capital of our PRC-domiciled foreign-invested subsidiaries in the future.

On December 24, 2011, the MOFCOM and the NDRC jointly issued a revised Foreign Investment Industrial Guidance Catalog (外商投資產業指導目錄), which became effective on January 30, 2012, and provided, among other things, that the development and construction of high-end hotels and office buildings by foreign-invested enterprises is restricted. None of our projects under development is high-end hotels and office buildings. If in the future we also develop high-end hotels or office buildings, in which case the development of such properties will be subject to the review and approval by the MOFCOM.

Pursuant to the requirements in the above-mentioned circulars, we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our operations, engage in new project developments or operations or increase the registered capital

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of our PRC foreign-invested subsidiaries in the future. If the PRC government promulgates further policies or regulations to further regulate or restrict foreign investment in the PRC property industry and if these policies or regulations have a direct application to our business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially adversely affected.

### **The PRC property market is highly competitive**

The property market in China has been highly competitive. We compete with domestic and overseas property developers in the cities where we have operations. We may seek to further enhance our market presence in these cities amid intense competition. Many of our competitors, including overseas listed foreign developers and top-tier domestic developers, may have more financial or other resources than us. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, surplus in property supply leading to property price decline, further delays in issuance of governmental approvals, and higher costs to attract or retain talented employees. If we fail to compete effectively, our business, financial condition and results of operations will suffer.

### **RISKS RELATING TO THE PRC**

#### **PRC economic, political, social conditions as well as government policies could adversely affect our business, prospects, financial condition and financial results**

We conduct our business operations in the PRC. The PRC economy differs from the economies of most of the developed countries in many aspects, including:

- political structure;
- level of the PRC government involvement and control;
- growth rate and level of development;
- level and control of capital investment and reinvestment;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For approximately three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. We cannot predict whether changes in the PRC's economic, political and social conditions and in its laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. For example, the PRC government has in the past implemented a number of measures intended to curtail certain segments of the economy, including the real estate industry, which the government believed to be overheating. These actions, as well as other actions and policies of the PRC government, could cause a decrease in the overall level of economic activity in the PRC and, in turn, have an adverse impact on our business and financial condition.

#### **The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics**

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy,

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infrastructure and livelihood of the people in China. Some cities in China may be under the threat of flood, earthquake, rainstorm or drought. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS, H5N1 avian flu, H1N1 influenza or an outbreak of any other epidemics in China, including the spread of H7N9 avian influenza virus, especially in the cities in which we operate, may result in material disruptions to our property development projects and our sales and marketing efforts, which in turn may adversely affect our business, financial condition and results of operations.

### **Fluctuations in the value of the Renminbi may have a material and adverse impact on your investment**

Substantially all of our revenues and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends, if any, we pay on our Shares will be in Hong Kong dollars. Any appreciation in the Renminbi against the Hong Kong dollar or U.S. dollar will adversely affect the relative value of the proceeds we will receive from the Global Offering. A depreciation in the Renminbi, on the other hand, would adversely affect the value of any dividends, if any, we pay to our Shareholders in foreign currencies, or require us to use more Renminbi funds to service the same amount of any foreign debt.

Fluctuations in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. The Renminbi has been unpegged from the U.S. dollar since 2005 and, although the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rate, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the future.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced currency volatility. As of the Latest Practicable Date, we had not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

### **PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using proceeds we receive from the Global Offering to make loans or additional capital contributions to our PRC subsidiaries**

Any loans to our PRC subsidiaries are subject to PRC regulations and foreign exchange loan registrations. Any loans by us to our other PRC subsidiaries to finance their activities, which cannot exceed statutory limits, must be registered with the local counterpart of the SAFE. Any capital contributions by us to other PRC subsidiaries must be approved by MOFCOM or its local counterpart in advance.

The SAFE issued the "Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises" (《國家外匯管理局綜合司關於完善外商投資企業外匯資金支付結匯管理有關業務操作問題的通知》) ("**Notice 142**") in August 2008, which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise may only be used for purposes within the business scope of the relevant foreign invested companies approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise. Violations of Notice 142 will result in severe penalties, such as heavy fines set out in the relevant foreign exchange control regulations. We cannot assure you that we will be able to obtain all or any of the approvals required for making loans or additional capital contributions to our

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PRC subsidiaries using the proceeds from the Global Offering in a timely manner, or at all. Accordingly, we may not be able to make use of all or any of the proceeds from the Global Offering to extend loans or make additional capital contributions to our PRC subsidiaries.

### **The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares**

Currently, the Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange businesses. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE.

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue to be come into effect in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially and adversely affected.

### **Interpretation of PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to you**

Our business is conducted in mainland China and is governed by PRC laws and regulations. Substantially all of our subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have little precedential value and can only be used as a reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree, sometimes a significant degree, of uncertainty. Depending on the government agency or how or by who an application or case is presented to such agency, we may receive less favorable interpretation of laws and regulations than our competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may limit the legal protections available to foreign investors, including you.

### **We may be deemed a PRC resident enterprise under the CIT Law and be subject to PRC taxation on our worldwide income**

Under the CIT Law, which came into effect on January 1, 2008, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and their global income will generally be subject to the uniform 25% CIT rate. Under the

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## RISK FACTORS

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Implementation Rules for the CIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Substantially all of our management is currently based in China and may remain in China. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of “de facto management bodies” for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents, as in our case. Therefore, we may be treated as a PRC resident enterprise for PRC CIT purposes. The tax consequences of such treatment are currently unclear as they will depend on how PRC finance and tax authorities apply or enforce the CIT Law and the Implementation Rules.

### **Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax law**

Under the CIT Law and its implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable by a PRC “resident enterprise” to investors that are “non-resident enterprises” (those enterprises that do not have an establishment or place of business in the PRC, or those that have such an establishment or place of business but the relevant income of which is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Similarly, any gain realized on the transfer of shares by such enterprises is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. If we are regarded as a PRC “resident enterprise,” it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realize from the transfer of our Shares, will be treated as income derived from sources within the PRC and be subject to PRC income tax. This will depend on how the PRC tax authorities interpret, apply or enforce the CIT Law and the implementation rules. One example of a limitation on the 10% withholding tax is that, pursuant to a tax treaty between the PRC and Hong Kong, which became effective on December 8, 2006, a company incorporated in Hong Kong is subject to withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% or greater interest in the PRC company, or 10% if it holds an interest of less than 25% in the PRC company. If we are required under the CIT Law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

### **We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the PRC real estate industry contained in this prospectus**

Facts, forecasts and other statistics in this prospectus relating to China, the PRC economy and the PRC real estate industry have been derived from the DTZ Report. However, we cannot guarantee the quality or reliability of such materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. We have, however, taken reasonable care in the reproduction and/or extraction of the official government publications for the purpose of disclosure in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the PRC real estate industry contained in this prospectus.

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## RISK FACTORS

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### RISKS RELATING TO THE GLOBAL OFFERING

**There has been no prior public market for our Shares and their liquidity and market price may be volatile**

Prior to the Global Offering, there was no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among us and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for the listing of, and permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop or, if it does develop, will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering. In addition, there can be no assurance that the Global Offering will result in the development of an active and liquid public trading market for our Shares. In particular, we expect 54.66% of the Shares sold in the Global Offering (assuming the Over-allotment Option is not exercised) will be issued to cornerstone investors who have agreed that, without the prior written consent of our Company and subject to certain exceptions, they will not dispose of any of the Shares they subscribed for in the Global Offering during the six months following the Listing Date. See “Cornerstone Investors.” All of our existing shareholders have also agreed that, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators, they will not dispose of any of the Shares during the six months following the Listing Date. As such, the number of our Shares available for sale will be significantly limited during the six months following the Listing Date, which may negatively impact the activity level of trading in our Shares and hinder the development of an active and liquid public trading market for our Shares during such period.

Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- announcements of new projects or land acquisitions by us or our competitors;
- reduction of or restriction on financing for the property industry or housing market;
- changes in management or other key personnel of us or of our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in laws, regulations and policies affecting our industry in China;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us, the Controlling Shareholders or other shareholders.

You should note that the stock prices of listing companies in the property industry have experienced wide fluctuations. Such market fluctuations may also adversely affect the market price of

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## RISK FACTORS

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our Shares. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Shares.

**The market price and trading volume for our Shares may be volatile.**

The price and trading volume of our Shares may be highly volatile and may not always accurately reflect the underlying value of our business. Factors such as variations in our revenues, net profit and cash flows and announcements of new investments, strategic alliances and acquisitions, could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade and investors may realize less than the original sum invested. We cannot assure you that these developments will not occur in the future. In addition, shares of other companies listed on the Stock Exchange have experienced substantial price volatility in the past, and it is possible that our Shares will be subject to changes in price that may not be directly related to our financial or business performance.

**Substantial future sales or perceived sales of our Shares in the public market could cause the price of our Shares to decline.**

Sales of our Shares in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Shares to decline. Upon completion of the Global Offering, we will have 2,580,000,000 Shares outstanding, or 2,667,000,000 Shares outstanding if the Underwriters exercise their Over-allotment Option. Holders of our Shares, including holders of share options, will be able to sell their Shares upon the expiration of certain lock-up periods. Please see the section of this prospectus titled "Underwriting." We cannot predict what effect, if any, market sales of securities held by our significant Shareholders or any other Shareholders or the availability of these securities for future sale will have on the market price of our Shares.

**Because the Offer Price is higher than our net tangible book value per Share, you will incur immediate dilution and you may experience further dilution if we issue additional Shares or equity-linked securities in the future**

The Offer Price of the Shares is higher than the net tangible book value per share issued to existing holders of our Shares. Therefore, purchasers of the Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value while the existing holders of our Shares will receive an increase in net tangible book value per share of their Shares. In addition, if we issue additional Shares or equity-linked securities in the future, purchasers of our Shares may experience further dilution in the net tangible assets book value per Share the additional Shares are issued at a price lower than the net tangible assets book value per Share at the time of their issuance.

**You may have difficulties in protecting your interests because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or other jurisdictions**

We are a Cayman Islands company and our corporate affairs are governed by the Cayman Companies Law and common law of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interest of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Therefore, remedies available to the minority shareholders of our Company may be less effective than those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix IV to this prospectus for further information.

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## RISK FACTORS

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**It may be difficult to effect service of process upon us or our Directors or executive officers who reside in mainland China or to enforce against them in mainland China any judgments obtained from non-PRC courts**

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

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

**We cannot guarantee that we will pay dividends**

Any declaration of dividends will be proposed by our Directors and the amount of any dividends will depend on various factors, including, without limitation, market conditions, our strategic plans and prospects, our business opportunities, our financial condition and operating results, working capital requirements and anticipated cash needs, contractual restrictions and obligations, payments by subsidiaries of cash dividends to us and legal, tax and regulatory restrictions, and other factors that the Directors deem significant from time to time. For further details of our dividend policy, please see “Financial Information — Dividend Policy.” We cannot guarantee if and when we will pay dividends in the future.



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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) (as amended) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus. Our Directors confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

### **UNDERWRITING**

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around June 20, 2014, subject to the Offer Price being agreed. The Global Offering is managed by the Joint Global Coordinators.

### **RESTRICTIONS ON OFFER OF THE OFFER SHARES**

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or Application Forms in any jurisdiction other than Hong Kong.

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Save as disclosed in this prospectus, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

### **COMMENCEMENT OF DEALINGS IN THE SHARES**

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, June 27, 2014. The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares will be 3639.

### **ADMISSION OF THE SHARES INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

All Offer Shares will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK\$5 is charged on each instrument of transfer (if required).

### PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

### EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates.

Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rate:

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

HK\$1.00 : RMB0.79342 (being the prevailing exchange rate on June 13, 2014 set by the PBOC)

HK\$7.7523 : US\$1.00 (being the noon buying rate in the City of New York for cable transfers as certified by the Federal Reserve Bank of New York on May 30, 2014)

### LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

### ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### DISCLAIMER ABOUT MAPS

All maps in this prospectus are provided only for illustrative purposes and are not drawn to scale. Neither are they intended to accurately show the size or exact location of our property development projects or of the labeled or otherwise indicated sites or districts, nor do they provide exhaustive or precise information on all sites located within the area of the maps.

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## WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

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### MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our core business and operations are substantially based in the PRC. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules on the following conditions:

- (1) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we will comply with the Listing Rules at all times. The two authorized representatives appointed are Mr. Sun Yansheng, our executive Director and Mr. Law Siu Wo, our company secretary. Mr. Law Siu Wo is an ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable). Each of the two authorized representatives will be authorized to communicate on our behalf with the Stock Exchange.
- (2) Each of the authorized representatives has means to contact all members of our Board (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, we will implement a policy that (a) each Director will have to provide his office phone number, mobile phone number, fax number and email address (if applicable) to our authorized representatives; (b) in the event that a Director expects to travel or is out of office, he will provide the phone number of the place of his accommodation to the authorized representatives; and (c) each Director and authorized representatives will provide their respective office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the Stock Exchange.
- (3) In addition, each of the Directors (including the independent non-executive Directors), who is not an ordinarily resident in Hong Kong, has confirmed that he possesses or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the relevant officers of the Stock Exchange within a reasonable period.
- (4) In compliance with Rule 3A.19 of the Listing Rules, our Company has appointed a compliance adviser to act as the alternate channels of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The contact person of the compliance adviser will be fully available to answer enquiries from the Stock Exchange.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

Name	Address	Nationality
<b>Executive Directors</b>		
Mr. Sun Yinhan (孫蔭環)	4-2 No. 27 Lianhua Street Shahekou District Dalian City Liaoning Province PRC	Chinese
Mr. Sun Yinfeng (孫蔭峰)	1-11-1 No. 198 Zhongqing Street Zhongshan District Dalian City Liaoning Province PRC	Chinese
Mr. Sun Yansheng (孫燕生)	2-3 No. 42 Jingshan Alley Shahekou District Dalian City Liaoning Province PRC	Chinese
Mr. Jiang Xiuwen (姜修文)	4-2 No. 769 Huanghe Road Shahekou District Dalian City Liaoning Province PRC	Chinese
Mr. Gao Wei (高煒)	1-1-2 No. 6 Zhiyin Garden Shahekou District Dalian City Liaoning Province PRC	Chinese
Mr. Wen Hongyu (閻宏宇)	3-5-2 No. 3 Fuguo Street Shahekou District Dalian City Liaoning Province PRC	Chinese
<b>Independent Non-executive Directors</b>		
Mr. Ip Yuk Chi Eddie (葉毓池)	C2, 17/F Greenville Gardens 14-17 Shiu Fai Terrace Hong Kong	Chinese
Mr. Yip Wai Ming (葉偉明)	Flat H, 38th Floor Tower 6, Sorrento 1 Austin Road West Kowloon Hong Kong	Chinese
Mr. Guo Shaomu (郭少牧)	Block 31, 28th Floor Baguio Villa 550 Victoria Road Hong Kong	Chinese

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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Further information about the Directors and other senior management members are set out in the section headed “Directors and Senior Management” in this prospectus.

### PARTIES INVOLVED

#### Sole Sponsor

#### **Deutsche Securities Asia Limited**

Level 52  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

#### Joint Global Coordinators

#### **Deutsche Bank AG, Hong Kong Branch**

Level 52  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

#### **Citigroup Global Markets Asia Limited**

50th Floor, Citibank Tower  
Citibank Plaza, 3 Garden Road, Central  
Hong Kong

#### **Morgan Stanley Asia Limited**

Level 46, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

#### Joint Bookrunners

#### **Deutsche Bank AG, Hong Kong Branch**

Level 52  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

#### **Citigroup Global Markets Asia Limited**

50th Floor, Citibank Tower  
Citibank Plaza, 3 Garden Road, Central  
Hong Kong

#### **Morgan Stanley Asia Limited**

Level 46, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

#### **CMB International Capital Limited**

Units 1803-4, 18th Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

#### **CCB International Capital Limited**

12/F, CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

#### **GF Securities (Hong Kong) Brokerage Limited**

29-30/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Joint Lead Managers

**Deutsche Bank AG, Hong Kong Branch**  
Level 52  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

**Citigroup Global Markets Asia Limited**  
50th Floor, Citibank Tower  
Citibank Plaza, 3 Garden Road, Central  
Hong Kong

**Morgan Stanley Asia Limited**  
Level 46, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

**CMB International Capital Limited**  
Units 1803-4, 18th Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

**CCB International Capital Limited**  
12/F, CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

**GF Securities (Hong Kong) Brokerage Limited**  
29-30/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

### Reporting Accountants

**Ernst & Young**  
*Certified Public Accountants*  
22/F CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

### Legal advisors to the Company

*As to Hong Kong and United States laws:*  
**Sidley Austin**  
Level 39, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*As to PRC law:*  
**Commerce & Finance Law Offices**  
6F, NCI Tower  
A12 Jianguomenwai Avenue  
Chaoyang District  
Beijing  
China

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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	<p><i>As to Cayman Islands law:</i> <b>Conyers Dill &amp; Pearman (Cayman) Limited</b> Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1 – 1111 Cayman Islands</p>
<b>Legal advisors to the Sole Sponsor and the Underwriters</b>	<p><i>As to Hong Kong and U.S. laws:</i> <b>Simpson Thacher &amp; Bartlett</b> ICBC Tower, 35/F 3 Garden Road Central Hong Kong</p> <p><i>As to PRC law:</i> <b>Jingtian &amp; Gongcheng</b> 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing China</p>
<b>Property Valuer</b>	<p><b>DTZ Debenham Tie Leung Limited</b> 16/F Jardine House 1 Connaught Place Central Hong Kong</p>
<b>Industry Consultants</b>	<p><b>DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd.</b> 42-43/F, Tower 2 Plaza 66 1366 Nanjing West Road Jingan District Shanghai China</p>
<b>Compliance Adviser</b>	<p><b>Quam Capital Limited</b> 18/F-19/F China Building, 29 Queen's Road Central, Hong Kong</p>
<b>Receiving Banks</b>	<p><b>The Bank of East Asia, Limited</b> Bank of East Asia Building 10 Des Voeux Road Central Hong Kong</p> <p><b>Wing Lung Bank Limited</b> Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong</p>



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## CORPORATE INFORMATION

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<b>Registered Office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Headquarters and principal place of business in the PRC</b>	Block 4, Yida Plaza 93 Northeast Road Shahekou District Dalian, PRC
<b>Principal place of business in Hong Kong</b>	Suites 2903-05 29th Floor AIA Central 1 Connaught Road Central Hong Kong
<b>Company's website</b>	<a href="http://www.yidachina.com.cn">www.yidachina.com.cn</a> <i>(information contained in this website does not form part of this prospectus)</i>
<b>Company Secretary</b>	Mr. Law Siu Wo <i>HKICPA, AICPA</i>
<b>Authorized Representatives</b>	Mr. Sun Yansheng 2-3 No. 42 Jingshan Alley Shahekou District Dalian City Liaoning Province PRC  Mr. Law Siu Wo Flat F, 17th Floor 103 Robinson Road Hong Kong
<b>Audit Committee</b>	Mr. Yip Wai Ming ( <i>Chairman</i> ) Mr. Ip Yuk Chi, Eddie Mr. Guo Shaomu
<b>Remuneration Committee</b>	Mr. Ip Yuk Chi, Eddie ( <i>Chairman</i> ) Mr. Jiang Xiuwen Mr. Guo Shaomu
<b>Nomination Committee</b>	Mr. Sun Yinhuan ( <i>Chairman</i> ) Mr. Ip Yuk Chi, Eddie Mr. Yip Wai Ming
<b>Principal Share Registrar</b>	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-111 Cayman Islands

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## CORPORATE INFORMATION

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**Hong Kong Share Registrar**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17<sup>th</sup> Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

**Principal Bankers**

The Export-import Bank of China  
Chemsunny World Trade Center West  
Fuxingmen Nei Avenue  
Xicheng District  
Beijing

Agricultural Bank of China Dalian Branch  
No. 10, Zhongshan Road  
Zhongshan District  
Dalian

China Minsheng Bank Dalian Branch  
No. 4A, Wuwu Road  
Zhongshan District  
Dalian

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## INDUSTRY OVERVIEW

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*The information and statistics set forth in this section and elsewhere in this prospectus have been derived from various official and government publications, publicly available market research sources and from the market research report prepared by DTZ Shanghai, which was commissioned by us, unless otherwise indicated. We believe that the sources of such information are appropriate and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other party involved in the Global Offering or any of our or their respective directors, officers, representatives, affiliates or advisers and no representation is given as to its correctness, accuracy and completeness. Certain information and statistics included, including those excerpted from official and government publications and sources in China, may not be consistent with other information and statistics compiled within or outside China by third parties. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the DTZ Report, which may qualify, contradict or have an impact on the information as disclosed in this section.*

### SOURCES OF INFORMATION

In connection with the Global Offering, we commissioned the DTZ Report from DTZ Shanghai for use in part in this prospectus to provide prospective investors with information relating to the PRC economy, the real estate market and market of business parks in the PRC, in which we operate. DTZ Shanghai has charged us a total fee of RMB850,000, for the preparation of the DTZ Report, which we believe is in line with the market rate for such report.

DTZ Shanghai is the market consulting division of DTZ Holdings plc. DTZ Holdings plc is a global real estate adviser, which offers a range of services including investment agency, leasing agency, property and facilities management, project and building consultancy, investment and asset management, market research and forecasting, and valuation. DTZ Holdings plc has 208 offices in 52 countries.

The market research report was prepared by DTZ Shanghai based on data from the PRC government, renowned research institutions and the proprietary databases of DTZ Holdings plc. In the course of research, DTZ Shanghai conducted interviews with local marketing agents and market observers in the business park and residential sectors.

The following set out the main reasons why DTZ Shanghai adopted the above sources of information and considered them as reliable:

- It is general market practice to adopt official data and announcements from various Chinese government agencies; and
- The information obtained from interviews is for reference only and the findings in this report are not based on the results of these interviews. Nevertheless, DTZ Shanghai has proven track records in providing market research studies to government and private clients in the regions where the DTZ Report covers.

While preparing the DTZ Report, DTZ Shanghai has relied on the assumptions listed below:

- All published data by statistics bureaus of the PRC Government are true and correct;
- All collected information relating to residential sales transactions from the relevant local housing administrative bureaux are true and correct; and
- All land transaction records collected from the Land Resources Administrative Bureau are true and correct.

### OVERVIEW OF THE PRC ECONOMY

The PRC's economy grew at a CAGR of approximately 10% between 2008 and 2011. In 2013, its annual GDP was approximately RMB56.9 trillion, representing a growth rate of 7.7% as compared to 7.8% in 2012. The concept of stable development is prioritized in the Twelfth Five-Year Plan, which stipulates that the annual GDP growth rate shall be maintained at approximately 7%.

## INDUSTRY OVERVIEW

### THE PRC REAL ESTATE MARKET

#### Macro Supply of the PRC Real Estate Markets

Impacted by a series of tightening measures targeted at property market, there has been a deceleration in the growth of investments in real estate since 2010. However, the total amount of investments maintained at a historical high level. In 2012, there was a sign of monetary policy easing of the property market which stimulated the investments made by property developers. In 2013, investments in real estate amounted to RMB 8,601.3 billion, representing a year-on-year growth of 19.8%.

There have been signs of deceleration in the PRC property market since the beginning of 2014. According to the National Bureau of Statistics of China, sales of commodity properties in China decreased by 7.8% in the first four months of 2014 as compared to the same period in 2013. Sales of residential properties and office buildings decreased by 9.9% and 10.2%, respectively, and sales of commercial and business properties increased by 3.5%, in the first four months of 2014 as compared to the same period in 2013. Total area of commodity properties sold in China decreased by 6.9% in the first four months of 2014 as compared to the same period in 2013. Total area of residential properties and office buildings sold decreased by 8.6% and 0.2%, respectively, and total area of commercial and business properties sold increased by 3.4%, in the first four months of 2014 as compared to the same period in 2013. Total investments in real estate amounted to RMB2,232.2 billion in the first four months of 2014, representing an increase of 16.4% over the same period in 2013.

#### Market Share and Ranking of Our Group

Following table sets forth the ranking and market share of Our Group in Dalian, Liaoning Province in terms of total sales of residential properties, and the ranking and market share of Our Group in Dalian, Liaoning Province and in the PRC in terms of total GFAs of completed business park projects, and total GFAs of business park projects to be completed by the end of the next three years.

	Market share in Dalian	Ranking in Dalian	Market share in the PRC	Ranking in the PRC
Residential properties: Total sales in 2013 . . . . .	8.2%	#1	N/A	N/A
Business park projects: Total completed GFA . . . . .	76.4%(1)	#1	2.6%(3)	#1
Business park projects: Total GFA to be completed by the end of the next three years . . . . .	72.5%(2)	#1	3.3%(4)	#1

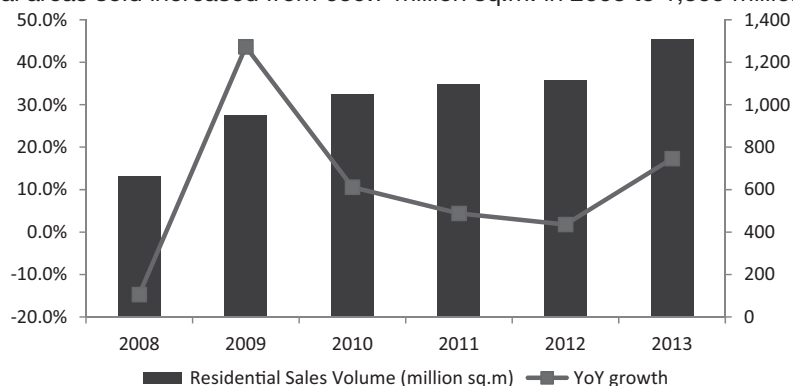
Data source: DTZ Shanghai; Dalian Real Estate Registration Center

Notes:

- (1) Total GFAs of completed business park projects of Yida is 3,360,000 sq.m, while total GFAs of completed business park projects in Dalian is 4,340,000 sq.m.
- (2) Total GFAs of business park projects to be completed in the next three years of Yida is 6,560,000 sq.m, while total GFAs of business park projects to be completed by the end of the next three years in Dalian is 9,230,000 sq.m.
- (3) Total GFAs of completed business park projects in PRC is 114,680,000 sq.m.
- (4) Total GFAs of business park projects to be completed by the end of the next three years in PRC is 208,980,000.

#### Macro Demand of PRC Real Estate Markets

Set forth below is a diagram showing the trend for the total areas sold in the PRC real estate market. The total areas sold increased from 659.7 million sq.m. in 2008 to 1,305 million sq.m. in 2013.



Data source: National Bureau of Statistics of China, DTZ Shanghai.

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## INDUSTRY OVERVIEW

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Set forth below is a table showing changes in sale areas of different types of commodity houses for the periods indicated.

Year	2008	2009	2010	2011	2012	2013
Growth rate of area sold for residential units . . . . .	(15.5)%	45.4%	8.3%	3.4%	2.0%	17.5%
Growth rate of area sold for office buildings . . . . .	(21.0)%	33.5%	22.4%	6.1%	12.4%	27.9%
Growth rate of area sold for commercial and business units . . . . .	(9.4)%	26.7%	31.4%	12.5%	(1.4)%	9.1%
Growth rate of area sold for other commodity houses . . . . .	19.6%	28.0%	47.5%	18.4%	(4.8)%	23.1%

*Data source: DTZ Shanghai.*

The sales areas for residential properties were mostly affected by the macro-economic tightening policy. The sales areas for office buildings and commercial use properties have shown rapid growth after heavily impacted by the global economic crisis in 2008. Strong demand for office and commercial use properties will promote the development of the business park market.

### THE MARKET OF BUSINESS PARKS IN THE PRC

#### Definition of Business Parks in the PRC

Business parks are located at non-traditional city centers or non-CBD but can be conveniently accessed by transportation. Business parks not only include office buildings, but also provide multi-functional ancillary facilities specially designed for knowledge-based companies or divisions, and residential properties. Business parks are also characterized by low plot ratio, low density, high landscaping ratio as well as high degree of self-sufficiency. Main aspects of business parks include the following features:

**Scale of land use.** Lower density compared with that of urban centers. Land for business park office buildings is typically classified for R&D, commercial or industrial use.

**Location.** Non-traditional urban centers or non-CBD districts located at periphery of the business zones of traditional town centers, excluding the area of rural counties in cities.

**Transportation.** Accessible by a number of highways and two or more urban main roads.

**Functions of the park.** Provide multi-functional ancillary facilities so as to enhance the experience and satisfy the residential and leisure requirements of corporate clients. Typical business park includes at least two or more of the following five functions: administration, commerce, hotel, residence and public ancillary facilities.

**Patterns of the park.** Compared with the pattern in urban centers where high-rise buildings prevail, business parks are featured with the numerous clusters of low-rise structures with plot ratio of approximately 1.5, less than 10 stories and landscaping ratio higher than 35%;

**Characteristics of customers.** Knowledge-based companies or divisions which require a good working environment in order to improve the quality of work, including companies such as software, R&D, as well as creative industries; enterprises which require separate working environment for unified resources management, such as back office centers and outsourcing bases; enterprises which emphasize on the coordination of internal management, and enterprises which are not required to be set up in CBD where the commercial cost is high, or which attaches strong emphasis on corporate image, such as the headquarters of a company.

**Industrial agglomeration.** Emphasize on agglomeration of companies within similar industries or along the value chain to achieve interactive sharing of information and resources and division of labor within the business park.

## INDUSTRY OVERVIEW

### Overview of Business Parks in the PRC

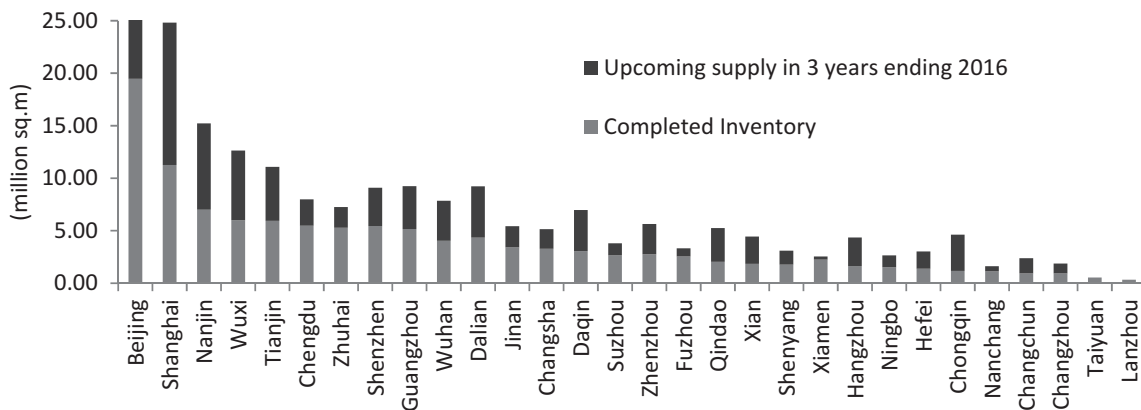
The demand for high quality business park has been driven by (i) the strong growth in demand for the expansion of R&D and business outsourcing segments of knowledge-based enterprises, especially in the software, information services, business services, technology outsourcing and biomedicine industries, (ii) demand from enterprises which hope to set up office in a decent environment outside the city centre where the rental cost is high and (iii) the government's strategy to enhance the economic value chain and support its policy for the conglomeration of R&D and business process outsourcing services. As of December 31, 2013, total business park area completed was 114.7 million sq.m., and 94.3 million sq.m. are in the pipeline for the next three years ending 2016.

Analysis in relation to the business park market was based on a survey on 414 business parks in the PRC conducted by DTZ Shanghai (the “**Surveyed Business Parks**”). DTZ Shanghai considers the Surveyed Business Parks to be a fair representation of the overall business park market in the PRC. The surveyed 414 business parks were selected based on the following criteria: (i) they are completed or will be completed within three years; (ii) they have a scale above 10,000 sq.m; and (iii) they are located in one of the 30 cities that have (a) a relatively long history of business park development; (b) a stronger industry base of business parks; (c) one to two National Torch Program Software Industrial Bases (國家軟件火炬產業基地); and (d) strong capability in outsourcing services.

The analysis did not include industrial parks or projects developed for their own use by enterprises due to their different nature from that of the business parks defined by DTZ Shanghai. The upcoming supply of the Surveyed Business Parks in the next years is based on interviews that DTZ Shanghai conducted with the park manager and publicly disclosed development plans of the parks.

At the same time, according to the DTZ Report, on the 154 business parks dominated by IT and services outsourcing industries (the “**Surveyed IT Business Parks**”) out of the Surveyed Business Parks, the total area developed at present is 57.6 million sq.m., representing 50.2% of total area of the Surveyed Business Parks. An additional area of 46.5 million sq.m. of such type of business parks are in the pipeline for the next three years ending 2016.

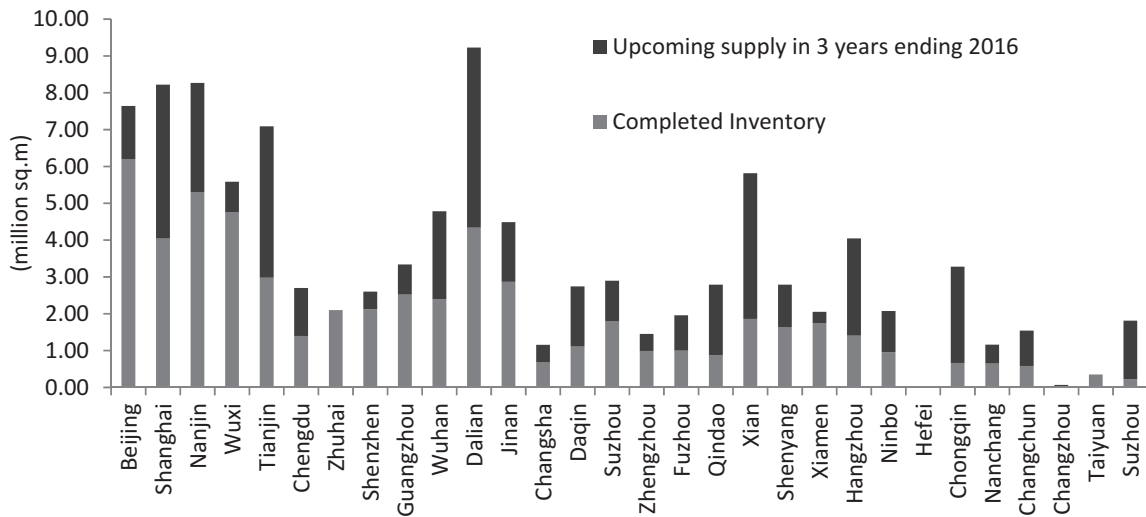
Set forth below is a table showing the completed areas and upcoming supply of the Surveyed Business Parks. Units are denominated in million sq.m.



Data source: DTZ Shanghai.

## INDUSTRY OVERVIEW

Set forth below is a table showing the completed areas and upcoming supply of the Surveyed IT Business Parks.



Data source: DTZ Shanghai.

### Future Driving Force of Business Parks in the PRC

The future driving force of business parks in the PRC mainly comes from two aspects, organic growth and structural growth.

#### Organic Growth

The organic growth mainly comes from the industries that accounted for a high percentage of tenants in business parks, such as software industry, electronic information industry and biomedicine industries. According to the DTZ Report, 50.2% of business parks are dominated by software industry companies.

#### Development Trends and Prospects of Software Industry

The domestic software and information services outsourcing industry in the PRC is in a development phase with steady growth over the years. The industrial scale increased steadily from RMB760 billion in 2008 to RMB2,500 billion in 2012, representing a CAGR of 34.8%. The rapid growth of the industry was attributable to steady economic growth in mainland China, the expanding domestic market and the international market. The number of enterprises in the domestic software and information services outsourcing industry in the PRC continued to grow over the years. With the further implementation of the service outsourcing talents subsidy policy at the central and local government levels, the scale of participants in the software and information services outsourcing industry continues to grow and increased from 1.6 million people in 2008 to 5.3 million people in 2012, with an average annual growth rate between 30% to 38%.

#### Development Trends and Prospects of the Other Key Industries

In 2010, the sales revenue of the electronic information and communication industries in the PRC amounted to RMB 6,395 billion, representing an increase of 106% as compared to RMB 3,101 billion in 2005 and a CAGR of more than 15% over the six years. In 2013, the construction of communication network was expected to become the focus of infrastructure investment and estimated to reach RMB 2 trillion during the “Twelfth Five-Year” period, which is significantly higher compared to RMB 1.5 trillion during the “Eleventh Five-Year” period.

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## INDUSTRY OVERVIEW

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The bio-industry has become part of the national strategic emerging industry system. In December 2012, the “Bio-industry development plan” issued by the State Council defined the main tasks of biomedical development. It is predicted that by the end of 2013, the scale of the biomedical industry in the PRC will reach RMB 1.2 trillion.

Financial back office centers, such as bank card centers, call centers and data disaster recovery centers, are relatively detached from the front office operations of financial institutions. In recent years, more and more back office centers are separated from their headquarters and have been gradually relocated into the business parks in city suburbs.

### **Structural Growth**

The structural growth is mainly attributable to (i) rental advantage of business parks, (ii) the constant promotion of urbanization process in the PRC, increasing R&D activities and (iii) the industrial policy support from the government.

#### *Rental Advantage of Business Parks*

The rental level of offices in business parks is generally 30% to 50% of the rental levels of offices in city centers, which offers an obvious benefit in pricing. This factor makes the office properties in business parks more attractive to the enterprises that are more cost-sensitive, especially for those enterprises that pay less attention to external image, such as R&D high-tech enterprises and software and services outsourcing enterprises.

#### *Development of Urbanization Process*

The enhancement of urbanization process will promote office agglomeration to reduce wastage of resources and enhance the resource utilization efficiency by sharing resource, information and hardware. The development of business parks has become a platform of such development. Enterprises such as IBM China Research Laboratory, Oracle Software R&D Center and the Lenovo Group have chosen to relocate their offices from CBDs to business parks, allowing a higher efficiency in the utilization of human resources, information resources and hardware resources.

As the pace of urbanization continues, the infrastructure and transportation network in city suburbs are expected to gradually improve. The improvement of infrastructure and transportation network promotes the overall construction of city suburbs and provides foundation for the development of business parks and enhances the influx of office workers and resident population.

#### *Increasing R&D activities*

The expenditure for R&D in the PRC maintained an annual growth rate of 20% or above. According to the “National Program for Medium and Long-term Scientific and Technological Development,” the ratio of R&D expenditure to GDP in the PRC is expected to reach 2.5% by 2020 and surpass the U.S. between 2020 and 2023 and will become the world’s top country in terms of R&D expenditure. The growth of R&D investment from enterprises will continue to support the demand for R&D office spaces, especially as enterprises continue to enlarge their R&D department or establish R&D department as a standalone function from production function, which pushes the demand for business park office space.

#### *Policy Support from the Government*

Software and information service industry, biomedicine, and electronic information are the main industries supported by the government during the “Twelfth Five-Year” period.

According to the “Twelfth Five-year Development Plan for Software and Information Technology Service Industry,” the PRC will establish certain Chinese software parks and software and information service industry model bases for the conglomeration of industry participants. At the same time, various supports such as tax benefits, rewards and subsidies provided to enterprises and allowance, training and policy supports offered to software and information technology enterprises will further facilitate the development of software enterprises and encourage new market entrants.

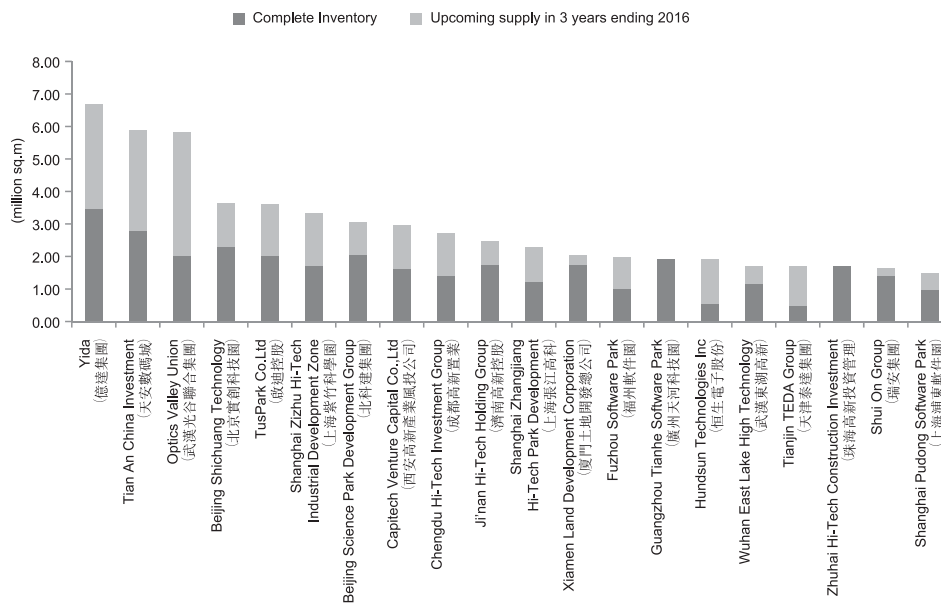


## INDUSTRY OVERVIEW

### The Landscape of Market Competition for Business Park in the PRC

The business park development industry is relatively diverse. Developers of business parks can be classified into four categories, namely government-oriented developers, domestic comprehensive real estate developers, foreign business park developers and domestic business park developers. Government-oriented developers focus on developing only a few local projects. The business parks developed by foreign business park developers and domestic comprehensive real estate developers in the PRC are usually smaller with presence in a small number of cities. At present, only a few well-developed domestic business park developers have business park projects throughout the country.

The chart below sets forth the 20 largest developers of business parks in the market of business parks in the PRC as of December 31, 2013 (in million sq.m.)



Data source: DTZ Shanghai.

According to the DTZ Report, in terms of ranking and market share of the 20 largest developers of business parks in the PRC as of December 31, 2013, we ranked the top with 3.33 million sq.m. developed. In addition, we rank the top in terms of the scale of the business parks that will be completed in three years.

### Success Factors of Business Parks

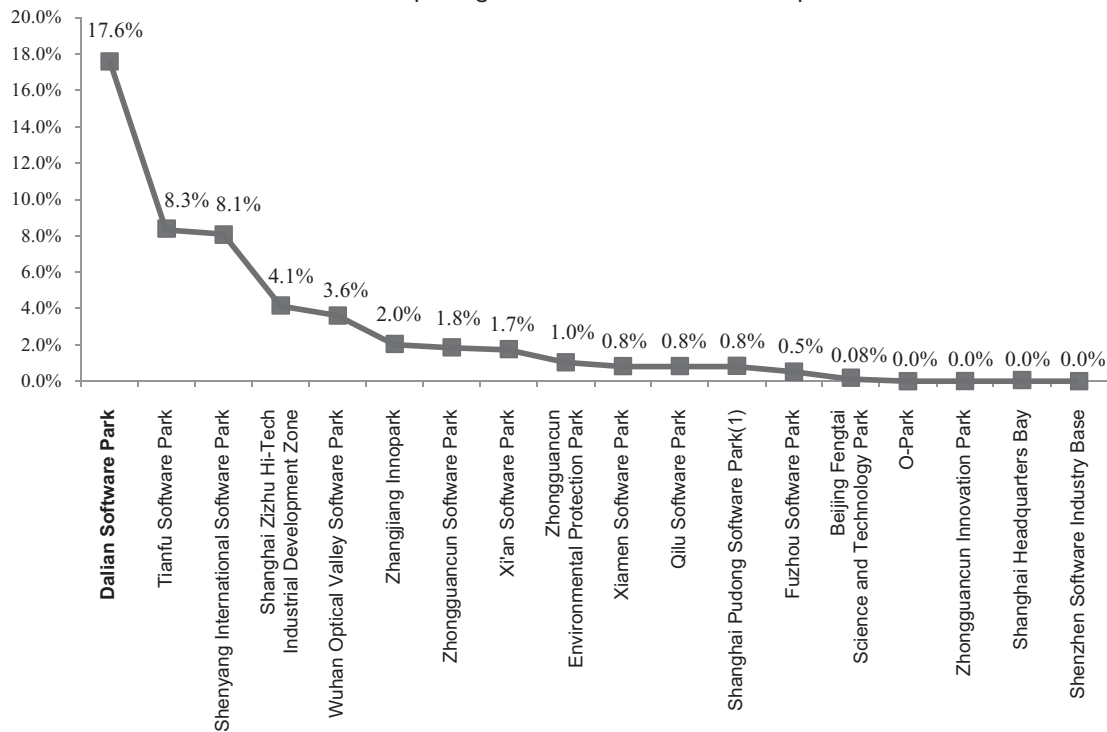
The DTZ Report summarized certain success factors of business parks as follows:

#### **Outstanding Project Performance Which Enhances Brand Recognition and Corporate Image**

A successful business park project helps promote the brand recognition and corporate image of developers. Outstanding project performance reflects the development capability of the developers, which enables the developers to gain support from the local government at the target market, hence allowing the developers to have a competitive advantage in securing land and helping formulating the policy. A business park's ability to attract high quality tenants is an important indicator for its overall performance. The chart below sets forth the percentage of Global Fortune 500 tenants in a business

## INDUSTRY OVERVIEW

park's total tenants in the 20 largest PRC business parks. Our Dalian Software Park was ranked as the first with 17.6% of its tenants comprising of Global Fortune 500 companies.



(1) Zu Chongzhi Park

Data source: DTZ Shanghai.

### **Dedication in Developing and Operating Business Parks**

In-depth industry knowledge and operational experience are the core indicators among the competing business park developers. Business park developers have to meet the requirements on real estate development such as site selection, product design as well as development and construction, and to overcome the challenges on the operation of parks and industries in the aspects of outsourcing and maintaining tenants, designing special equipment and facilities, negotiating for industry policies and supporting newly-established enterprises. The mainstream business park developers in the PRC often seek for complementing each other in the development and operation through cooperation, for example, our Company have formed strong partnerships with Shui On and Ascendas, respectively, and completed large-scale and successful projects such as Dalian Tiandi and Dalian Ascendas IT Park, respectively.

### **Good Relations with the Government and Gain Strong Support**

Driven by the political and economic considerations, the local government attaches great importance to the health of the regional economic development. Large-scale infrastructure construction or industrial investment will affect the development of the future economies in the region. Hence, the government is cautious in selecting appropriate investment opportunities prices and developers. Developers will benefit from the government support in several aspects, such as land for new projects, referrals of high-quality corporates and favorable policies.

## **ANALYSIS OF CERTAIN CITIES WHERE OUR PROPERTIES ARE LOCATED**

### **Dalian**

#### **Overview of the Economy**

In recent years, with continuous favorable development in domestic and international economic environment, the overall economy of Dalian gradually has stabilized while maintaining a steady growth. Set forth below provides certain economic data of Dalian for the periods indicated.

## INDUSTRY OVERVIEW

Indicators	2008	2009	2010	2011	2012	2013
Regional GDP (in billion RMB) .....	380.3	435.0	515.8	615.1	700.3	765.1
Growth rate of GDP .....	21%	14%	19%	19%	14%	9.3%
Total investment in fixed assets (in billion RMB) .....	251.3	327.4	404.8	458.0	565.4	647.8
Foreign investment in actual use (in billion U.S. dollars) .....	5.0	6.0	10.0	11.0	12.4	N/A <sup>(1)</sup>
Investment in real estate development (in billion RMB) .....	49.6	57.9	76.8	110.8	139.7	171.0
Total retail sales of consumer goods (in billion RMB) .....	118.3	138.4	164.0	192.5	222.4	252.7
Disposable income per capita (RMB) .....	17,500	19,014	21,293	24,276	27,539	30,328
Permanent resident population (million) .....	5.83	5.85	5.86	5.89	5.90	N/A <sup>(1)</sup>

Data source : Statistical bulletin of Dalian for each year, DTZ Shanghai.

(1) Official data not available

### **Business Park Market in Dalian**

The supply of Dalian business parks mainly started from the establishment of Dalian Software Park in 1999. The upcoming new supply is now mainly concentrated in Dalian High-Tech Zone and Dalian BEST City Zones. Dalian Software Park is the most well-developed business park in Dalian City. Its total planned areas are 2.5 million sq.m. and 2.1 million sq.m. have already been developed. Before 2010, the supply of business parks in Dalian came mainly from Dalian Software Park and Dalian Ascendas IT Park. Between 2011 and 2013, projects such as Dalian Tiandi and Dalian BEST City have become available in the market. At present, the main developers in the market of Dalian business parks include the Group, Shui On and Ascendas.

The business park market in Dalian is still at the stage of rapid development. We are the dominant player in the Dalian business park market. In Dalian, we are the developer who accounts for the most area developed in business park market. Set forth below are certain information regarding business parks in Dalian.

Main Park	Developer	GFA developed as of June 30, 2013 (in thousand sq.m.)
<b>Dalian Software Park</b>	the Group	2,070
Dalian Tiandi	an entity 48% held by Shui On Land Limited, 30% held by the Group, and 22% held by SOCAM Development Limited	750
<b>Dalian BEST City</b>	the Group	700
<b>Yida Information Software Park</b>	the Group	290
Dalian High-Tech Zone Zhiye Square	Dalian Haiming Properties Limited	210
MCC Blue City	Dalian MCC Capital Properties Limited	170
Dalian Ascendas IT Park	an entity 50% held by the Group and 50% held by Ascendas	160

Data source: DTZ Shanghai.

At present, the offices located in Dalian business parks are mainly for lease and only a few are for sale, while the residential units are developed for sale. At present, Dalian business parks tenants are predominantly from software, electronic information, personnel outsourcing and financial services industries. Industries such as professional services, advertising and media also share a small portion.

## INDUSTRY OVERVIEW

### **Historical Supply, Demand and Occupancy Rate of the Office Properties in Business Parks in Dalian.**

The supply of office property in business parks in Dalian grew steadily, and the city's stock of office property in business parks reached 1.24 million sq.m. in 2013. The office properties are mainly from Dalian Software Park, Dalian Ascendas IT Park and Dalian Tiandi.

Although there was a new office supply of about 200,000 sq.m. per year from 2010 to 2013, the level of overall occupancy rate of Dalian business parks steadily increased and reached 82% in 2013. Dalian Software Park has maintained its occupancy rate of above 80% since opening. In recent years, the rapid development of Dalian's macro economy and the government policy to support industries such as software, services outsourcing and financial services have driven demand for office properties in business parks in Dalian.

The table below sets forth some key indicators for offices in Dalian business parks for the years indicated:

Indicators	2010	2011	2012	2013
Average effective rent (RMB/sq.m./month) . . . . .	55.0	54.9	52.5	53.6
Average occupancy rate . . . . .	62%	78%	79%	82%
Total inventory (Thousand sq.m) . . . . .	630	870	1,070	1,240

Data source: DTZ Shanghai.

### **Residential Market in Dalian**

The residential market in Dalian has been developed steadily since 2010. As a result of the purchase restriction policy in 2011, there was a downturn in the transaction volume of the commodity residential units in Dalian. The transaction volume gradually increased in 2012 and 2013, with an overall increase in transaction prices despite some slight fluctuations.

The table below sets forth key residential property indicators for Dalian for the year as indicated:

Indicators	2008	2009	2010	2011	2012	2013
Total GFA of residential buildings completed (million sq.m.) . . . . .	6.4	4.7	4.6	8.0	5.9	N/A <sup>(1)</sup>
Total GFA of residential buildings under construction (million sq.m.) . . . . .	26.4	28.1	40.1	49.2	48.3	N/A <sup>(1)</sup>
Total sales of residential buildings (RMB billion) . . . . .	43.3	67.5	76.2	66.1	73.3	86.8
Total GFA of residential buildings sold (million sq.m.) . . . . .	7.7	10.9	11.3	8.3	9.7	11.0
ASP of residential buildings* (RMB per sq.m.) . . . . .	5,617	6,175	6,759	7,929	7,588	7,859

Data source: Bureau of Statistics of Dalian, DTZ Shanghai.

\*Calculated figure, subject to rounding error

(1) Official Data not published

According to DTZ Shanghai, with a large number of new residential projects developed in the recent two years, the ASP of residential properties in Dalian Software Park has increased, which is slightly higher than the ASP of the four major districts in the city. Hence, benefited from the industrial development, industrial agglomeration and an influx of talents, the demand and supply of the residential market of the High-Tech Zone where Dalian Software Park is located are both booming with a steady development.

The table below sets forth the total residential sales value by the top five developers in Dalian City based on sales value in 2013.

Ranking	Developers
1	Yida (億達)
2	Sino-Ocean Land Holdings Limited (遠洋地產控股有限公司)
3	China Vanke Co., Ltd. (萬科企業股份有限公司)
4	China Resource Land Ltd. (華潤置地有限公司)
5	Wanda Group (萬達集團)

Data source: DTZ Shanghai.

## INDUSTRY OVERVIEW

According to DTZ Shanghai, we had the largest market share in terms of sales amount in Dalian in 2013.

Our Dalian Software Park brought along a residential population of 118,500 and accommodated a residential GFA demand for 3,258,800 sq.m, which has successfully developed the area into a new sub-CBD of Dalian. According to DTZ Shanghai, the ASP of our residential projects in Dalian Software Park is approximately 18.5% higher than that of comparable residential projects in adjacent areas. Also, according to DTZ Shanghai, 10% of our residential properties were sold to our existing customers during the Track Record Period.

### Wuhan

#### Overview of the Economy

In the last five years, Wuhan's economy experienced rapid growth at a CAGR of 19%. The growth momentum of the industrial sector remained sound, supported by the rapid growth of the pillar industries such as motor vehicles, photoelectron and equipment manufacturing. Large corporations continue to extend their presence to Wuhan. As of 2013, 101 of the Global Fortune 500 companies has entered Wuhan. Below provides some economic data of Wuhan for the periods indicated.

Indicators	2008	2009	2010	2011	2012	2013
Regional GDP (in billion RMB)	396	456	552	676	800	905
Growth rate of GDP	26%	15%	21%	22%	18%	13%
Total investment in fixed assets (in billion RMB)	220	292	365	423	502	600
Foreign investment in actual use (in billion U.S. dollars)	2.6	2.9	3.3	3.8	4.4	5.3
Investment in real estate development (in billion RMB)	57	78	102	127	158	191
Total retail sales of consumer goods (in billion RMB)	185	216	252	296	343	388
Disposable income per capita (RMB)	16,712	18,385	20,806	23,738	27,061	29,821
Permanent resident population (in million persons)	8.33	9.10	8.37	10.02	10.12	10.22

Data source: Statistical bulletin of Wuhan for each year, DTZ Shanghai.

#### Business Park Market in Wuhan

The supply of business parks in Wuhan mainly started from the establishment of Optical Valley Innovation Street in 2003, and mainly concentrated in the East Lake High-tech Zone. The developers that are active in the Wuhan business park market are mostly Wuhan local developers, and the two principal developers are the Optical Valley Union and the East Lake High Technology Group. Below provides certain information regarding business parks in Wuhan.

Main business park	Developer	Recent developed area (in thousand sq.m.)
Optical Valley Software Park	Optical Valley Union Group	800
Optical Valley Financial Harbor	Optical Valley Union Group	690
No.1 Enterprise Community	Zall Group	580
Biolake	Wuhan High-Tech Medical Device Park, Biolake Bio-pharma Park	460
International Enterprise Center	East Lake High Technology Group	400
SBI Innovation Street	East Lake Innovation	370
Wuhan First City	The Group, East Lake High Technology Group, Hubei United Development Investment Group	200
Central Withub	Wuhan Caifuxingyuan Property	160
Optical Valley Center of Core	East Lake High Technology Group	150
Huangong Science Park Innovation Base	Huangong Science Park Innovation Base	140
Optical Valley Headquarters Space	Guoce Technology	110
Enterprise Research and Innovation Centre	Optical Valley Union Group	60
Creative Industry Base	Optical Valley Creative Industry Base Construction Investment	42

Data source: DTZ Shanghai.

## INDUSTRY OVERVIEW

The majority of office units in Wuhan business parks are for sale. Supporting facilities mainly comprises of service apartments and hotels. The five leading industries in Wuhan business parks are software, electronic information, financial services, biomedicine and advertising media. Industries such as new materials, construction and building materials and machinery manufacturing also occupy a certain proportion.

### **Supply, Demand and Occupancy Rate of Business Park Office Property in Wuhan**

Optical Valley Software Park commenced construction in 2003 and began operation in 2006. The success of this business park brought along the overall development of the Wuhan business park market. At the same time, the macro economy of Wuhan grew rapidly in the last four years and the government gave strong policy support to industries such as software outsourcing, back-office of financial institutions, biomedicine and technology services. In 2013, the supply of offices in the city's business parks reached 4.1 million sq.m.

Over the past four years, amid the rapid development of the software park, the overall occupancy rate was relatively stable and reached 84% in 2013. Optical Valley Software Park has enjoyed virtually full occupancy since 2010, and has greatly increased the level of average occupancy rate of the whole Wuhan business park zone.

The rental and sale market of Wuhan business parks remain sound in recent years, and a steady growth in rents is sustained. The average rental level increased from RMB 23/sq.m./month in 2010 to RMB 37/ sq.m./month in 2013. The Optical Valley Software Park achieved highest rental level in the region, which was RMB 50/ sq.m./month in 2013.

The table below sets forth the key business park office property indicator for Wuhan for the years indicated:

<b>Indicators</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Average effective rent (RMB/sq.m./month) . . . . .	22.9	29.4	32.9	36.6
Average occupancy rate . . . . .	85%	84%	85%	84%
Total inventory (Thousand sq.m) . . . . .	1,820	2,160	3,230	4,140

*Data source: DTZ Shanghai.*

### **Residential Market in Wuhan**

The development of residential market in Wuhan in recent years has been relatively stable.

The table below sets forth key residential indicators for Wuhan for the years indicated:

<b>Indicators</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Total GFA of residential buildings completed (million sq.m.) . . . . .	7.7	8.2	7.3	9.2	9.0	5.3
Total GFA of residential buildings under construction (million sq.m.) . . . . .	32.2	35.8	38.1	45.0	50.7	62.3
Total sales of residential buildings (RMB billion) . . . . .	32.0	54.1	60.6	79.1	95.9	N/A <sup>(1)</sup>
Total GFA of residential buildings sold (million sq.m.) . . . . .	6.8	10.4	10.9	11.7	13.9	N/A <sup>(1)</sup>
ASP of residential buildings* (RMB per sq.m.) . . . . .	4,680	5,199	5,552	6,768	6,895	N/A <sup>(1)</sup>

*Data source: Bureau of Statistics of Wuhan, DTZ Shanghai.*

*\*Calculated figure, subject to rounding error*

(1) Official data not available

The average selling price of the residential units at four areas, Wuchang, Jiangnan, Qiaokou, Gangan, were among the highest at Wuhan while the average price of the residential units at East Lake High-Tech Zone remained at the medium level in Wuhan. Supported by attractive price and industrial population, the residential market of East Lake High-Tech Zone developed rapidly and its transaction volume and supply for residential units took the lead in Wuhan. As East Lake Hi-Tech Zone grew rapidly, the average selling price of residential units increased gradually. In 2010, the average price was 84% of the city average, while in 2013, it increased to be close the average level of the city. The industrial development and the cluster of talents have effectively boosted the residential market in the area.

## INDUSTRY OVERVIEW

### Chengdu

#### **Overview of the Economy**

Chengdu is a major city in Western China. With its permanent resident population of 14.18 million, it ranks the first among sub-provisional cities. By the end of 2012, the area in the urban centers was 515 sq. km.<sup>(1)</sup>, with a permanent resident population of 6.70 million<sup>(1)</sup>. Chengdu achieved a GDP of RMB910.9 billion in 2013. The ratios of primary, secondary to tertiary industries were 4.3: 52.7: 43.0. As reflected from the development in recent years, the macro-economic growth has been relatively stable, and the proportion of investments in real estate development accounts for 20% or above of GDP each year.

(1) Official data for 2013 not available

#### **Residential Market in Chengdu<sup>(2)</sup>**

The table below sets forth key residential indicators for Chengdu for the years indicated.

Indicators	2008	2009	2010	2011	2012
Total GFA of residential buildings completed (million sq.m.) . . .	15.4	18.7	18.4	21.8	19.6
Total GFA of residential buildings under construction (million sq.m.) . . . . .	55.7	79	88.3	110.7	122.5
Total sales of residential buildings (RMB billion) . . . . .	53.7	133	128.2	84.2	150.3
Total GFA of residential buildings sold (million sq.m.) . . . . .	10.8	25.8	20.2	12.6	23.9
ASP of residential buildings* (RMB per sq.m.) . . . . .	4,996	5,157	6,332	6,682	6,296

Data source: Bureau of Statistics of Chengdu, DTZ Shanghai.

\*Calculated figure, subject to rounding error

(2) Official data for 2013 not available

### Shenyang

#### **Overview of the Economy<sup>(3)</sup>**

Since 2008, Shenyang's GDP grew at a stable pace and reached RMB660.6 billion in 2012. Over the past five years, the economy structure of Shenyang was still dominated by the heavy industrials, followed by the modern services industry. The growth rate of development and investment of real estate was steady, accounting for more than 15% to fixed assets and the CAGR was 17.7%. The disposable income per capita of the residents in Shenyang maintained steady growth over the years and increased to RMB26,430 in 2012, representing a CAGR of 11.2% since 2008.

(3) Official data for 2013 not available

#### **Residential Market in Shenyang<sup>(4)</sup>**

The table below sets forth key residential indicators for Shenyang for the years indicated.

Indicators	2008	2009	2010	2011	2012
Total GFA of residential buildings completed (million sq.m.) . . .	13.1	9.1	13.5	16.7	15.2
Total GFA of residential buildings under construction (million sq.m.) . . . . .	58.5	68.5	88.6	102.9	110.0
Total sales of residential buildings (RMB billion) . . . . .	37.1	48.0	71.4	84.1	85.8
Total GFA of residential buildings sold (million sq.m.) . . . . .	10.8	12.2	14.1	14.4	13.8
ASP of residential buildings* (RMB per sq.m.) . . . . .	3,439	3,928	5,063	5,822	6,226

Data source: Bureau of Statistics of Shenyang, DTZ Shanghai.

\*Calculated figure, subject to rounding error

(4) Official data for 2013 not available

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## REGULATORY OVERVIEW

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The following is a summary of PRC laws and regulations relating to the various aspects of the property sector in China.

### Establishment of a Property Development Enterprise

According to the Law of the People's Republic of China on the Administration of Urban Property (中華人民共和國城市房地產管理法) (the “**Urban Property Law**”) promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and revised in August 2007, a property development enterprise is defined as an enterprise which engages in the development and operation of property for the purpose of making profits. Under the Regulations on Administration of Development of Urban Property (城市房地產開發經營管理條例) (the “**Development Regulations**”) promulgated by the State Council on July 20, 1998, an enterprise which is to engage in development of property shall satisfy the following requirements: (1) its minimum registered capital shall be RMB1 million; and (2) it shall employ at least four full-time professional property/construction technicians and at least two full-time accounting officers, each of whom shall hold relevant qualification certificates. The Development Regulations also stipulate that the local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the amount of registered capital of, and the qualifications of professionals retained by, property development enterprises.

Pursuant to the Development Regulations, a developer who aims to establish a property development enterprise should apply for registration with the Administration for Industry and Commerce. The property development enterprise must also report its establishment to the property development authority in the location of the registration authority, within 30 days upon the receipt of its business license.

On May 25, 2009, the State Council issued the Notice on Adjusting the Minimum Capital Requirement for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知) and lowered the minimum capital requirement for projects of affordable residential housing and regular commodity residential houses from 35% to 20% and, for other property projects, to 30%.

### Foreign-Invested Property Enterprises

Under the Foreign Investment Industrial Guidance Catalog (外商投資產業指導目錄) jointly promulgated on November 30, 2004 and amended on October 31, 2007 and on December 24, 2011 by MOFCOM and the National Development and Reform Commission (the “NDRC”), foreign investment in enterprises engaged in the development of a whole land lot, the construction and operation of high end hotels, villas, premium office buildings, international conference centers and large theme parks, transactions in the real estate secondary market and real estate intermediary or broker services falls within the category of industries in which foreign investment is restricted, while foreign investment related to other kinds of real estate development falls within the category of industry in which foreign investment is permitted.

According to the Interim Provisions on Approving Foreign Investment Projects (外商投資專案核准暫行管理辦法) promulgated by the NDRC in October 2004, the NDRC shall examine and approve foreign investment projects with a total investment of US\$100 million or more that come within the category of industries in which foreign investment is encouraged or permitted and those with a total investment of US\$50 million or more that come within the category of industries in which foreign investment is restricted. Foreign investment projects with a total investment of US\$500 million or more that come within the category of industries in which foreign investment is encouraged or permitted and those with a total investment of US\$100 million or more that come within the category of industries in which foreign investment is restricted are subject to further approval of the State Council based on the examination and approval of the NDRC.

Under the Catalog of Guidance on Industries for Foreign Investment (外商投資產業指導目錄(2011年修訂)) promulgated by MOFCOM and NDRC, which became effective on January 30,



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2012, the development of a whole land lot solely by foreign investors, the construction and operation of villas and golf courses fall within the category of industries in which foreign investment is prohibited. The development of a whole land lot jointly with PRC partners, as well as the construction and operation of high-end hotels, premium office buildings and international conference centers, fall within the category of industries in which foreign investment is subject to restrictions, and other real estate developments fall within the category of industries in which foreign investment is permitted.

Foreign invested property enterprises can be established in the form of a sino-foreign equity joint venture, a sino foreign cooperative joint venture or a wholly foreign-owned enterprise. Prior to its registration, the enterprise must be approved by the commerce authorities, upon which a certificate of approval for a foreign-invested enterprise will be issued.

On July 11, 2006, MOHURD, MOFCOM, the NDRC, the PBOC, the SAIC and SAFE jointly promulgated the Opinion on Regulating the Access to and Management of Foreign Capital in the Property Market (關於規範房地產市場外資准入和管理的意見) (the “Opinion”). According to the Opinion, the access to and management of foreign capital in the property market must comply with the following requirements:

- Foreign entities or individuals who buy property not for their own use in China must apply for the establishment of a foreign-invested enterprise pursuant to the regulations of foreign investment in property. After obtaining the approvals from relevant authorities and upon completion of the relevant registrations, foreign entities and individuals can then carry on their business pursuant to their approved business scope.
- Where the total investment amount of a foreign-invested property development enterprise is US\$10 million or more, its registered capital shall not be less than 50 percent of the total investment amount; where the total investment amount is less than US\$10 million, its registered capital shall follow the requirements of the existing regulations.
- The commerce authorities and the Administration for Industry and Commerce are responsible for the approval and registration of a foreign-invested property development enterprise and the issuance to the enterprise of a temporary certificate of approval for a foreign-invested enterprise (which is only effective for one year) and the business license. Upon full payment of the assignment price under a land grant contract, the foreign-invested property development enterprise should apply for the land use rights certificate in respect of the land. With such land use rights certificate, it can obtain a formal certificate of approval for a foreign-invested enterprise from the commerce authorities and an updated business license.
- Transfers of projects or shares in foreign-invested property development enterprises or acquisitions of domestic property development enterprises by foreign investors should strictly comply with relevant laws, regulations and policies and obtain the relevant approvals. The investor should submit: (1) a written undertaking of fulfillment of the contract for the assignment of state-owned land use rights; (2) a construction land planning permit and construction works planning permit; (3) land use rights certificate; (4) documents evidencing the filing for modification with the construction authorities; and (5) documents evidencing the payment of tax from the relevant tax authorities.
- When acquiring a domestic property development enterprise by way of share transfer or otherwise, or purchasing shares from Chinese parties in a sino-foreign equity joint venture, foreign investors should make proper arrangements for the employees, assume responsibility for the debts of the enterprise and pay the consideration in one single payment with its own capital. Foreign investors with records showing that they have not complied with relevant employment laws, those with unsound financial track records, or those that have not fully satisfied any previous acquisition consideration shall not be allowed to undertake the aforementioned activities.

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On August 14, 2006, The General Office of MOFCOM promulgated the Circular on the Thorough Implementation of the Opinion on Regulating the Access to and Management of Foreign Capital in the Property Market (關於貫徹落實《關於規範房地產市場外資准入和管理的意見》的通知) (the “Circular”). The Circular not only reiterates relevant provisions on foreign investment in the real estate industry as prescribed in the Opinion, but also sets forth the definition of Real Estate FIE as a foreign invested enterprise (“FIE”) which carries out the construction and operation of a variety of buildings such as ordinary residences, apartments and villas, hotels (including restaurants), resorts, office buildings, convention centers, commercial facilities, and theme parks, or, undertakes the development of land or a whole land lot in respect of the abovementioned projects.

On September 1, 2006, MOHURD and SAFE jointly issued the Opinions on Regulating the Foreign Exchange Administration of the Real Estate Market (關於規範房地產市場外匯管理有關問題的通知), providing regulations on real estate development enterprises mainly as follows:

- For real estate development enterprises, the current account for foreign exchange shall not maintain property purchase payments remitted by residents of Hong Kong, Macau and Taiwan and overseas Chinese expatriates;
- Where the registered capital relating to a Real Estate FIE remains unpaid in its entirety, or the state-owned land use rights certificate is yet to be obtained, or the capital fund of development project has not reached 35% of the total amount of the project investment, such Real Estate FIE is not permitted to borrow foreign loans from overseas;
- Where foreign entities and individuals purport to merge and acquire domestic real estate enterprises by way of share transfer or any other means, to acquire a Chinese party’s shares within an equity joint venture, such foreign entities and individuals must make a one time payment for the transfer consideration in a lump sum, otherwise SAFE shall not process any foreign exchange registration relating to the foreign exchange transaction.

On May 23, 2007, MOFCOM and SAFE promulgated the Notice on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Property Sector (關於進一步加強、規範外商直接投資房地產業審批和監管的通知), which stipulates, among others, that:

- Foreign investment in the real estate sector in the PRC relating to high-grade properties should be strictly controlled;
- Before obtaining approval for the setup of a Real Estate FIE, (a) both the land use rights certificates and building ownership certificates should be obtained or, (b) contracts for obtaining land use rights or building ownership rights should be entered into;
- Entities which have been set up with foreign investment need to obtain approval before expanding their business operations into the real estate sector and entities which have been set up for real estate development operation need to obtain new approval in case they expand their real estate business operations;
- Strict control should be imposed on the acquisition of or investment in domestic real estate enterprises by way of round trip investment. Foreign investors shall not acquire control of domestic enterprises for the purpose of circumventing the approval procedure related to Real Estate FIE;
- In a Real Estate FIE, Chinese parties shall not, explicitly or implicitly provide any warranties with regard to allocating fixed returns to any party;
- A Real Estate FIE incorporated upon approval by local approval bodies should be registered with MOFCOM on a timely basis; and

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- Foreign exchange administration bodies and designated foreign exchange banks shall not process sale or settlement of foreign exchange for capital account items for Real Estate FIEs that fail to complete filing procedures with MOFCOM or to pass joint inspection for foreign invested enterprises.

On July 1, 2008, MOFCOM implemented the Circular on the Proper Handling of the Record Filing for Foreign Investment in the Real Estate Sector (關於做好外商投資房地產業備案工作的通知), delegating provincial-level commerce authorities the authority to check matters concerning foreign investment in real property projects after approving the legality, authenticity and accuracy of the project.

In accordance with a circular promulgated by SAFE on August 29, 2008 with respect to the administration of conversion into Renminbi of foreign exchange capital contributions to foreign invested enterprises (關於完善外商投資企業外匯資金支付結匯管理有關業務操作問題的通知), unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contributions can only be applied to activities that come within the approved business scope of such foreign invested enterprise and cannot be used for domestic equity investment or acquisition.

On April 6, 2010, the State Council issued the Opinions on Further Enhancing the Utilization of Foreign Investment (關於進一步做好利用外資工作的若干意見), which provides that, except for the projects required to be approved by relevant departments of the State Council pursuant to the Catalog of Investment Projects Subject to Government Approvals (政府核准的投資專案目錄), a project within the encouraged or permitted industry categories under the Foreign Investment Industrial Guidance Catalog may be approved by local government authorities, provided that the total investment (including capital increase) for such project is no more than US\$300 million.

On May 4, 2010, the NDRC issued the Circular on Doing a Good Job in Delegating the Power to Approve Foreign Invested Projects (關於做好外商投資專案下放核准許可權工作的通知), specifying that the power to approve foreign invested projects shall be delegated and project approval procedures shall be simplified. The circular provides that, except for the projects that are required to be approved by relevant departments of the State Council in accordance with the Catalog of Investment Projects Subject to Government Approvals, the foreign invested projects which are within the encouraged or permitted industry categories under the Foreign Investment Industrial Guidance Catalog shall be approved by the NDRC at the provincial level, provided that such projects have a total investment (including capital increase) of no more than US\$300 million. The circular further specifies that, after the power to approve is delegated, project application and approval documents and approval conditions and procedures shall still be determined in accordance with the Interim Provisions on Approving Foreign Investment Projects. According to the circular, the power to approve the projects within the restricted category under the Foreign Investment Industrial Guidance Catalog is not delegated for the time being.

On June 10, 2010, MOFCOM released the Circular on Issues Concerning Delegating the Examination and Approval Authority for the Foreign Investment (商務部關於下放外商投資審批許可權有關問題的通知). Under the circular, the relevant local branches of the MOFCOM are granted the power to examine, approve and administrate the establishment and alterations of foreign invested enterprises which are within the encouraged and permitted categories under the Foreign Investment Industrial Guidance Catalog with a total investment of no more than US\$300 million.

On November 22, 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment on the Real Estate Industry (關於加強外商投資房地產業審批備案管理的通知), which provides, among other things, that real estate enterprises established in China with overseas capital are prohibited from purchasing or selling completed real estate properties or real properties under construction for arbitrage purposes. The local MOFCOM authorities are not allowed to approve engagement of investment companies in real estate development and management business.

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On February 5, 2011, the MLR promulgated the Circular on Key Issues of the Management and Micro-control Over Urban Land Use for House Construction in 2011 (關於切實做好2011年城市住房用地管理和調控重點工作的通知). This circular seeks to strengthen supervision over the housing construction process and the investigation into and elimination of non-compliance with real estate development laws and regulations. The circular restricts land supply for the construction of large houses and prohibits the construction of villas. Under this circular, the relevant authority will implement a reporting regime with respect to the commencement and completion of construction projects and will investigate and deal with the activities of land reserving or land idling.

### **Qualifications of a Property Development Enterprise**

#### ***Classifications for the qualifications of property development enterprises***

Under the Development Regulations, a property development enterprise must report its establishment to the governing property development authorities in the location of the registration authority within 30 days after receiving its business license. The property development authorities shall examine applications for classification of a property development enterprise's qualification by considering its assets, professional personnel and industrial achievements. A property development enterprise shall only engage in property development projects that come within the scope of its approved qualification.

Under the Provisions on Administration of Qualifications (房地產開發企業資質管理規定) promulgated by MOHURD and implemented on March 29, 2000, a property development enterprise shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of property without a qualification classification certificate for property development.

In accordance with the Provisions on Administration of Qualifications, qualifications of a property development enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification shall be examined and approved by corresponding authorities. The class 1 qualifications shall be subject to both preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established property development enterprise, after it reports its establishment to the property development authority, the latter shall issue a provisional qualification certificate to the eligible developer within 30 days. The provisional qualification certificate shall be effective for one year from its issuance and, depending on the actual business situation of the enterprise, may be extended by the property development authority for a period of no longer than two years. A property development enterprise shall apply with the property development authority for qualification classification within one month of expiry of the provisional qualification certificate.

#### ***The business scope of a property development enterprise***

Under the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and sale of the property within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 property development enterprise may undertake property development projects throughout the country without any limit on the scale of the project. A property development enterprise of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scopes of business shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

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### ***The annual inspection of a property development enterprise's qualification***

Pursuant to the Provisions on Administration of Qualifications, the qualification of a property development enterprise shall be inspected annually. The construction authority under the State Council or its authorized institution is responsible for the annual inspection of a class 1 property development enterprise's qualification. Procedures for annual qualification inspection for developers with class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

### **Development of a Property Project**

#### ***Land for property development***

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

Under the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the MLR on May 9, 2002 and implemented on July 1, 2002, land for commercial use, tourism, entertainment and commodity housing development shall be granted by means of tender, public auction or listing-for-sale. A tender of land use rights means the relevant land administration authority (the "assignor") issues a tender announcement inviting individuals, legal persons or other organizations (whether specified or otherwise) to participate in a tender for the land use rights of a particular parcel of land. The land user will be determined according to the results of the tenders. An auction for land use rights is where the assignor issues an auction announcement, and the bidders can at specified time and location openly bid for a parcel of land. A listing-for-sale is where the assignor issues a listing-for-sale announcement specifying the land grant conditions and inviting bidders to list their payment applications at a specified land exchange within a specified period. The procedures for tender, auction and listing-for-sale may be summarized as follows (for the purpose of the summary, the participant in a tender, auction or listing for sale is referred to as a "bidder"):

- The land authority under the government of the city and county (the "assignor") shall announce at least 20 days prior to the day of competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars of the land parcel, qualification requirements for bidders, the methods and criteria for selection of the winning bidder and certain conditions such as the deposit for the bid.
- The assignor shall conduct a qualification verification of the bidding applicants and inform the applicants who satisfy the requirements of the announcement to attend the competitive bidding, public auction or listing-for-sale.

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- After determining the winning bidder by holding a competitive bidding, public auction or listing-for-sale, the assignor and the winning bidder shall then enter into a confirmation. The assignor should refund the other applicants their deposits.
- The assignor and the winning bidder shall enter into a contract for the assignment of state-owned land use rights at a time and venue set out in the confirmation. The deposit for the bid paid by the winning bidder will be deemed as part of the assignment price for the land use rights.
- The winning bidder should apply to register the land registration after paying off the assignment price. The people's government at the municipality or county level or above should issue the land use rights certificate.

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

According to the Notice on Relevant Issues Concerning the Strengthening of the Examination and Approval of Land Use in Urban Construction (關於加強城市建設用地審查報批工作有關問題的通知) promulgated by the MLR on September 4, 2003, from the day of issuance of the Notice, the assignment of land use rights for luxurious commodity houses shall be stringently controlled, and applications for land use rights for villas are to be stopped. On May 30, 2006, the MLR issued the Urgent Notice on Rigorously Strengthening the Administration of Land (關於當前進一步從嚴土地管理的緊急通知) which provides that land for property development must be granted by competitive bidding, public auction or listing-for-sale; the rules prohibiting development projects for villas should be strictly enforced; and land supply and relevant procedures of land use for villas ceased to have effect from the date of the notice.

Under the Urgent Notice of Rigorously Strengthening the Administration of the Land, the land authority should strictly follow the Model Form of the State-owned Land Use Rights Grant Contract and Model Form of the State-owned Land Use Rights Grant Supplementary Contract (for Trial Implementation), which were jointly promulgated by the MLR and the SAIC. The documents relating to the assignment of land should specify the requirements for planning, construction and land use such as relevant restrictions on the dwelling size and plot ratio, and the time limit for the commencement and completion of construction. All these should be set forth in the contract for the assignment of the land.

On September 21, 2007 the MLR promulgated the Rules Regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) which came into force on November 1, 2007. The rules stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with the assignment of state-owned land use rights by competitive bidding, public auction or listing for sale. The rules clearly state that the grant of land for industrial use must also be by means of competitive bidding, public auction or listing for sale.

On September 30, 2007, the MLR issued a new notice to further enhance the control of land supply, which stipulates that the supply of the land to be developed for low-rent housing, economical housing and housing at low or medium price and of small or medium size shall be no less than 70% of the total land supply of the current year; the land and resources authorities shall control the area of each parcel of land and increase the number of parcels of land to be supplied, in order to prevent the coemption of land by property development enterprises. Property development enterprises shall develop their land according to the terms of the relevant land use rights grant contract, and any

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violation thereof may restrict or prevent such property development enterprises from participating in future land bidding. Generally, the development period of each parcel of land must not exceed three years.

The Measures on the Administration of Reserved Land (土地儲備管理辦法), promulgated by the Ministry of Finance, PBOC and MLR on November 19, 2007, define “reserved land” and stipulate the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use, development, capital expenditure and supply of reserved land. Moreover, the measures make it clear that land must be reserved in accordance with corresponding land programs or plans, and that in determining land reserves priority must be given to land included in state inventories which is unused, unoccupied or under utilized.

In November 2009, the MLR issued a Circular on the Distribution of the Catalog for Restricted Land Use Projects (Supplement to the 2006 Version) and the Catalog for Prohibited Land Use Projects (Supplement to the 2006 Version) (關於印發<限制用地專案目錄 (2006年本增補本)>和<禁止用地專案目錄 (2006年本增補本)>的通知) as a supplement to its 2006 version. In this circular, the MLR has restricted the area of land that may be granted by local governments for development of commodity housing to seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

In November 2009, the Ministry of Finance, MLR, PBOC, PRC Ministry of Supervision and PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grants Development (關於進一步加強土地出讓收支管理的通知). The Notice raises the minimum down-payment for land premiums to 50% and requires the land premium to be fully paid within one year after the signing of a contract for the assignment of land, subject to limited exceptions. Any developer defaulting on any such payment may not participate in any new transactions of land grant.

In March 2010, the MLR promulgated the Notification on Emphasizing Relevant Issues Relating to the Supply and Supervision of Land for Real Estate Development (關於加強房地產用地供應和監管的有關問題的通知) (the “2010 Notice”) which adopted measures to improve the regulation of land for real estate development. These include measures to: improve the preparation and implementation of land supply plans; guarantee the supply of land for subsidized community housing developments; improve the regime of public tender, auction and listing-for-sale of land use rights; enhance the supervision on the use of land; disclose to the public information on the supply and assignment of land and the status of the construction project on the land; and conduct special inspections on outstanding problems related to land use.

Pursuant to the 2010 Notice, the administrative authorities for land and resources of cities and counties shall establish a regime for developers to report the commencement and completion of construction projects. Under such regime, the developer shall report in writing to the relevant administrative authority for land and resources at the commencement and completion of the construction project. The commencement and completion date of construction set forth in the agreements may be postponed by reporting the reasons for the delay to the respective administrative authority for land and resources no later than 15 days prior to such date. A developer who fails to report accordingly shall be announced to the public and prohibited from participating in any new land grant transactions for a minimum of one year. Additionally, land used for developing subsidized community housing and small-to-medium-size self-use residential commodity housing, as well as for the redevelopment of run-down and substandard housing shall account for not less than 70% of the total land supply for residential property development. The lowest land premium for the assignment of land use rights shall not be lower than 70% of the benchmark price for land of the same grade in the same locality, and the deposit for the participation as a bidder for the land shall not be lower than 20% of the minimum land premium. The contract for the assignment of land shall be executed in writing within ten days after the deal is reached, the down payment of the land assignment price, which shall not be less than 50% of the full land assignment price, shall be paid within one month after the contract for the assignment of land is executed, and the land assignment price shall be paid

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in full no later than one year after the contract for the assignment of land is executed. A property development enterprise that defaults on the payment of the land premium, holds idle land, hoards or speculates in land, develops property on the land exceeding its actual development capacity or defaults on the performance of the contract for the assignment of land shall be banned from participating in any transactions for the assignment of land for a specified period.

On September 21, 2010, the MLR and MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of one parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the floor area ratio for residential land is required to be more than 1. In addition, to participate in land bidding procedures, a land developer shall provide a written certificate that its land bidding deposit does not come from bank loans, shareholder loans, or re-financing and fund raising activities, as well as a certificate letter issued by a financial institution supporting such information.

On December 19, 2010, the MLR promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land to Promote Healthy Development of the Land Markets (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that: (i) cities and counties having less than 70% of their land supply designated for affordable housing, housing for redevelopment of shanty towns or small or mid-size residential units shall not provide land for large-size, high-end housing till the end of 2010; (ii) local land and resource authorities at city and county levels shall report to the MLR and provincial land and resource authorities, respectively, with regard to land with a premium rate exceeding 50%; and (iii) land designated for affordable housing but used for property development purposes against relevant policies or involving illegal income will be confiscated and the relevant land use rights withdrawn, and changing the plot ratio without approval is also strictly prohibited.

### ***Resettlement***

Pursuant to the Regulation on the Expropriation of and Compensation for Housing on State-owned Land (國有土地上房屋徵收與補償條例), which was promulgated by the State Council on January 21, 2011 and became effective on the same day, governments at the municipal or county level are responsible for, and have the right to set up housing expropriation departments to organize and carry out, the expropriation of and compensation for housing in their administrative regions. The amount of compensation for the housing being expropriated shall not be less than the market price of housing similar to the housing being expropriated on the announcement date of the housing expropriation decision. The housing being expropriated shall be appraised by a real estate appraisal institution with relevant qualification according to applicable housing expropriation appraisal measures. In addition, a party that objects to the appraisal value of the housing being expropriated may request the real estate appraisal institution to review the appraisal result. A party that objects to the review result, may apply to the real estate appraisal expert committee for authentication of the appraisal value. The party with housing being expropriated may choose monetary compensation, or may choose to exchange the property right of the housing. If the party with housing being expropriated choose to exchange the property right of the housing, governments at the municipal or county level shall provide housing to be used for the exchange of property right, and calculate and settle the difference between the value of the housing being expropriated and the value of the housing used for the exchange of the property right.

### ***Termination of the land use rights***

In accordance with the Land Administrative Law of the People's Republic of China (中華人民共和國土地管理法) promulgated by the Standing Committee of the NPC on June 25, 1986 and



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amended on August 28, 2004, under any of the following cases, the land administrative authorities may recover the state-owned land use rights with the approval of the people's governments that originally gives the approvals or the relevant competent people's governments:

- use land for the sake of public interests (subject to proper compensation);
- use land for adjustment in re-building old city districts in order to implement urban construction plans (subject to proper compensation);
- when the term for the land use rights expires, the land user has failed to apply for extension or failed to get approval for extension;
- the use of land originally allocated has been stopped due to cancellation or removal of units; and
- roads, railways, airports and mining sites that have been approved to be abandoned.

Under the Provisional Regulations on Grant and Transfer, the maximum term of the land use rights shall be determined, respectively, in the light of the purposes listed below: (i) 70 years for residential purposes; (ii) 40 years for commercial, tourism and entertainment purposes; (iii) 50 years for education, science, culture, public health, physical education, industrial, comprehensive utilization or other purposes.

### ***Commencement of development with respect to a property project and idle land***

Under the Urban Property Law, those who have obtained the land use rights by assignment must develop the land in accordance with the use and period of commencement as prescribed by the contract for the assignment of land. According to the Measures on Disposing Idle Land (閒置土地處置辦法) promulgated by the MLR on April 28, 1999, as revised on June 1, 2012 and effective July 1, 2012, "idle land" shall mean any State-owned land for construction use, of which the holder of the land use right fails to start the construction and development thereof within one year after the commencement date of the construction and development work as agreed upon and prescribed in the contract for fee-based use of State-owned land for construction use, or the decision on allocation of State-owned land for construction use. Any State-owned land for construction use of which the construction and development has been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development, or of which the invested amount is less than 25% of the total investment, or of which the construction and development has been suspended for more than one year, may also be regarded as idle land.

Competent departments of land and resources at the municipal or county level shall be responsible for the organization and implementation of the investigation, identification and disposal of idle land within their respective jurisdictions. Except for the circumstances that the delay in the commencement of the construction and development of a plot of State-owned land for construction use is caused by any of the acts of any government or government departments, a plot of idle land shall be disposed of in the following ways:

- where the land has remained idle for more than one year, the competent department of land and resources at the municipal or county level shall, with the approval of the government at the same level, issue the Decision on Collecting Charges for Idle Land to the holder of the land use right and collect the charges for idle land at the rate of 20% of the land assignment or allocation fee, which charges for idle land shall not be included in the production cost by the holder of the land use right; and
- where the land has remained idle for more than two years, the competent department of land and resources at the municipal or county level shall, with the approval of the government

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having the jurisdiction to approve thereof, issue a Decision on Taking Back the Right to Use the State-owned Land for Construction Use to the holder of the land use right to take back the right to use the land without compensation; if any mortgage is created on the idle land, a copy thereof shall be sent to each mortgagee thereof.

On September 21, 2010, the MLR and MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that land developers shall commence construction of a housing project within one year from the date of delivery of the land set forth in the land grant contract and shall complete construction within three years from the commencement date. If a developer is unable to commence construction timely as a result of its application for adjusting the land planning or construction conditions, the relevant land use right shall be revoked from such land developer and be re-granted through a new bidding, auction or listing procedure. If a land parcel is left idle for more than a year for reasons solely attributable to the developer, such developer will be banned from participating in land-granting activities for other land parcels for a certain period of time.

On January 3, 2008, the State Council promulgated the Circular on Conservation of Intensive Land Use (關於促進節約集約用地的通知), which seeks to:

- examine and adjust all ranges of site planning and land use standards in line with the principle of economic and intensive land use; project designs, construction and approval of construction shall all be subject to stringent land use standards;
- urge all localities to enforce policies for the disposal of idle land; where a piece of land has been idle for two full years and may be retrieved unconditionally as statutorily required, such land shall be retrieved and arrangements for its use shall be made, and where a piece of land has been idle for one year but less than two years, an idle land charge valued at 20% of the land assignment premium shall be levied on the land user;
- vigorously guide the use of unused and abandoned land and encourage the development and utilization of aboveground and underground space;
- strictly implement the tender, auction and listing-for-sale regime for land intended for industrial and business purposes; where the total land premium is not paid in full in compliance with contractual agreement, the land use certificate shall not be issued, nor shall it be issued in proportion to the ratio between the paid-up land premium and the total land premium;
- make reasonable arrangements on residential land and persist on banning land supply for real estate development projects for villas, and strictly prohibit unauthorized conversion of agricultural land into construction land;
- strengthen supervision and inspection of intensive land use conservation; and
- discourage financial institutions from granting loans and providing finance to property development enterprises whose real estate development project is less than one quarter invested, occupies an area less than one third and/or was commenced over one year after the project commencement date, in each case as stipulated in the contract for the assignment of land.

On January 26, 2011, the State Council promulgated the Notice on Further Implementing Real Estate Market Control Measures (關於進一步做好房地產市場調控工作有關問題的通知), pursuant to which relevant authorities shall withdraw land use rights from land developers who do not obtain

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construction permits within a two-year period after the land grant date and shall impose certain monetary penalties on developers that leave a land parcel idle for more than a year.

On May 23, 2012, the MLR issued the Circular on the Issuance and Implementation of the Catalog for Restricted Land Use Projects (2012 Version) and the Catalog for Prohibited Land Use Projects (2012 Version) (關於發佈實施《限制用地專案目錄(2012年本)》和《禁止用地專案目錄(2012年本)》的通知), updating the Supplement to the 2006 Version. In this circular, the MLR also restricted the area of land that may be granted by local governments for development of commodity housing to seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

### ***Planning of a property project***

According to the Measures for Control and Administration of the Grant and Transfer of the Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by MOHURD on December 4, 1992 and implemented on January 1, 1993 and the Notice of the Ministry of Construction on Strengthening the Planning Administration of the Grant and Transfer of the Right to Use State-owned Land (建設部關於加強國有土地使用權出讓規劃管理工作的通知) promulgated by MOHURD on December 26, 2002, after signing the contract for the assignment of land use rights, a property development enterprise shall apply for a project survey and a construction land planning permit from the city planning authority. After obtaining a construction land planning permit, a property development enterprise shall organize the necessary planning and design work in accordance with planning and design requirements and apply for a construction works planning permit from the city planning authority.

The Urban and Rural Planning Law (城鄉規劃法), promulgated by the Standing Committee of the National People's Congress in October 2007 which became effective in January 2008, provides regulations with respect to the formulation, implementation, modification, control, supervision and related legal liability of measures aimed at curbing problems that may arise as a result of conflicts between city and rural construction developments. The scope of the measures includes the planning, layout and construction of cities, towns with administrative status, market towns and villages. In order to effectively prevent construction that is in breach of rules and regulations, the Urban and Rural Planning Law stipulates that where any construction project is commenced without obtaining a permit for a planned construction project, or where permit for a planned construction project has been obtained but construction has proceeded not in accordance with that permit, the Urban and Rural Planning Department at the county level or above may issue an order to cease construction. In the case that the construction can be remedied to conform to the relevant planning rules, an order can be made to rectify the construction in a prescribed period of time and a fine totaling between 5% to 10% of the total construction cost may be imposed. Where the construction cannot conform to relevant planning rules, an order for its demolition will be issued or, where demolition is not possible, the property and/or illegal income derived from the property will be confiscated and a fine totaling 10% or less of the construction cost will be imposed.

On November 30, 2009, MOHURD and the Office of the Leading Group for Addressing Problems Regarding Unauthorized Change of Planning and Adjustment of the Floor Ratio in Real Estate Development under the Ministry of Supervision jointly promulgated the Notification on Further Implementation of the Special Project to Address Problems Regarding Unauthorized Changes to the Planning and Adjustment of the Floor Area Ratio (關於深入推進房地產開發領域違規變更規劃調整容積率問題專項治理的通知) which re-emphasized the need to rectify, investigate and punish property development enterprises which undertake any unauthorized adjustment of the floor area ratio.

### ***Construction of a property project***

According to the Measures for the Administration of Construction Permits for Construction Projects (建築工程施工許可管理辦法) promulgated by MOHURD on October 15, 1999 and as amended

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and implemented on July 4, 2001, after obtaining the construction works planning permit, a property development enterprise shall apply for a construction works commencement permit from the construction authority under the local people's government at the county level or above. The Notice Regarding the Strengthening and Regulation of the Management of New Projects (關於加強和規範新開工專案管理的通知), promulgated by the General Office of the State Council on November 17, 2007, regulates the conditions for commencing investment projects, establishes a mechanism for the coordination of government departments regarding new projects, strengthens the statistics and information management and tightens the supervision and inspection of new projects.

### ***Completion of a property project***

According to the Development Regulations and the Regulation on the Quality Management of Construction Projects (建設工程品質管制條例) promulgated by State Council on January 30, 2000, the Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD in April 2000 and amended in October 2009 and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by MOHURD on June 30, 2000, after the completion of construction of a project, the property must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. Thereafter, the property development enterprise shall apply for a certificate of completion at the property development authority under the people's government at the county level or above. Once the examination has been completed, a Record of Acceptance Examination upon Project Completion (工程竣工驗收備案表) will be issued.

According to the Notice on Further Strengthening the Quality Supervision and Management of Construction Projects (關於進一步加強建築工程品質監督管理的通知) promulgated by MOHURD on April 13, 2009, the legal regulatory framework and the supervision system in respect of quality supervision and completion acceptance examination shall be further improved.

### **Transfer and Sale of Property**

#### ***Transfer of property***

According to the Urban Property Law and the "Provisions on Administration of Transfer of Urban Property" (城市房地產轉讓管理規定) promulgated by MOHURD on August 7, 1995 and as amended on August 15, 2001, a property owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring the title to a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by assignment, the real property may only be transferred on the condition that: (a) the assignment price has been paid in full for the assignment of the land use rights as provided by the contract for the assignment of the land and a land use rights certificate has been obtained; (b) development has been carried out according to the contract for the assignment of the land and, in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed.

If the land use rights were originally obtained by assignment, the term of the land use rights after transfer of the property shall be the remaining portion of the original term provided by the contract for the assignment of the land after deducting the time that has been used by the former land user(s). In the event the transferee intends to change the use of the land provided in the original contract for the assignment of the land, consent shall first be obtained from the original grantor and the planning

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administration authority under the local government of the relevant city or county and an agreement to amend the assignment contract or a new contract for the assignment of the land shall be signed in order to, amongst other matters, adjust the land use rights assignment price accordingly.

If the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the government vested with the necessary approval power as required by the State Council. Upon such approval, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

On January 26, 2011, the State Council promulgated the Notice on Further Implementing Real Estate Market Control Measures (關於進一步做好房地產市場調控工作有關問題的通知), pursuant to which land developers whose actual investment do not exceed 25% of the planned amount shall, under no circumstances, transfer such land development project as well as the land use rights.

### ***Sale of commodity buildings***

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

On March 16, 2011, NDRC promulgated the Regulation on Price of Commodity Property (商品房銷售明碼標價規定), which took effect on May 1, 2011. According to the regulation, property developers are required to make public the sale price of each of apartment of the commodity properties for sale or pre-sale and the number of apartments available for sale or pre-sale within a certain time period. Property developers are also required to state factors that would affect housing prices and relative charges before the property transaction, such as commission fee and property management fee. No additional charge beyond what is stated in the price tag or made public by the property developers is permitted.

Commodity buildings may be put to post-completion sale after they have passed the clearance examination and otherwise satisfy the various preconditions for such sale.

### ***Permit for pre-sale of commodity buildings***

According to the Development Regulations and the Measures for Administration of Pre-sale of Commodity Buildings (城市商品房預售管理辦法) (the “Pre-sale Measures”) promulgated by MOHURD on November 15, 1994 and as amended on August 15, 2001 and July 20, 2004, the pre-sale of commodity buildings shall be subject to a licensing system, and a property development enterprise intending to sell a commodity building before its completion shall register with the property development authority of the relevant city or county to obtain a pre-sale permit. A commodity building may be sold before completion only if: (a) the assignment price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; (b) a construction works planning permit and construction works commencement permit have been obtained; (c) the funds invested in the development of the commodity buildings put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and (d) the pre-sale has been registered and a pre-sale permit has been obtained.

### ***Supervision of pre-sale income of commodity buildings***

According to the Pre-sale Measures, the income of a property development enterprise from the pre-sale of commodity buildings must be used for the construction of the relevant project. The specific measures for the supervision of the income from the pre-sale of commodity buildings shall be formulated by the relevant property administration authorities.

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### ***Conditions of the sale of post-completion commodity buildings***

Under the regulatory Measures on the Sale of Commodity Buildings (商品房銷售管理辦法), commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (a) the property development enterprise shall have a business license and a qualification certificate of a property development enterprise; (b) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (c) the enterprise shall have the construction works planning permit and construction works commencement permit; (d) the building shall have been completed, inspected and accepted as qualified; (e) the relocation of the original residents shall have been completed; (f) the provision of essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other essential utilities and public facilities shall have been made ready for use, or a date for their construction and delivery shall have been specified; (g) the property management plan shall have been completed.

Before the post-completion sale of a commodity building, a property development enterprise shall submit the property development project manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the property development authority.

### ***Regulations on transactions of commodity buildings***

According to the Development Regulations and the Pre-sale Measures, for the pre-sale of commodity buildings, the developer shall sign a contract on the pre-sale of a commodity building with the purchaser. The developer shall, within 30 days after signing the contract, apply for registration and filing of the pre-sale commodity building with the relevant property administration authorities.

Pursuant to the Circular of the General Office of the State Council on Forwarding the Opinions of the Ministry of Construction and other Departments on Stabilizing House Prices (國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知) issued on May 9, 2005:

- a buyer of a pre-sold commodity building is prohibited from conducting any further transfer of the commodity building before construction has been completed and a property ownership certificate obtained. If there is a discrepancy in the name of the applicant for property ownership and the name of the advance buyer in the pre-sale contract, the property administration authorities shall not register the application for property ownership; and
- a real name system is applied for each property purchase transaction and an immediate archival filing network system is in place for pre-sale contracts of commodity buildings.

On July 6, 2006, MOHURD, the NDRC and the State Administration for Industry and Commerce jointly promulgated the Notice on Reorganizing and Regulating Real Estate Transaction Procedures (關於進一步整頓規範房地產交易秩序的通知), the details of which are as follows:

- a property development enterprise may start to sell the commodity buildings within 10 days after receiving a pre-sale permit, and without this permit, the pre-sale of commodity buildings is prohibited, as is the subscription to (including reservation, registration and number selecting) or acceptance of any kind of pre-sale payments;
- the property administration authority should establish a network system for pre-sale contracts of commodity buildings, which should include the location and basic information of the commodity building and the schedule for the sale, and the buyer of a pre-sale commodity building is prohibited from conducting any further transfer of the commodity building while it is still under construction;
- the pre-sale of commodity buildings must not be advertised without a pre-sale permit;

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- property development enterprises with a record of serious irregularity or developers who do not satisfy the requirements of the pre-sale of commodity buildings are not allowed to take part in pre-sale activities;
- property administration authorities should strictly carry out the regulations of the pre-sale registration and apply the real name system for house purchases;

On April 13, 2010, MOHURD issued the Notice on Further Enhancing the Supervision of the Real Estate market and Perfecting the Pre-sale System of Commodity Properties (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). Pursuant to the notice, without pre-sale approval, pre-sale of commodity properties is not permitted and property developers are not allowed to charge buyers any deposit, pre-payment or payment of similar nature. In addition, the notice urges local governments to enact regulations on sale of completed commodity properties in light of the local conditions, and encourages property developers to engage in the practice of selling completed commodity properties.

### ***Mortgages of property***

Under the Property Rights Law (物權法), promulgated by the National People's Congress on March 16, 2007 and implemented on October 1, 2007, and the Measures on the Administration of Mortgages of Property in Urban Areas China (城市房地產抵押管理辦法) promulgated by MOHURD in May 1997 and as amended on August 15, 2001, when a mortgage is lawfully created on a building, a mortgage shall be simultaneously created on the land use rights of the land on which the building is situated. When the land use rights acquired through means of assignment are being mortgaged, the buildings on the land shall be simultaneously mortgaged. The land use rights of town and village enterprises cannot be mortgaged. When buildings owned by town and village enterprises are mortgaged, the land use rights occupied by the buildings shall at the same time also be mortgaged. The mortgagor and the mortgagee shall sign a mortgage contract in writing. If a mortgage is created on property in respect of which a house ownership certificate has been obtained, the registration authority shall make an entry under the "third party rights" item on the original house ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or under construction, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage after the issuance of certificates evidencing the ownership of the property.

On January 26, 2011, the State Council issued the "Notice on Further Strengthening Regulation and Control of Real Property Markets" (關於進一步做好房地產市場調控工作有關問題的通知), requiring: (i) a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central government, cities listed on state plans, provincial capitals, and cities where the housing prices are overly high or increasing at an excessively high rate, purchasers (including their spouses and minor children) that are local residents with two or more residential properties, non-local residents with one or more residential properties, or non-local residents that are unable to provide documentation evidencing payment of local tax or social security for longer than a specified time period are not permitted to acquire any residential properties. In order to implement the Notice on Further Strengthening Regulation and Control of Real Property Markets, certain cities, including Beijing, Shanghai, Haikou, Dalian, Chengdu and Fuzhou, have promulgated measures to restrict the number of residential properties one family is allowed to purchase.

### ***Leases of buildings***

Under the Urban Property Law and the Measures for Administration of Leases of Property in Urban Areas, the parties to a lease of a building shall enter into a written lease contract. A system has

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been adopted to register the leases of buildings. When a lease contract is signed, amended or terminated, the parties shall register the details with the property administration authority under the local government of the city or county in which the building is situated.

### ***Financing property development and acquisition***

The PBOC issued the Circular on Further Strengthening the Management of Property Loans (關於進一步加強房地產信貸業務管理的通知) on June 5, 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgages and individual commodity buildings as follows:

- Property loans by commercial banks to property development enterprises shall be granted only in respect of a particular item of property development rather than to meet cash flow or other financing demands. Loans of any kind must not be granted for projects which do not obtain a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit.
- Commercial banks shall not grant loans to property development enterprises to pay off land premiums.
- Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for an individual home loan for their first residential unit, the minimum first installment remains unchanged at 20%. In respect of a loan application for any additional purchase of a residential unit(s), the percentage of the first installment shall be increased.

Pursuant to the Guidance on Risk Management of Property Loans from Commercial Banks (商業銀行房地產貸款風險管理指引) issued by the CBRC on August 30, 2004, any property development enterprise applying for property development loans shall have at least 35% of the capital required for the development.

According to the Notice of the People's Bank of China on the Adjustment of Commercial Bank Housing Credit Policies and the Interest Rate of Excess Reserve Deposits (中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知) promulgated by the PBOC on March 16, 2005, from March 17, 2005, in cities and areas where there has been a rapid increase in house prices, the minimum first installment for individual house loans increased from 20% to 30%. Commercial banks can independently determine the particular cities or areas under such adjustment according to the specific situation in different cities or areas.

On May 24, 2006, the State Council issued the Opinions of the Ministry of Construction and other Departments on Adjusting the Housing Supply Structure and Stabilizing Housing Prices (關於調整住房供應結構穩定住房價格的意見). The regulations relating to property credit are as follows:

- commercial banks shall not provide loans to those property enterprises that fail to meet loan conditions, such as having a project capital of less than 35%.
- for property development enterprises that have large volumes of idle land and vacant commodity buildings, the commercial banks shall, in light of the principle of prudential operations, be stricter in controlling the renewal of loans or any form of revolving credit.
- the commercial banks shall not accept any commodity building that has been idle for three or more years as collateral for loans.

According to the Opinion on Regulating the Access to and Management of Foreign Capital in the Property Market (關於規範房地產市場外資准入和管理的意見), foreign-invested property enterprises which



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have not paid up their registered capital, failed to obtain a land use rights certificate, or which have less than 35% of the capital for the project, will be prohibited from obtaining a loan in or outside China, and SAFE shall not approve the registration of foreign loans from such enterprises.

On September 27, 2007, the PBOC and the CBRC issued the Notice on Strengthening the Management of Commercial Real Estate Credit and Loans (關於加強商業性房地產信貸管理的通知) (the “2007 Notice”). The 2007 Notice puts forward requirements for the purpose of strengthening processes for loan management, including by means of credit checks, monitoring of real estate loans and risk management, in respect of (a) real estate development, (b) land reserves, (c) housing consumption and (d) the purchase of commercial buildings.

Pursuant to the 2007 Notice, commercial banks shall not grant loans in any form, to (a) projects where the capital funds (owner’s equity) constitutes less than 35%, or, projects without a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit; and (b) property development enterprises that have been hoarding land and housing resources, as detected and verified by land resources departments and construction authorities. Furthermore, commercial banks are not permitted to accept commodity buildings with a vacancy exceeding three years as collateral for a loan, and may not grant property development enterprises any loans for the payment of relevant land assignment premiums.

In respect of loans for individual housing consumption, commercial banks are only permitted to grant housing loans to individuals who purchase commodity buildings the construction of which have reached the “topping out of the main structure” stage. Where an individual purchases his or her first commodity apartment for self residence purpose, (a) of a construction area is below 90 sq.m., the minimum down payment shall be fixed at no less than 20%; and (b) if the construction area is above 90 sq.m., the minimum down payment shall be fixed at no less than 30%. Where an individual has purchased a commodity apartment by means of such loan and proceeds to purchase a second (or more) home, the minimum down payment shall be no less than 40% and the interest rate shall not be under 110% of the benchmark interest rate as announced by the PBOC during same period and in same bracket. Further, the minimum down payment and the interest rate shall both rise with the increase in the number of homes purchased, with the increased percentage rates to be determined by commercial banks, at their own discretion, according to principles of loan risk management. However, the monthly repayments for housing loans shall not exceed 50% of the individual borrower’s monthly income.

In respect of commercial building loans, commercial buildings purchased by loan shall be buildings that have satisfied procedural requirements of completion inspection and acceptance. For such purchase, the minimum down payment shall be no less than 50%, the loan term shall not exceed ten years and the interest rate shall not be under 110% of the benchmark interest rate as announced by the PBOC during the same period and in same bracket. Where a loan application is in connection with a commercial and residential building, the minimum down payment shall be no less than 45% and the loan term and interest rate shall be arranged according to relevant regulations.

The Supplemental Notice on Strengthening the Management of Commercial Real Estate Credit and Loans (關於加強商業性房地產信貸管理的補充通知) (the “Supplemental Notice”), jointly issued by the PBOC and the CBRC and dated December 5, 2007, sets forth supplemental requirements in respect of strengthening housing consumption loan management, mainly including the following:

- assess the number(s) of housing loan with the borrower’s family as the basic calculation unit;
- stipulate conditions under which the housing loan policy for first home buyers shall serve as the referential basis for bank loans; and
- where a family that has already purchased a commodity apartment via housing provident fund makes a housing-loan application to commercial banks, the requirements set forth in the Notice shall be duly satisfied in accordance with the Notice.

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As stipulated in the Supplemental Notice, in the event an applicant is found to have presented false information and certifications, all commercial banks shall deem the loan application unacceptable.

Since the second quarter of 2008, the PRC government has implemented a series of policies intended to strengthen and improve the sound development of the real estate market.

On May 26, 2008, the CBRC issued the Notice on Further Strengthening Risk Management in the Provision of Credit to the Real Estate Market (關於進一步加強房地產行業授信風險管理的通知). To combat property development enterprises who (a) “falsify mortgages” by using forged property sale contracts; (b) process “falsified down payments” from borrowers by accepting initial repayments in the pre-sale stage, paying for buyers in advance or by other means; or (c) mislead banks about decisions over the provision of loans by forging their sale performances or house prices as well as other problems arising in the real estate market, the Notice requires each commercial bank to:

- strictly follow the policies and conditions related to the provision of loans to individuals;
- improve the monitoring of the qualifications of borrowers;
- rigorously examine the enterprise credit ratings of property development enterprises; and
- upon discovering that a property development enterprise has engaged in the “falsification of mortgages,” “falsification of down payments,” “forgery of house prices” or other such behavior, terminate the individual housing loans or development loans extended to such developer. Property development enterprises suspected of committing such crimes shall be referred to the judicial organs for further investigation.

On October 22, 2008, the People’s Bank of China issued the Circular on the Expansion of the Downward Adjustment Range for Interest Rates of Commercial Individual Mortgage Loans and Related Issues (中國人民銀行關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知) which decreased the minimum down payment for residential property purchasers to 20% and reduced the minimum mortgage loan rates for such purchases to 70% of the benchmark interest rate starting from October 27, 2008.

On December 20, 2008, the General Office of the State Council issued Several Opinions on Promoting the Sound Development of the Real Estate Market (關於促進房地產市場健康發展的若干意見), which provides the following regarding loans for property businesses:

- The purchase of regular commodity houses for residential purposes is to be encouraged. In addition to extending favorable interest rates and loan policies to first time buyers of apartments for self-residential purposes, individuals with an existing home in which the per person floor area is smaller than the local average may buy a second apartment for self residential purposes under favorable loan terms similar to those that apply to first-time buyers. If individuals purchase a second apartment or more for any other purpose, the interest rate shall be determined according to potential risks by commercial banks and based on the benchmark interest rate.
- The proper financing requirements for property development enterprises should be adhered to. Commercial banks shall increase credit financing services available to ordinary commercial housing construction projects, provide financial support and other related services to property development enterprises engaged in merger and restructuring activities, and support the approval of bond issuances by property development enterprises.

The State Council issued the Notice on Adjusting the Minimum Capital Requirement for Capital Funding for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知) on May 25, 2009,

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which provides for the reduction of the minimum capital requirement for affordable residential housing projects and regular commodity residential houses from 35% to 20%, and for other property projects to 30%. When providing credit finance support and services, financial institutions shall determine, at their own discretion, whether to grant a loan and the amount of the loan having regard to the minimum capital requirement as determined by the state.

On June 19, 2009, the CBRC issued the Notice on Further Strengthening the Risk Management of Mortgage Loans (關於進一步加強按揭貸款風險管理的通知). With regard to current problems in the real estate market, particularly in the area of mortgage loans such as “falsified mortgages,” “falsified down payments,” “forged house prices” and the relaxed enforcement of criterion for “loans for a second house,” the Notice reiterates the following requirements:

- banking institutions shall strictly carry out pre-lending credit check and tighten the criterion for granting a loan in order to prevent the occurrence of such behavior as “falsified mortgages,” “falsified down payments,” and “forged house prices;”
- banking institutions shall proceed to focus on supporting the purchase by individuals of their first commodity house for self-residence purposes and shall not circumvent relevant restrictions with regard to the provision of loans for a second (or more) house by claiming that a national network for credit information collection is not available or that cross-regional investigations into the purchaser’s background is difficult or onerous; and
- banking institutions are not entitled to decide the criterion for identifying “loans for a second house” or to lower the minimum down payment indirectly by any means.

On April 17, 2010, the State Council issued the Notice on Firmly Preventing Property Price from Increasing Too Rapidly in Certain Cities (關於堅決遏制部分城市房價過快上漲的通知), pursuant to which the State Council raised the minimum down payment for second home purchases to 50% and set a minimum 30% down payment on first homes with a GFA of more than 90 sq.m. Further, the notice also stipulates that interest rates for mortgage loans for second homes cannot be lower than 110% of the PBOC benchmark lending rate; and interest rates for mortgage loans and minimum first installments for third or subsequent homes shall be increased substantially.

On May 26, 2010, MOHURD, the PBOC and the CBRC jointly issued the Circular on Regulating the Criteria for Identifying the Second Residential Properties in Connection with Personal Commercial Housing Loans (關於規範商業性個人住房貸款中第二套住房認定標準的通知), which provides, among others, that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by taking into account of the total number of residential properties owned by the household of such purchaser (including the purchaser and his or her spouse and children under the age of 18 years). In addition, the circular describes a number of circumstances under which different credit policies shall be applied in connection with purchases of the second or further residential property.

To strengthen property market regulation and enhance the implementation of these existing policies, on September 29, 2010, the PBOC and CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (關於完善差別化住房信貸政策有關問題的通知), according to which the minimum down payment has been raised to 30% for all first home purchases, and commercial banks throughout China are required to suspend mortgage loans for purchases of a customer’s third parcel of residential property and beyond.

In November 2010, MOHURD, Ministry of Finance and PBOC jointly promulgated the Notice on Relevant Issues Concerning Policies of Regulation of Individual Housing Reserve Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provides, among other things, that: (i) where a first-time house purchaser (including the borrower, spouse and minor children) uses housing reserve

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loans to buy an ordinary house for self-use with a unit floor area: (a) equal to or less than 90 sq.m., the minimum down payment shall be at least 20%, (b) more than 90 sq.m., the minimum down payment shall be at least 30%; (ii) for a second-time house purchaser that use housing reserve loans, the minimum down payment shall be at least 50% with the minimum lending interest rate of 110% of the benchmark rate; (iii) the second housing reserve loan will only be available to families whose per capita housing area is below the average in locality and such loan must only be used to purchase an ordinary house for self-use to improve residence conditions; and (iv) housing reserve loans to families for their third residential property and beyond will be suspended.

In November 2010, MOHURD and SAFE jointly promulgated the Notice on Further Regulating Administration of Purchase of Houses by Overseas Institutions and Individuals (關於進一步規範境外機構和個人購房管理的通知), pursuant to which an overseas individual can only purchase one residential property for self-occupation within the PRC and an overseas institution which has established a branch or representative office in the PRC can only purchase non-residential properties for business use in the city where it is registered within the PRC.

On February 11, 2010, the CBRC promulgated the Notice on Strengthening the Supervision of Trust Companies' Real Estate Business (關於加強信託公司房地產信託業務監管有關問題的通知), trust companies may not offer loans for land acquisitions or early stage land developments and may only grant loans to eligible property developers which satisfy specific requirements set out in the notice and other relevant rules.

On November 12, 2010, the CBRC issued the Notice on Risk Alert for Trust Companies' Real Estate Business (關於信託公司房地產信託業務風險提示的通知) to require all trust companies to conduct self-examination immediately on the compliance risk of the real estate trust business. Business compliance and risk exposure shall be analyzed on case-by-case basis, including whether the real estate development projects to which loans were issued by trust companies have satisfied the conditions such as the availability of all the "Four Permits"(namely, the land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit), whether the real estate developer or its controlling shareholder have obtained Class 2 qualification, and whether capital ratio of the project has reached the national minimum requirement. All banking regulatory bureaus shall strengthen compliance supervision and risk control over real estate business of trust companies within their jurisdiction. If problems are discovered during self-examination and inspection, measures shall be taken immediately to order the trust company for rectification and non-compliance behavior shall be penalized in accordance with the relevant rules and regulations.

On February 26, 2013, the executive meeting of the State Council chaired by Premier Wen Jiabao issued a document emphasizing the strict implementation of tightening measures for the real estate market. The measures include completing a system of responsibility for stabilizing housing prices; restraining purchases of residential housing for investment and speculation purposes; expanding the supply of both ordinary commodity housing and of land; accelerating construction of affordable housing projects; and strengthening market supervision.

On July 20, 2013, the PBOC issued a notice which lifted the restrictions on financial institutions' lending rates, but the personal housing loan floating interest rate range remained unchanged.

### ***Insurance of a property project***

There are no mandatory provisions in PRC laws, regulations and government rules which require a property development enterprise to take out insurance policies for its property projects. However, PRC commercial banks may require the property development enterprise to purchase insurance if the commercial bank intends to grant a development loan to the property development enterprise.

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### ***Environmental protection***

Pursuant to the requirements of relevant laws and regulations such as the Appraisal Measures for the Impact on the Environment of the PRC (中華人民共和國環境影響評價法) implemented by the Standing Committee of the National People's Congress in September 2003, and the Regulations Governing Environmental Protection of Construction Projects (建設項目環境保護管理條例) implemented by the State Council in November 1998, property development enterprises and construction enterprises must carry out an appraisal of the impact the construction project will have on the environment. The relevant project shall not commence until approval is obtained from the supervisory body for environmental protection. While the project is in progress, the developer should also comply with the appraisal documents relating to the impact on the environment and implement the environmental protection measures set out in the opinion of the supervisory body for environmental protection. Such measures must be incorporated into the design, construction and operation of the general construction. Upon completion of the project, the developer should apply to the supervisory body for environmental protection for the inspection and acceptance of the completed environmental protection facilities. Only those projects that have been inspected and accepted may go into operation or be available for use.

### ***Civil Air Defense Property***

There are several laws and regulations in the PRC regarding the civil air defense project construction, including Law of the People's Republic of China on National Defense (中華人民共和國國防法), Civil Air Defense Law of the People's Republic of China (中華人民共和國人民防空法), Property Law of the People's Republic of China (中華人民共和國物權法), Measures of the Development and Utilization of Civil Air Defense Construction during Peacetime (人民防空工程平時開發利用管理辦法) and several Opinions regarding Further Advancing the Development of Civil Air Defense by the State Council and the Central Military Commission (國務院、中央軍委關於進一步推進人民防空事業發展的若干意見). According to such laws and regulations, basements that will be used for air defense in time of war shall be constructed in new buildings of cities for civil defense use. If any construction project cannot have basements due to any geological reason, fees for substitute site construction shall be paid. Investors of air defense construction shall be entitled to any benefits generated from its usage and shall manage such construction in the peacetime. Civil use of air defense construction shall be registered with relevant air defense authority by the users. According to the Civil Air Defense Law of the PRC (中華人民共和國人民防空法) which was promulgated on October 29, 1996, the government encourages and supports enterprises, institutions, public organizations and individuals to invest in various ways in construction of civil air defense works. In time of peace, such works shall be used and managed by the investors and the income there from shall be owned by them. The government encourages peacetime use of civil air defense works for economic development and the daily lives of the people. However, such use may not impair their functions as air defense works.

### ***Construction safety***

Under relevant laws and regulations such as the Laws for Safe Production in the PRC (中華人民共和國安全生產法) promulgated by the Standing Committee of the National People's Congress in November 2002, the property development enterprise should apply to the supervisory department on safety for the registration of supervision for work safety in construction before the commencement of construction. Constructions without such registration will not be granted a construction works commencement permit by the supervisory body. Contractors for the construction should establish the objectives and measures for work safety and improve the working environment and conditions of workers in a planned and systematic way. A work safety protection scheme should also be set up to carry out the work safety job responsibility system. At the same time, contractors should adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

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Under the Construction Law of the People's Republic of China (中華人民共和國建築法), the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor.

### **Major Taxes Applicable to Property Developers**

#### ***Corporate income tax***

In 2007, the PRC government adopted the PRC Corporate Income Tax Law (中華人民共和國企業所得稅法) and the related implementation rules, which became effective on January 1, 2008. Under the PRC Corporate Income Tax Law, a unified income tax rate of 25% is applied to all PRC enterprises, including foreign-invested enterprises. Under the PRC Corporate Income Tax Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are generally subject to the unified 25% corporate income tax rate on their global income.

#### ***Business tax***

Pursuant to the Interim Regulations of the People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例) promulgated by the State Council on December 13, 1993, amended on November 10, 2008, and implemented on January 1, 2009, and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例實施細則) issued by the Ministry of Finance on December 25, 1993 and amended on December 15, 2008 and implemented on January 1, 2009, the tax rate applicable to the transfer of real properties, their superstructures and attachments is 5%.

In accordance with the Notice on the Adjustment of Business Tax for the Transfer of Individual Homes (關於調整個人住房轉讓營業稅政策的通知) promulgated by the Ministry of Finance and the State Administration of Taxation on December 22, 2009 and amended on January 27, 2011, (i) where an individual sells a house that he or she purchased less than five years ago, business tax shall be levied on the full amount of the sales proceeds, (ii) where an individual sells a non-ordinary house that he or she purchased more than five years (inclusive) ago, business tax shall be levied on the difference between the sales proceeds and the original purchase price of the house, and (iii) where an individual sells an ordinary house that he or she purchased more than five years (inclusive) ago, business tax shall be exempted.

On January 26, 2011, the State Council promulgated the Notice on Further Implementing Real Estate Market Control Measures (關於進一步做好房地產市場調控工作有關問題的通知), pursuant to which individuals who resell houses that they have owned for less than five years shall pay business tax on the full sale price, whether or not the houses were initially bought for self-occupied residential purposes.

#### ***Land appreciation tax***

According to the requirements of the Provisional Regulations of The People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) (the "Land Appreciation Tax Provisional Regulations") which were promulgated on December 13, 1993 came into effect on January 1, 1994 and amended on January 8, 2011, and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) (the "Land Appreciation Tax Detailed Implementation Rules") which were promulgated and came into effect on January 27, 1995, any capital-gain from a transfer of property shall be subject to land appreciation tax. Land appreciation tax shall be charged at four levels of progressive rates: 30% for the appreciation amount not exceeding 50% of the sum of deductible items; 40% for the appreciation amount exceeding 50% but not exceeding 100% of the sum of

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deductible items; 50% for the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% for the appreciation amount exceeding 200% of the sum of deductible items. Deductible items include the following:

- amount paid for obtaining the land use rights;
- costs and expenses for the development of the land;
- costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- related tax payable for the transfer of property; and
- other deductible items as specified by the Ministry of Finance.

After the issuance of the Land Appreciation Tax Provisional Regulations and the Land Appreciation Tax Detailed Implementation Rules, due to the longer period for property development and transfer, many districts, while they were implementing the regulations and rules, did not require property development enterprises to declare and pay the land appreciation tax. Accordingly, the Ministry of Finance, the State Administration of Taxation, MOHURD and the MLR separately and jointly issued several notices to restate the following: after the land grant contracts are signed, the taxpayers should declare the tax to the local tax authorities where the property is located, and pay land appreciation tax in accordance with the amount as calculated by the tax authority. For those who fail to acquire proof of payment or exemption from land appreciation tax from the tax authorities, the property administration authority shall not process the relevant title change procedures, and shall not issue the property title certificate.

The State Administration of Taxation also issued the Notice on the Strict Handling of the Administration of the Collection of Land Appreciation Tax (關於認真做好土地增值稅徵收管理工作的通知) on July 10, 2002 to request local tax authorities to: modify the management system of land appreciation tax collection; build up a sound taxpaying declaration system for land appreciation tax; and modify the methods of pre-levying tax for the pre-sale of properties. The Notice also pointed out that for property development contracts which were signed before January 1, 1994 or where the project proposal has been approved and capital was injected for development, the policy for exemption from land appreciation tax exemption for properties that are transferred for the first time is no longer in effect and the tax shall be levied again. This requirement is restated in the Notice on Strengthening of Administration of the Collection of Land Appreciation Tax (關於加強土地增值稅管理工作的通知) and the Notice on Further Strengthening the Administration of the Collection of Land Appreciation Tax and Land Use Tax in Cities and Towns (關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知) issued on August 2, 2004 and August 5, 2004, respectively, by the State Administration of Taxation. These two notices also required that system for the declaration of land appreciation tax and the registration of the sources of the land appreciation tax should be further improved.

On March 2, 2006, the Ministry of Finance and the State Administration of Taxation issued the Notice on Several Points on Land Appreciation Tax (關於土地增值稅若干問題的通知) to clarify relevant issues regarding land appreciation tax as follows:

- *Standards for the transfer of ordinary standard residential houses.* Where any development project includes ordinary residential houses as well as other commercial houses, the amount of land appreciation shall be verified for both commercial and residential houses, respectively. No adjustment shall be retroactively made to any application for tax exemption for ordinary standard residential houses that were filed with the tax authority at the locality of the property prior to March 2, 2006, especially for ordinary standard residential houses which had been exempted from land appreciation tax as according to standards determined by the

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people's government of a province, autonomous region or municipality directly under the Central Government.

- *Standards for the collection and settlement of land appreciation tax:* (i) All regions shall decide the advance collection rate in a scientific and reasonable manner, and adjust it at a proper time according to the value of the property as well as the market development level within the region and on the basis of the specific housing categories, namely, ordinary standard residential houses, non-ordinary standard residential houses and commercial houses. After a project is completed, the relevant settlement shall be handled in a timely manner, with any overpayment refunded or any underpayment being made up. (ii) As to any tax that fails to be collected in advance within the advance collection term, overdue fines shall be collected as of the day following the expiration of the prescribed advance collection term according to the provisions of relevant tax collection and administration law. (iii) As to any property project that has been completed and has gone through the acceptance procedure, where the floor area of the property as transferred makes up 85% or more of the saleable floor area, the tax authority may require the relevant taxpayer to settle its land appreciation tax obligation for the transferred property according to the proportion between the income as generated from the transfer of property and the amount under the item of deduction. The specific method of settlement shall be prescribed by the local tax authority of a province, autonomous region or municipality directly under the Central Government, or a city under separate state planning. (iv) As to any investment that uses land (property) as payment for the purchase of shares, where an enterprise involved in the investment engages in property development or where any other property development enterprise invests in commercial houses it itself builds, it shall not be governed by the regulation of the interim exemption of land appreciation tax when the property (land) is transferred to the enterprise.

On December 28, 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題的通知) (the "2007 LAT Notice") which came into effect on February 1, 2007.

Pursuant to the 2007 LAT Notice, a property development enterprise shall settle and clear the LAT payment of its development projects that meet certain criteria with the tax authorities in accordance with the applicable LAT rates. The LAT shall be settled for projects approved by the competent authorities; and for projects developed in different stages, the LAT shall be settled in stages. LAT must be settled if (a) the property development project has been completed and fully sold; (b) the property development enterprise transfers the whole uncompleted development project; or (c) the land use rights with respect to the project are transferred. In addition, the relevant tax authorities may require the property development enterprise to settle the LAT if any of the following criteria is met: (a) for completed property development projects, the transferred GFA represents more than 85% of total saleable GFA, or the proportion represented is less than 85%, but the remaining saleable GFA has been leased out or used by the property development enterprise; (b) the project has not been completed sold more than three years after obtaining the sale permit or pre-sale permit; (c) the property development enterprise applies for cancellation of the tax registration without having settled the relevant LAT; or (d) other conditions stipulated by the tax authorities.

The Notice also indicated that if any of the following circumstances applies to a property development enterprise, the tax authorities shall levy and collect LAT as per a levying rate no lower than the pre-payment rate with reference to the bearing rate of LAT of local enterprises with a similar development scale and income level: (a) failure to maintain account books required by law or administrative regulation; (b) destroying account books without authorization or refusing to provide taxation information; (c) the accounts have not been properly maintained or cost materials, income vouchers and cost vouchers are damaged and incomplete, making it difficult to determine transferred income or the amount of deductible items; (d) failure to go through LAT settlement within the prescribed period, and such failure is not cured within the period required by the relevant tax



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authorities; (e) the basis for tax calculation as submitted is obviously low without justifiable cause. Local provincial tax authorities can formulate their own implementation rules according to the notice and the local situation.

On May 12, 2009, the State Administration of Taxation issued the Administrative Rules for the Settlement of Land Appreciation Tax (土地增值稅清算管理規程) (the "Settlement Rules"), which became effective on June 1, 2009. The Settlement Rules reiterated the circumstances under which the LAT must be settled, the criteria that are to be met for relevant tax authorities to require the settlement of LAT and the circumstances under which the tax authorities shall levy and collect LAT as prescribed by the Notice. The Settlement Rules further stipulate detailed procedures for the examination and verification of the settlement of LAT to be carried out by relevant tax authorities.

On October 22, 2008, the Ministry of Finance and the State Administration of Taxation issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading (關於調整房地產交易環節稅收政策的通知) and temporarily exempted the LAT for individuals selling houses starting from November 1, 2008.

On May 19, 2010, the State Administration of Taxation issued the Circular on Issuers Concerning Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知) to strengthen the settlement of LAT. The circular clarifies certain issues with respect to calculation and settlement of the land appreciation tax, such as (i) the recognition of the revenue upon the settlement of LAT, and (ii) the deduction of fees incurred in connection with the property development.

On May 25, 2010, the State Administration of Taxation issued the Notice on Strengthening the Levy and Administration of Land Appreciation Tax (關於加強土地增值稅征管工作的通知), which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the types of the properties.

### ***Urban land use tax***

Pursuant to the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on September 27, 1988, implemented on November 1, 1988, amended on December 31, 2006 and January 8, 2011, land use tax in respect of urban land is levied according to the area of relevant land. As of January 1, 2007, the annual tax on every square meter of urban land shall be between RMB0.6 and RMB30.0.

### ***Real Estate tax***

Pursuant to the PRC Provisional Rules on Real Estate Tax (中華人民共和國房產稅暫行條例), real properties owned by individual for non-business uses are exempted from real estate tax. In May 2010, the State Council issued the Notice on Endorsing and Forwarding the National Development and Reform Commission's Opinions on Further Development the Key Reforms of the Economic System in 2010 (國務院批轉發展改革委員會關於2010年深化經濟體制改革重點工作意見的通知), which calls for the gradual implementation of real estate tax reform in the PRC. According to principle of this notice, Chongqing and Shanghai have promulgated local regulations to impose real estate tax on residential real property owned by individuals

In May 2010, the State Council issued the Notice on Endorsing and Forwarding the National Development and Reform Commission's Opinions on Further Developing the Key Reforms of the Economic System in 2010 (國務院批轉發展改革委員會關於2010年深化經濟體制改革重點工作意見的通知), which calls for the gradual implementation of property tax reform in the PRC.

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According to the Circular Concerning the Levy of Building Tax on Foreign Enterprises and Foreigners (關於對外資企業及外籍個人徵收房產稅有關問題的通知) promulgated by the Ministry of Finance on January 12, 2009, and the Circular Concerning the Implementation of the Levy of Building Tax on Foreign-Invested Enterprise and Foreign Individuals (關於做好外資企業及外籍個人房產稅徵管工作的通知) issued by the State Administration of Taxation on January 6, 2009, from January 1, 2009, domestic and foreign-invested enterprises and foreign individuals will all be subject to the Interim Regulations of the People's Republic of China on Building Tax.

### **Stamp duty**

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

On October 22, 2008, the Ministry of Finance and the State Administration of Taxation issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading (關於調整房地產交易環節稅收政策的通知) and temporarily exempted stamp duty for individuals selling or buying houses starting from November 1, 2008.

### **Municipal maintenance tax**

Under the Interim Regulations of the People's Republic of China on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on February 8, 1985, any taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) issued by the State Administration of Taxation on February 25, 1994, the municipal maintenance tax shall not be applicable to foreign invested enterprises with foreign investment until further notice is issued by the State Council.

However, according to the Notice on Unifying the Municipal Maintenance Tax and Education Surcharge System of Domestic Enterprises, Foreign-Invested Enterprises and Individuals (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) as issued by the State Council on October 18, 2010, the municipal maintenance tax will become applicable to foreign-invested enterprises as of December 1, 2010.

### **Education surcharge**

Under the Interim Provisions on the Imposition of the Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and as amended on June 7, 1990 and August 20, 2005, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall pay an education surcharge, unless such taxpayer is instead required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). Under the Supplementary Notice Concerning Imposition of Education Surcharge (國務院關於教育費附加徵收問題的補充通知) issued by the State Council on October 12, 1994, the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) issued by the State Administration of Taxation on February 25, 1994, the education surcharge shall not be applicable to enterprises with foreign investment until further notice is issued by the State Council.

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However, according to the Notice on Unifying the Municipal Maintenance Tax and Education Surcharge System of Domestic Enterprises, Foreign-Invested Enterprises and Individuals (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) as issued by the State Council on October 18, 2010, the municipal maintenance tax will become applicable to foreign-invested enterprises as of December 1, 2010.

### Major Taxes Applicable to Property Buyers and Owners

#### **Deed tax**

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

On October 22, 2008, the Ministry of Finance and the State Administration of Taxation issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading (關於調整房地產交易環節稅收政策的通知) which announced that the deed tax for individuals buying their first regular commodity house with a floor area of less than 90 sq.m. would be temporarily reduced to a unified rate of 1% starting from November 1, 2008.

On September 29, 2010, the Ministry of Finance, the State Administration of Taxation, and the MOHURD promulgated the Notice on Adjusting Preferential Policies for Deed Tax and Individual Income Tax for the Real Estate Transaction Process (關於調整房地產交易環節契稅個人所得稅優惠政策的通知), which provides that for any family residential property purchased as the sole residence for the purchaser and his or her family members (including his or her spouse and minor dependents), the rate of deed tax is reduced to 50% of the statutory rate if the GFA of the residential property is at or above 90 sq.m. and to 1% if the GFA of the residential property is below 90 sq.m.

#### **Measures on Stabilizing Housing Price**

The General Office of the State Council promulgated the Circular on Duly Stabilizing the Prices of Residential Properties (關於切實穩定住房價格的通知) on March 26, 2005, requiring measures to be taken to restrain housing prices from increasing too fast and to promote the healthy development of the property market. On May 9, 2005, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Stabilizing the Prices of Residential Properties (國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知), which provides that:

- *Intensifying planning and control and improving the housing supply structure.* Where there is excessive growth in housing prices and insufficient supply of medium to low priced commodity houses and affordable residential housing, housing construction should mainly involve projects for the development of medium to low priced commodity houses and affordable residential houses. The construction of low-density, high-quality houses shall be strictly controlled. With respect to projects for the construction of medium-or-low-price commodity houses, prior to the assignment of land, the municipal planning authority shall, according to control planning, set forth conditions for the plan and design of such elements as height of buildings, plot ratio and green space. The property authority shall, in collaboration with other relevant authorities, set forth requirements such as sale price, type and area. Such conditions and requirements will be set up as preconditions to the assignment of land to ensure an adequate supply of small or medium-sized houses at moderate and low prices. The local government must intensify the supervision of planning permits for property development projects. Housing projects that have not been commenced

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within two years must be re-examined, and those that turn out to be noncompliant will have their planning permits revoked.

- *Intensifying control over the supply of land and rigorously enforcing the administration of land.* Where there is rapid excessive growth in the price of land for residential use, the proportion of land for residential use to the total land supply should be raised, and the land supply for the construction of regular commodity housing at medium or low prices and affordable residential housing should be increased. Land supply for villa construction shall be continuously suspended, and land supply for high-end housing property construction shall be restricted.

On May 24, 2006, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Adjusting Housing Supply Structure and Stabilization of Housing Prices (關於調整住房供應結構穩定住房價格的意見). As to the adjustment of housing supply and stabilization of housing prices, the opinion provides that:

- *Adjustment to the housing supply structure.* (i) The construction of medium and small-sized regular commodity houses at medium or low prices should be especially developed to satisfy the demands of local residents. (ii) From June 1, 2006, for each and every commodity building newly examined and approved for the commencement of construction, the proportion of the area of housing (including economically affordable housing) with a unit floor area less than 90 sq.m. must reach 70% of the total development and construction area. In case of adjustment of the above-mentioned proportion, if required in special cases, the municipalities directly under the central government, separately planned cities and provincial capital cities must submit the special request for adjusting proportion to MOHURD for approval. The projects that have been examined and approved but have not received a construction works commencement permit shall where necessary adjust the set style of housing according to the above-mentioned requirements.
- *Adjustment to tax, credit and land policies.* (i) Commencing June 1, 2006, business tax applicable to the transfer of a residential property by an individual within five years from the date of purchase will be levied on the basis of the full amount of the sale proceeds. For an individual transferring an ordinary residential property five years or more from the date of purchase, business tax will be exempted. For an individual transferring a house other than an ordinary residential house for five years or more from purchasing, the business tax will be levied on the basis of the balance between the income from selling the house and the purchase price. (ii) From June 1, 2006, the first installment of individual house loans should be no less than 30%. When a borrower applies for individual house loans for his own use and the floor area of the unit is less than 90 sq.m., the first installment remains at 20%. (iv) At least 70% of the land supply for residential property developments must be used for low-to-medium-cost and small to medium-size units and low-cost rental properties. On the basis of the restriction of price and housing style, the land supply shall adopt the method of competitive bidding of land price and housing price to determine the property development enterprise. Land supply for villa construction shall continue to be suspended, and land supply for low-density and large-area housing property construction shall be strictly prohibited. (v) When construction has not yet started one year after the construction commencement date agreed in the land use rights assignment contract has elapsed, charges for idle land should be collected at a higher level; when the construction has not started two years after the construction commencement date agreed in the land use rights assignment contract have elapsed, the right to use land can be taken back without compensation. The land will be regarded as idle land if: the development and construction of the land has started on time, but the developed area is less than one third of the total area to be developed and constructed, or the invested amount is less than 25% of the total amount of investment, and the development and construction has been continuously suspended for no less than one year without approval.

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- *Further rectifying and regulating the property market.* (i) Any project with a construction land planning permit which has not started construction should be re-evaluated. If the project is not in accordance with the controlling requirements of the plan, especially the requirements of the set style structure, the construction works planning permit, the construction works commencement permit and the pre-sale permit should not be issued. Projects which have been altered or the construction of which have exceeded the provisions shall be disposed of or confiscated according to law. (ii) The property administration authority and the administration of industry and commerce should investigate any illegal conduct such as contract fraud. Illegal conduct involving commodity building pre-completion sales without the necessary conditions should be ordered to stop and punished. With respect to the property enterprises that store up housing and maliciously manipulate and raise housing prices, the competent authorities shall enforce monetary punishment according to laws and regulations, and the responsible persons concerned may have their business licenses revoked and/or shall be investigated and prosecuted.

To implement the Opinions on Adjusting the Housing Supply Structure and Stabilizing Housing Prices, MOHURD promulgated Certain Opinions Regarding the Implementation of the Ratio Requirement for the Structure of Newly Constructed Residential Units (關於落實新建住房結構比例要求的若干意見) on July 6, 2006 and made supplemental requirements on the proportion of newly built housing structure as follows:

- From June 1, 2006, in any city (including counties), housing with a floor area of less than 90 sq.m. should reach 70% of the total floor area of commercial commodity buildings newly approved or constructed.
- The governments should guarantee the conditions of planning and design of newly-built commodity buildings meet the requirements of structure and proportion. Any digression from the above-mentioned requirements without authorization is forbidden and a construction works planning permit should not be issued by municipal planning and authorities. If there is any noncompliance with the planning permit, a construction works commencement permit should not be issued by the construction authority and a permit for pre-sale of commodity buildings should not be issued by property development authority.

According to Several Opinions of the General Office of the State Council on Providing Financial Support for Economic Development (國務院辦公廳關於當前金融促進經濟發展的若干意見), issued by General Office of the State Council on December 8, 2008, the State Council (a) implemented and promulgated relevant credit policies and measures to support people's purchase of their first ordinary home or improved ordinary home; (b) provided more credit support for the construction of low rent houses and affordable residential houses and the reconstruction of shed areas for low-income urban residents; and (c) initiated the pilot operation of real estate trust investment funds to diversify the financing channels of real estate enterprises.

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of the Property Market (關於促進房地產市場平穩健康發展的通知), which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide reasonable guidance for the purchase of property, restrain speculative investment in property, and strengthen risk prevention and market supervision. Additionally, the Circular explicitly requires a family (including a borrower, his or her spouse and children under 18) who have already entered into a mortgage for the purchase of a house to pay a minimum down payment of 40% of the purchase price of a second or any additional house which they apply to purchase.

On January 26, 2011, the State Council issued the "Notice on Further Strengthening Regulation and Control of Real Property Markets" (關於進一步做好房地產市場調控工作有關問題的通知), under which

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the transfer of all residential properties purchased and held by individuals for less than five years shall be subject to business tax based on total sale price from such transfer.

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation jointly issued a new “Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties” (關於調整個人住房轉讓營業稅政策的通知), under which business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential property by an individual owner within five years from such individual owner’s purchase and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than five years from such individual owner’s purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after five years from the individual owner’s purchase. This notice became effective on January 28, 2011.

On February 16, 2011, the Beijing Municipal Government promulgated the Notice on Further Strengthening Control over Beijing Property Market (北京市人民政府辦公廳關於貫徹落實國務院辦公廳檔精神進一步加強本市房地產市場調控工作的通知), which among other things, provides that (i) a local family that owns one house in Beijing (including a family that holds an effective Beijing Certificate for Work and Residence) and (ii) a non-local family with an effective Certificate for Temporary Residence that does not own a house in Beijing and has paid social insurance or individual income tax for five consecutive years, are permitted to purchase one additional house in Beijing (including newly-built and second-hand houses).

Furthermore, (i) a local family that owns two or more houses in Beijing, and (ii) a non-local family that owns one house or more in Beijing, or fails to provide both an effective Certificate for Temporary Residence and evidence of payment of social insurance or individual income tax for consecutive five years, is suspended from purchasing a new house in Beijing. In addition to Beijing, other cities, including Tianjin, Shanghai, Suzhou, Nanjing, Qingdao, Chengdu, Foshan and Harbin, have also announced their new purchase limit policies which are almost the same as the requirements in the Notice Concerning Further Strengthening the Macroeconomic Control of Real Property Market.

On February 20, 2013, the executive meeting of the State Council chaired by Former Premier Wen Jiabao issued a document emphasizing the strict implementation of tightening measures for the real estate market. The measures include completing a system of responsibility for stabilizing housing prices; restraining purchases of residential housing for investment and speculation purposes; expanding the supply of both ordinary commodity housing and of land; accelerating construction of affordable housing projects; and strengthening market supervision.

On February 26, 2013, the State Council issued the Notice on Continuing Adjustment and Control of Property Markets (關於繼續做好房地產市場調控工作的通知) which requires, among other restrictive measures:

- (i) Improving the responsibility system for stabilizing housing prices. Municipalities directly under the central government, cities listed on state plans and provincial capitals (excluding Lhasa), must set an annual objective for controlling housing prices and publish annual new commodity housing price control target in the first quarter of the year;
- (ii) Firmly restraining purchases of residential housing for investment and speculation purposes. Municipalities directly under the central government, cities listed on state plans and provincial capitals (excluding Lhasa) which have implemented restrictions on the real estate market are required to cover all administrative areas of the cities as restricted areas, and restricted housing shall include new commodity housing and second-hand housing. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may

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further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20% individual income tax on home sale profits;

- (iii) Expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years. Financial institutions, subject to credit requirements, are to prioritize requests for loans for ordinary commodity housing construction projects in which medium and small housing units constitute 70% or more of the total units in such construction project.

### INTELLECTUAL PROPERTY LAWS AND REGULATIONS

China has adopted legislations related to intellectual property rights, including trademarks, patents and copyrights. China is a signatory party to the major intellectual property conventions, including the Paris Convention for the Protection of Industrial Property, the Madrid Agreement concerning the International Registration of Marks and Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the Patent Cooperation Treaty, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPs”).

#### Regulations on Trademarks

The Trademark Law of the PRC (中華人民共和國商標法) was promulgated in August 1982 (later amended on February 22, 1993 and October 27, 2001) and Implementation Regulations on the Trademark Law of the PRC (中華人民共和國商標法實施條例) was promulgated on August 3, 2002 by the State Council. These laws and regulations provide the basic legal framework for the regulations of trademarks in China. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks.

The Trademark Office under the SAIC is responsible for the registration and administration of trademarks throughout the country. Trademarks are granted on a term of ten years. Six months prior to the expiration of the ten-year term, an applicant can renew the application and reapply for trademark protection.

Under the Trademark Law, any of the following acts may be regarded as an infringement of the exclusive right to use of a registered trademark:

- use of a trademark that is identical with or similar to a registered trademark on the same or similar kind of commodities of the trademark registrant’s without the authorization of the trademark registrant;
- sale of commodities infringing upon the exclusive right to use the registered trademark;
- counterfeiting or making, without authorization, representations of a registered trademark, or sale of such representation of a registered trademark; and
- otherwise infringing upon other person’s exclusive right to use a registered trademark and cause damages.

Violation of the Trademark Law may result in the imposition of fines, confiscation and destruction of the infringing commodities.

Trademark license agreements must be filed with the Trademark Office under the SAIC and Commerce or its regional counterparts. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

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### Regulations on Domain Names

The Measures for the Administration of Domain Names for the Chinese Internet (中國互聯網絡域名管理辦法) were promulgated by the Ministry of Industry and Information Technology on November 5, 2004 and became effective on December 20, 2004. These measures regulate the registration of domain names in Chinese with the Internet country code of “.cn.”

The Measures on Domain Names Dispute Resolution (2006 version) (中國互聯網絡信息中心域名爭議解決辦法 (2006年修訂)) were promulgated by the China Internet Network Information Centre on February 14, 2006 and became effective on March 17, 2006. These measures require domain name disputes to be submitted to institutions authorized by the China Internet Network Information Centre for resolution.

### LABOR PROTECTION

The PRC Labor Contract Law (中華人民共和國勞動合同法) and the PRC Labor Contract Law Implementation Rules (中華人民共和國勞動合同法實施條例) took effect on January 1, 2008 and September 18, 2008, respectively. These labor laws and rules set out specific provisions in relation to the execution, contents and terms of employment contracts and the rights and obligations of employees and employers. To establish an employment relationship, a written employment contract shall be signed. In the event that no written employment contract was signed at the time that an employment relationship is formed, a written employment contract shall be signed within one month after the date on which the employer first engaged the employee.

Employers in China are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance, and housing provident funds. These payments are made to local administrative authorities and an employer who fails to contribute may be fined and be ordered to make-up for the missed contributions. The various laws and regulations that govern the employers' obligation to contribute to the social security funds include PRC Social Insurance Law (中華人民共和國社會保險法) promulgated by the Standing Committee of the NPC on October 28, 2010 and became effective July 1, 2011; the Interim Regulations on the Collection and Payment of Social Security Funds (社會保險費徵繳暫行條例), which were promulgated by the State Council and became effective on January 22, 1999; the Interim Measures concerning the Maternity Insurance (企業職工生育保險試行辦法), which were promulgated by the Ministry of Labor on December 14, 1994 and became effective on January 1, 1995; the Regulations on Occupational Injury Insurance (工傷保險條例), which were promulgated by the State Council on April 27, 2003 and became effective on January 1, 2004 and then amended on December 20, 2010; and the Regulations on Management of the Housing Provident Fund (住屋公積金管理條例), which were promulgated and became effective on April 3, 1999 and then amended on March 24, 2002.

### REORGANIZATION AND OVERSEAS LISTING

We completed the Reorganization in preparation for the Global Offering. As part of the Reorganization, we have undertaken an onshore Reorganization, pursuant to which certain PRC companies within the core-business were included as part of our Group and certain PRC companies within the non-core business were disposed of as part of the Reorganization in preparation for the Listing. Please refer to the section headed “History, Reorganization and Corporate Structure — Reorganization — Reorganization of PRC Companies into our Group” for detailed information regarding these acquisitions and disposals. Our PRC legal advisers have confirmed that all the acquisitions and disposals complied with the applicable PRC laws and regulations and all necessary approvals and registrations have been obtained and completed.

On August 8, 2006, six PRC regulatory agencies, including MOFCOM and CSRC, promulgated the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors



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## REGULATORY OVERVIEW

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(關於外國投資者並購境內企業的規定) (the “M&A Rules”), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and amended on June 22, 2009. The M&A Rules, among other things, purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC legal advisor has advised that, given that Dalian Yida Development was established before September 8, 2006, the effective date of the M&A Rules, as a foreign-invested enterprise and did not undergo any acquisition as defined in the M&A Rules, we were not required to submit an application to the CSRC for its approval of the Listing and trading of our shares on the Hong Kong Stock Exchange.

Pursuant to the written resolutions passed by our Shareholders on June 1, 2014, the Global Offering and related transactions were approved conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Capitalization Issue and the Shares to be issued as mentioned in this prospectus; (ii) the entering into of the agreement on the Offer Price among our Company and the Joint Global Coordinators (for and on behalf of the Underwriters) on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements. Please refer to the section headed “A. Further Information About Our Group – 3. Resolutions in writing of our Shareholders passed on June 1, 2014” in Appendix V to this prospectus for detailed information regarding our Shareholders’ approval.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### HISTORY AND DEVELOPMENT

#### OUR HISTORY

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 26, 2007. Since its incorporation, our Company has been an investment holding company with no business operations. We are the largest business park developer in the PRC in terms of completed GFA as of December 31, 2013, according to the DTZ report. In addition to business parks, we also offer residential properties, including residential property projects within our business parks, as well as multi-functional, integrated residential community projects. We also provide property management and construction, decoration and landscaping services.

#### Our Controlling Shareholders, Yida Group and Everhigh Investments

Our founder and chairman, Mr. Sun Yinhuan, has over 25 years of experience in PRC real estate development and has around 19 years of experience in the operations of business parks in the PRC. Mr. Sun Yinhuan started his career in the construction industry where he gained insight and experience to establish and develop his real estate development business. In 1988, Mr. Sun Yinhuan was appointed as the general manager and legal representative of Dalian Yida Property. Dalian Yida Property continued to grow its business as part of Yida Group since 1998. As Yida Group continued to expand its business operations, Everhigh Investments was incorporated in the BVI in 2007 as an investment holding company to facilitate the cooperation with overseas partners. As of January 1, 2011, the beginning of our Track Record Period, our key businesses and companies were held by Yida Group and Everhigh Investments, both of which are ultimately controlled by Mr. Sun Yinhuan. For details of the shareholding structure of Yida Group and Everhigh Investments, please refer to the paragraph headed “Reorganization” under this section. There were no shareholding changes to either Yida Group or Everhigh Investments during the Track Record Period. The investments in Yida Group and Everhigh Investments by Mr. Sun Yinhuan were financed by his own funds.

Yida Group is a PRC conglomerate spanning the industries of the development of villas, cold chain logistics and software development with operations in more than 20 cities in China. Apart from the development of villas, Yida Group does not currently have any real estate development projects and has entered into the Deed of Non-Competition to govern its future activities in the real estate development industry.

#### Development of our Business

The following is a summary of our Group’s key business development milestones:

Year	Event
1998	<ul style="list-style-type: none"><li>● We commenced the construction of Dalian Software Park, our first business park project.</li></ul>
1999	<ul style="list-style-type: none"><li>● We launched the sale of Yida Square, our first multi-functional, integrated residential community project.</li><li>● Dalian Software Park was awarded “National Torch Plan Software Industry Base (國家火炬計劃軟件產業基地)” by the Ministry of Science and Technology.</li></ul>
2001	<ul style="list-style-type: none"><li>● We launched the sale of Zhiyin Garden, our first business park associated residential property project.</li></ul>
2002	<ul style="list-style-type: none"><li>● We entered into a joint venture agreement with Panasonic Corporation of China, formerly known as Matsushita Electric Works (China) Co., Ltd., to establish Panasonic Yida. This represents our Group’s first step in industrialization and our efforts to offer residential property projects with buildings which are fully decorated.</li><li>● We undertook the customized construction project of GE Building, which marked the beginning of our services to Fortune Global 500 enterprises.</li></ul>

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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<u>Year</u>	<u>Event</u>
<b>2003</b>	<ul style="list-style-type: none"><li>● We expanded our business into Shenyang and commenced the construction of Brand-new World (唯美品格), our first project in Shenyang.</li></ul>
<b>2004</b>	<ul style="list-style-type: none"><li>● Dalian Software Park was named as the “National Software Export Base” jointly by the National Development and Reform Commission, the Ministry of Industry and Information Technology and MOFCOM.</li></ul>
<b>2005</b>	<ul style="list-style-type: none"><li>● Our joint venture with Ascendas (China) Pte. Ltd. started construction of Dalian Ascendas IT Park.</li></ul>
<b>2006</b>	<ul style="list-style-type: none"><li>● We commenced the construction of Supreme Mansion, our first project in Chengdu.</li><li>● We commenced the construction of Fifth County, which was awarded the “Golden Award of United Nations Global Habitat” in 2007, the “Golden Award for National Excellent Residential Property Design Competition” in 2008 and the “Award for Excellent Planning, Architecture and Environmental Design” in the Dalian Guangsha Cup Competition in 2009.</li><li>● We established a joint venture with the government of Wuhan East Lake High-Tech Development Zone and developed Wuhan Optical Valley Software Park through BOT method.</li><li>● We cooperated with SOCAM Development Limited to develop Shengyuan Centre in Beijing.</li></ul>
<b>2007</b>	<ul style="list-style-type: none"><li>● We established a joint venture with Shui On Land Limited and SOCAM Development Limited (both listed on the Stock Exchange) to invest in Dalian Tiandi.</li><li>● We entered into cooperation agreements with the government of Suzhou National New &amp; Hi-Tech Industrial Development Zone to provide operating and management services to Suzhou Hi-Tech.</li><li>● We entered into an agreement with the government of Tianjin Economic-Technology Development Zone to establish a joint venture to develop Tianjin Binhai Service Outsourcing Industry Park through Build-Operate-Transfer method.</li></ul>
<b>2008</b>	<ul style="list-style-type: none"><li>● We commenced the construction of Yida Information Software Park.</li></ul>
<b>2009</b>	<ul style="list-style-type: none"><li>● Dalian Software Park, as the representative of China’s Green New Technology Cities, participated in the United Nations’ International Competition of the World’s Most Livable Cities and Communities, and won a gold medal for the park’s ecologically substantiable development, and integration of industry, education, employment and living.</li><li>● We established a joint venture with SOCAM Development Limited and a third party investor to invest in Centrium Residence in Beijing.</li></ul>
<b>2010</b>	<ul style="list-style-type: none"><li>● We commenced the construction of Dalian BEST City Core Area Business Park.</li><li>● We cooperated with Aetos Capital Real Estate, L.P. to jointly develop First County (第一郡), Provence Ambo Valley (普羅旺斯安博谷) and Provence Stone Valley (普羅旺斯世通谷).</li></ul>

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Event
<b>2011</b>	<ul style="list-style-type: none"> <li>We entered into a strategic cooperation agreement with the government of Wuhan East Lake High-tech Development Zone to establish a joint venture to develop Wuhan First City.</li> </ul>
<b>2012</b>	<ul style="list-style-type: none"> <li>We formed a joint venture with Sumitomo Realty &amp; Development Co., Ltd. to develop Qingyun Sky (青雲天下), a residential property project in Dalian.</li> </ul>
<b>2013</b>	<ul style="list-style-type: none"> <li>We entered into a strategic cooperation framework agreement with an entity under Shanghai SASAC in relation to the proposed establishment of a joint venture to develop Shanghai Lingang Innovation Business Park.</li> </ul>
<b>2014</b>	<ul style="list-style-type: none"> <li>We entered into a strategic cooperation framework agreement with an entity under the Administrative Committee of Suzhou High-speed Rail New Town in relation to our plan to establish a joint venture to develop Suzhou High-speed Rail New Town Technology Park.</li> </ul>

### Our Subsidiaries, Joint Ventures and Associated Companies

We undertake our property projects through various project companies. We have also established a number of intermediate investment companies in the PRC to hold some of our project companies. We hold interests in our joint ventures through various intermediate investment companies in the BVI and Hong Kong, which in turn holds project companies in the PRC. As of the Latest Practicable Date, we had interests in 44 project companies. Set forth below are details of all our subsidiaries, certain joint ventures and associated companies which are considered by our Directors as material in terms of our business operations and development:

Name (Date of Incorporation)	Ownership	Principal Activity
<b>Beijing Qixia (PRC)</b> Established: April 21, 2006	35% <sup>1</sup>	Development of residential properties in Beijing
<b>Central Build (BVI)</b> Established: August 6, 2009	100%	Investment holding
<b>Chengdu Yixing (PRC)</b> Established: April 28, 2007	100%	Property management
<b>Culture Xintiandi (PRC)</b> Established: March 2, 2007	80% <sup>2</sup>	Property development
<b>Dalian BEST City Co. (PRC)</b> Established: January 27, 2010	100%	Investment holding
<b>Dalian BEST City Changde (PRC)</b> Established: June 25, 2010	100%	Development of business parks and associated facilities in Dalian
<b>Dalian BEST City Changyuan (PRC)</b> Established: June 25, 2010	100%	Development of business parks and associated facilities in Dalian
<b>Dalian BEST City Taifeng (PRC)</b> Established: June 25, 2010	100%	Development of business parks and associated facilities in Dalian
<b>Dalian BEST City Tairui (PRC)</b> Established: June 25, 2010	100%	Development of business parks and associated facilities in Dalian

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Name (Date of Incorporation)	Ownership	Principal Activity
<b>Dalian BEST City Xinrui (PRC)</b> Established: June 25, 2010	100%	Development of business parks and associated facilities in Dalian
<b>Dalian BEST City Xintong (PRC)</b> Established: June 25, 2010	100%	Development of business parks and associated facilities in Dalian
<b>Dalian BEST City Xinyuan (PRC)</b> Established: June 25, 2010	100%	Development of business parks and associated facilities in Dalian
<b>Dalian Changhe Property (PRC)</b> Established: August 25, 2010	100%	Development of residential properties in Dalian
<b>Dalian Delan Software (PRC)</b> Established: June 19, 2007	30% <sup>3</sup>	Development of business parks and associated facilities in Dalian
<b>Dalian Gaoji Property (PRC)</b> Established: March 20, 2006	100%	Development of residential properties in Dalian
<b>Dalian Jiadao Information (PRC)</b> Established: June 20, 2007	30% <sup>3</sup>	Development of business parks and associated facilities in Dalian
<b>Dalian Lanwan (PRC)</b> Established: March 14, 2008	100%	Development of residential properties in Dalian
<b>Dalian Lvshun Yida Sports (PRC)</b> Established: July 26, 2011	100%	Sports centre operation
<b>Dalian Qiantong (PRC)</b> Established: June 18, 2007	30% <sup>3</sup>	Development of business parks and associated facilities in Dalian
<b>Dalian Qingyun Sky (PRC)</b> Established: February 19, 2013	25% <sup>4</sup>	Development of residential properties in Dalian
<b>Dalian Ruanjing (PRC)</b> Established: August 15, 2008	100%	Development of residential properties in Dalian
<b>Dalian Ruisheng Software (PRC)</b> Established: June 15, 2007	30% <sup>3</sup>	Development of business parks and associated facilities in Dalian
<b>Dalian Service Outsourcing (PRC)</b> Established: May 13, 2008	100%	Property development
<b>Dalian San Ann Real Estate (PRC)</b> Established: October 8, 2010	100%	Development of residential properties in Dalian
<b>Dalian Shengbei Development (PRC)</b> Established: January 31, 2013	100%	Development of residential properties in Dalian
<b>Dalian Shenghe Property (PRC)</b> Established: July 8, 2009	100%	Development of residential properties in Dalian
<b>Dalian San Yan Real Estate (PRC)</b> Established: October 8, 2010	100%	Development of residential properties in Dalian

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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<u>Name (Date of Incorporation)</u>	<u>Ownership</u>	<u>Principal Activity</u>
<b>Dalian Shengyue Property (PRC)</b> Established: June 25, 2010	100%	Development of residential properties in Dalian
<b>Dalian Software Park Ambo (PRC)</b> Established: April 19, 2010	51% <sup>5</sup>	Development of residential properties in Dalian
<b>Dalian Software Park Ascendas (PRC)</b> Established: November 11, 2004	50% <sup>6</sup>	Development of business parks and associated facilities in Dalian
<b>Dalian Software Park Co. (PRC)</b> Established: June 20, 1995	100%	Development of business parks and associated facilities in Dalian
<b>Dalian Software Park Development (PRC)</b> Established: September 5, 2008	100%	Development of residential properties in Dalian
<b>Dalian Software Park Hengrong (PRC)</b> Established: April 6, 2010	100%	Development of residential properties in Dalian
<b>Dalian Software Park Hengrui (PRC)</b> Established: April 6, 2010	100%	Development of business parks and associated facilities in Dalian
<b>Dalian Software Park Information Technology (PRC)</b> Established: April 30, 2010	100%	Operation of training centres
<b>Dalian Software Park Intellectual Property Consulting (PRC)</b> Established: November 30, 2006	100%	Operation of consulting centres
<b>Dalian Software Park Shitong (PRC)</b> Established: April 19, 2010	51% <sup>5</sup>	Development of residential properties in Dalian
<b>Dalian Yida Construction (PRC)</b> Established: September 10, 1992	100%	Construction
<b>Dalian Yida Deji (PRC)</b> Established: March 1, 1985	50% <sup>7</sup>	Interior and exterior decoration
<b>Dalian Yida Development (PRC)</b> Established: November 27, 1992	100%	Development of residential properties in Dalian
<b>Dalian Yida Electrical (PRC)</b> Established: January 31, 1997	100%	Installation and repair of electrical equipment
<b>Dalian Yida Information (PRC)</b> Established: April 6, 2010	100%	Development of business parks and associated facilities in Dalian
<b>Dalian Yida Jincheng (PRC)</b> Established: May 18, 2011	100%	Property development
<b>Dalian Yida Landscaping (PRC)</b> Established: March 23, 1999	100%	Landscaping
<b>Dalian Yida Management (PRC)</b> Established: July 12, 2013	100%	Investment holding

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Name (Date of Incorporation)	Ownership	Principal Activity
<b>Dalian Yida Meijia (PRC)</b> Established: April 21, 2006	100%	Development of residential properties in Dalian
<b>Dalian Yida Property (PRC)</b> Established: May 14, 1988	100%	Development of residential properties in Dalian
<b>Dalian Yida Property Management (PRC)</b> Established: June 26, 2000	100%	Property management
<b>Dalian Yida Services (PRC)</b> Established: July 9, 2013	100%	Investment holding
<b>Dalian Yihong Property (PRC)</b> Established: December 22, 2010	52.57% <sup>8</sup>	Development of residential properties in Dalian
<b>Dalian Yitong Property (PRC)</b> Established: August 25, 2010	100%	Development of residential properties in Dalian
<b>Dalian Yize Property (PRC)</b> Established: December 22, 2010	52.57% <sup>9</sup>	Development of residential properties in Dalian
<b>Domain Creation (BVI)</b> Established: July 16, 2009	100%	Investment holding
<b>Elite City (BVI)</b> Established: August 8, 2005	66.7% <sup>10</sup>	Investment holding
<b>Famous Profit (BVI)</b> Established: November 21, 2007	100%	Investment holding
<b>Gang Xin (BVI)</b> Established: June 1, 2010	100%	Investment holding
<b>Jolly Creation (BVI)</b> Established: July 30, 2009	100%	Investment holding
<b>Keen Hero (BVI)</b> Established: July 20, 2009	100%	Investment holding
<b>King Equity (Hong Kong)</b> Established: November 10, 2005	100%	Investment holding
<b>Liaoning Jiaye (PRC)</b> Established: August 5, 2005	100%	Development of residential properties in Shenyang
<b>Many Gain International (BVI)</b> Established: January 8, 2007	100%	Investment holding
<b>Most Lead (Hong Kong)</b> Established: June 22, 2009	100%	Investment holding
<b>New Culture Development (Hong Kong)</b> Established: November 3, 2004	66.7% <sup>11</sup>	Investment holding

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name (Date of Incorporation)	Ownership	Principal Activity
<b>Noble Joy (Hong Kong)</b> Established: May 3, 2010	100%	Investment holding
<b>Panasonic Yida (PRC)</b> Established: January 17, 2003	49% <sup>12</sup>	Interior and exterior decoration
<b>Shenyang Yida Property Management (PRC)</b> Established: August 2, 2004	100%	Property management
<b>Sichuan Yixing Real Estate (PRC)</b> Established: April 28, 2003	100%	Development of residential properties in Chengdu
<b>Success Path (Hong Kong)</b> Established: June 8, 2010	100%	Investment holding
<b>True Treasure (Hong Kong)</b> Established: May 19, 2010	100%	Investment holding
<b>Wuhan Chuntian (PRC)</b> Established: November 12, 2013	50% <sup>13</sup>	Development of residential properties in Wuhan
<b>Wuhan New Software Park Co. (PRC)</b> Established: May 15, 2012	50% <sup>14</sup>	Development of business parks and associated facilities in Wuhan
<b>Wuhan Ruanjing (PRC)</b> Established: November 12, 2013	50% <sup>15</sup>	Development of residential properties in Wuhan

*Notes:*

- 1 Beijing Qixia is wholly owned by Eagle Fit, which is in turn owned as to 35% by our wholly owned subsidiary, namely Keen Hero, and 65% by Noble Pearl Limited, an Independent Third Party save for its interest in Eagle Fit. Eagle Fit is accounted for in our financial information as a joint venture.
- 2 Culture Xintiandi is owned as to 40% by our wholly owned subsidiary, namely Dalian Yida Services and 60% by New Culture Development, which is in turn wholly owned by Elite City. Elite City is owned as to 66.7% by our wholly owned subsidiary, namely King Equity. For details of shareholding structure of Elite City, see note 9 below.
- 3 Each of Dalian Delan Software, Dalian Jiadao Information, Dalian Qiantong and Dalian Ruisheng Software is owned as to 22% by our wholly owned subsidiary, namely Dalian Yida Services, and 78% by Richcoast Group indirectly through various intermediate holding companies. Richcoast Group is owned as to 10.26% by our wholly owned subsidiary, namely Many Gain International, 61.54% by Innovate Zone Group Limited, a wholly owned subsidiary of Shui On Land Limited, and 28.20% by Main Zone Group Limited, a wholly owned subsidiary of SOCAM Development Limited. Both Innovate Zone Group Limited and Main Zone Group Limited are Independent Third Parties, save for their interests in Richcoast Group.
- 4 The remaining 75% interest in Dalian Qingyun Sky is held by Sumitomo Realty & Development Co., Ltd. (住友不動産株式会社), an Independent Third Party save for its equity interest in Dalian Qingyun Sky. Dalian Qingyun Sky is accounted for in our financial information as a joint venture.
- 5 Each of Dalian Software Park Ambo and Dalian Software Park Shitong is owned as to 51% by our wholly owned subsidiary, namely Sichuan Yixing Property, 40.06% by Crown Speed and 8.94% by Sino Delight Investments Limited, an Independent Third Party. Crown Speed is owned as to 21.22% by our wholly owned subsidiary, namely King Equity, and 78.78% by Denali Investment, Ltd., an Independent Third Party save for its interest in Crown Speed. Both of Dalian Software Park Ambo and Dalian Software Park Shitong are accounted for in our financial information as a joint venture.



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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- 6 The remaining 50% interest in Dalian Software Park Ascendas is owned by Ascendas (China) Private Limited (騰飛(中國)私人有限公司), an Independent Third Party save for its interest in Dalian Software Park Ascendas. Dalian Software Park Ascendas is accounted for in our financial information as a joint venture.
- 7 The remaining 50% interest in Dalian Yida Deji is owned as to 50% by Pat Davie Ltd., which in turn is owned as to 92% by SOCAM development Ltd., a company which is owned as to 4.26% by Mr. Sun Yinhan. Dalian Yida Deji is accounted for in our financial information as a joint venture.
- 8 Dalian Yihong Property is owned as to 49% by Dalian Yida Property and 51% by Capital Chain, which is in turn owned as to 7% by our wholly owned subsidiary, Gang Xin. The remaining 93% interest in Capital Chain is held as to 59.06% by Normandy Investment Ltd. and 33.94% by Lorraine Investment Ltd., each of whom an Independent Third Party save for its interest in Capital Chain and Better Chance. Dalian Yihong Property is accounted for in our financial information as a joint venture.
- 9 Dalian Yize Property is owned as to 49% by Dalian Yida Property and 51% by Better Chance, which is in turn owned as to 7% by our wholly owned subsidiary, Gang Xin. The remaining 93% interest in Better Chance is held as to 59.06% by Normandy Investment Ltd. and 33.94% by Lorraine Investment Ltd., each of whom an Independent Third Party save for its interest in Capital Chain and Better Chance. Dalian Yize Property is accounted for in our financial information as a joint venture.
- 10 The remaining 33.3% interest in Elite City is held by New Victory Investment Development Ltd., an Independent Third Party save for its interest in Elite City.
- 11 New Culture Development is wholly owned by Elite City, which is in turn owned as to 66.7% by our wholly owned subsidiary, namely King Equity. For details of shareholding structure of Elite City, see note 9 above.
- 12 The remaining 51% interest in Panasonic Yida is held by Panasonic Corporation of China (formerly known as Matsushita Electric Works (China) Co., Ltd.), an Independent Third Party.
- 13 Wuhan Chuntian is a wholly owned subsidiary of Wuhan New Software Park Co.. For details of shareholding structure of Wuhan Software Park, see note 13 below.
- 14 The remaining 50% interest in Wuhan New Software Park Co. is owned as to 25% by Hubei United Development Investment Group Co., Ltd. (湖北省聯合發展投資集團有限公司) and 25% by Wuhan East Lake High-tech Group Co., Ltd. (武漢東湖高新集團股份有限公司), each of whom an Independent Third Party. Wuhan New Software Park Co. is accounted for in our financial information as a joint venture.
- 15 Wuhan Ruanjing is a wholly owned subsidiary of Wuhan New Software Park Co.. For details of shareholding structure of Wuhan Software Park, see note 13 above.

### OUR CORPORATE DEVELOPMENTS

As of the Latest Practicable Date, our Group had either established or acquired a number of operating subsidiaries in the PRC to carry out our businesses. Major shareholding changes of members of our Group which were material to the performance of our Group during the Track Record Period are set out below.

#### ***Dalian Software Park Co.***

Dalian Software Park Co. was established in the PRC on June 20, 1995 with an initial registered capital of RMB71,650,000. At the time of its establishment, Dalian Software Park Co. was owned as to 83.9% by Yida Group, 7.35% by Dalian Bohai Corporation Group Company (大連渤海企業集團公司) (“**Dalian Bohai**”), 7.35% by Dalian Dashi Corporation Group Company (大連大實企業集團公司) (“**Dalian Dashi**”), 0.7% by Dalian Electrical Equipment Manufacturing & Sales Corporation High-tech Development Center (大連機電設備製造銷售總公司高新技術開發中心) (“**Dalian Electrical**”) and 0.7% by Dalian Bohai Tools Factory Distribution Company (大連渤海工具廠經銷公司) (“**Dalian Bohai Tools**”). Each of Dalian Bohai, Dalian Dashi, Dalian Electrical and Dalian Bohai Tools is an Independent Third Party. Dalian Software Park Co. is principally engaged in business park operation and management.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Subsequent to a series of equity transfers and capital injections by the shareholders of Dalian Software Park Co. at the relevant time which took place between June 1998 and January 2006, the registered capital of Dalian Software Park Co. was increased from RMB71,650,000 to RMB660,000,000 and Dalian Software Park Co. became owned as to 52.34% by Yida Group, 45.45% by Dalian Software, 1.96% by Dalian Zhongzhi Investment Co., Ltd. (大連眾志投資有限公司) (“**Dalian Zhongzhi**”), 0.15% by Dalian Yida Investment Co., Ltd. (大連億達投資有限公司) (“**Dalian Yida Investment**”), and 0.09% by Dalian Qunying Investment Co., Ltd. (大連群英投資有限公司) (“**Dalian Qunying**) (formerly known as Dalian Shengbei Fazhan Co., Ltd. (大連聖北發展有限公司)), which was owned as to 50% by Mr. Sun Yinhuan, 29% by Mr. Sun Yinfeng, 4% by Mr. Wen Hongyu, 4% by Mr. Wang Ruosong, and 13% by other employees of our Group. Each of Dalian Software, Dalian Zhongzhi, Dalian Yida Investment was ultimately wholly owned by Mr. Sun Yinhuan.

To consolidate the interest in Dalian Software Park Co. held by Yida Group, on December 8, 2006, Dalian Zhongzhi, Dalian Yida Investment and Dalian Qunying transferred their respective 1.96%, 0.15% and 0.09% interests in Dalian Software Park Co. to Yida Group at an aggregate consideration of RMB14,540,000, which was determined with reference to the registered capital of Dalian Software Park Co. as at the date of such transfer and settled. Upon completion of such transfers, Dalian Software Park Co. was owned as to 54.55% by Yida Group and 45.45% by Dalian Software.

On December 25, 2009, Dalian Software transferred its 44.45% interest in Dalian Software Park Co. to Yida Group and 1% to Dalian Zhongzhi at a consideration of RMB293,400,000 and RMB6,600,000, respectively, which was determined with reference to the registered capital of Dalian Software Park Co. as at the date of such transfer and settled. Upon completion of such transfers, Dalian Software Park Co. was owned as to 99% by Yida Group and 1% by Dalian Zhongzhi.

As an incentive to our senior management and employees, on August 9, 2010, Yida Group transferred its 9% interest in Dalian Software Park Co. to Dalian Zhongyi Investment Co., Ltd. (大連眾益投資有限公司) (“**Dalian Zhongyi**”), which was owned as to 13.99% by Mr. Sun Yansheng, 10.56% by Mr. Wang Haolin, 10.18% by Mr. Sun Yinfeng, 8.91% by Mr. Gao Wei, 3.82% by Mr. Sun Yinfu, 3.18% by Ms. Xu Dangchun, 3.05% by Ms. Yang Kangning, 2.54% by Ms. Ma Lan, 0.89% by Mr. Qin Xuesen 0.13% by Mr. Wang Gang and 42.75% by other employees of our Group at a consideration of RMB59,400,000. On the same day, Dalian Zhongzhi transferred its 1% interest in Dalian Software Park Co. to Dalian Zhongyi at a consideration of RMB6,600,000. Such consideration was determined with reference to the registered capital of Dalian Software Park Co. as at the date of such transfer and settled. Upon completion of such transfers, Dalian Software Park Co. was owned as to 90% by Yida Group and 10% by Dalian Zhongyi.

As part of our Reorganization, Dalian Software Park Co. was subsequently injected into our Group. For details, please refer to the section headed “Reorganization” below.

### ***Dalian Yida Property***

Dalian Yida Property was established in the PRC as a national and collective owned enterprise (全民與集體聯營公司) on May 14, 1988 with an initial registered capital of RMB5,000,000. On April 30, 1998, Dalian Yida Property was converted into a limited liability company with a registered capital of RMB48,000,000 which was subsequently increased to RMB150,000,000 after a series of capital injections. As at the date of its conversion, Dalian Yida Property was owned as to 82.9% by Yida Group and 17.1% by the Union of Dalian Yida Property Development Corporation (大連億達房地產開發總公司工會) (“**Yida Union**”), an Independent Third Party. Subsequent to a series of equity transfers by the shareholders of Dalian Yida Property at the relevant time which took place between April 1998 and August 2006, Dalian Yida Property became owned as to 60% by Dalian Yida Investment and 40% by Dalian Qunying.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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To consolidate the interest in Dalian Yida Property held by Dalian Yida Investment and to ensure that Dalian Yida Property has two Shareholders in accordance with the relevant PRC laws, on November 24, 2006, Dalian Qunying transferred its 30% interest in Dalian Yida Property to Dalian Yida Investment at a consideration of RMB24,900,000, which was determined with reference to the registered capital of Dalian Yida Property as at the date of such transfer and settled. Upon completion of the transfer, Dalian Yida Property was owned as to 90% by Dalian Yida Investment and 10% by Dalian Qunying.

As part of the internal restructuring of Yida Group, on December 13, 2011, Dalian Yida Investment transferred its 90% interest in Dalian Yida Property to Yida Group at a consideration of RMB74,700,000, which was determined with reference to the registered capital of Dalian Yida Property as at the date of such transfer and settled. Upon completion of such transfer, Dalian Yida Property was owned as to 90% by Yida Group and 10% by Dalian Qunying.

As part of our Reorganization, Dalian Yida Property was subsequently injected into our Group. For details, please refer to the section headed “Reorganization” below.

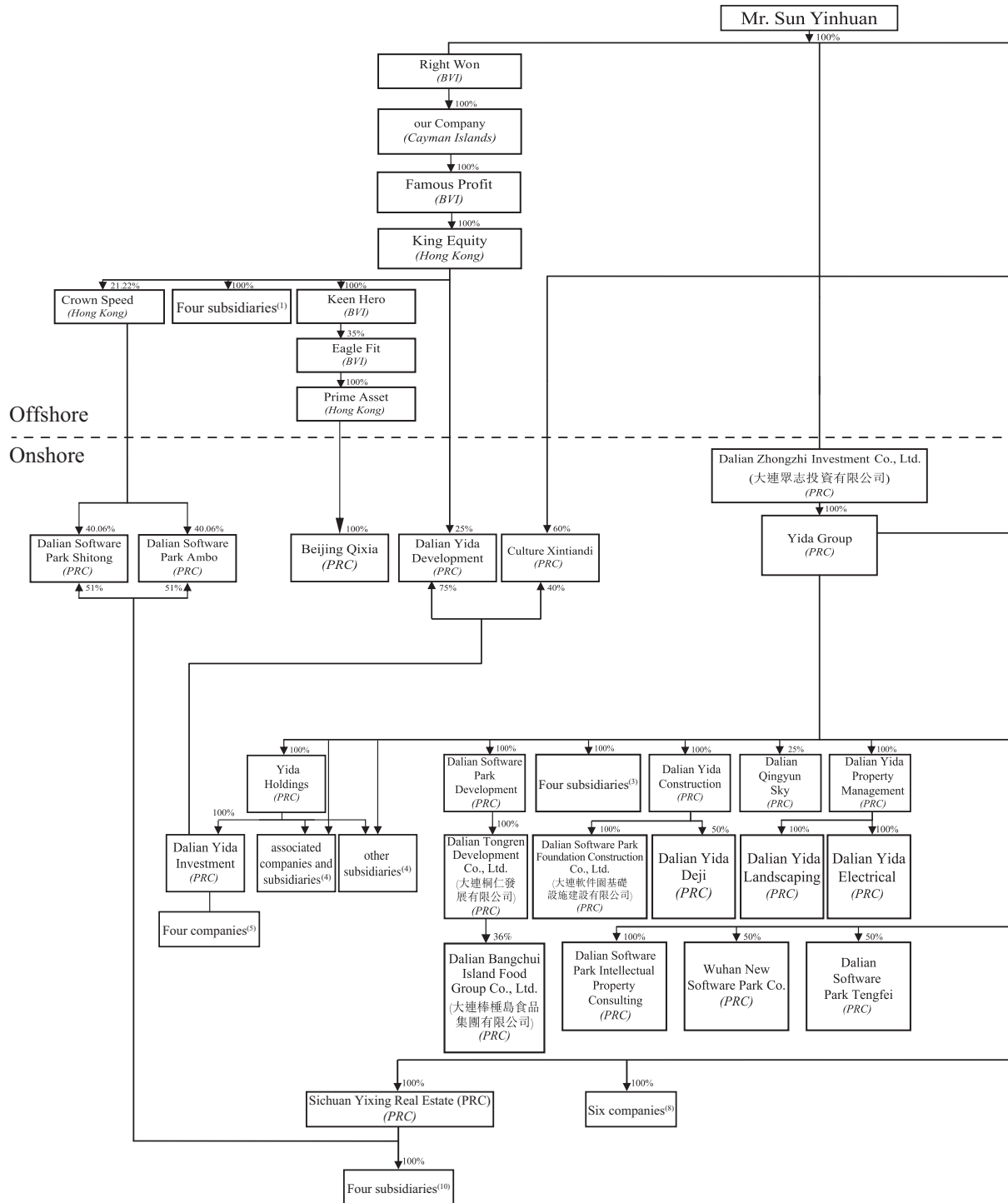
### REORGANIZATION

In May 2013, we commenced the Reorganization in preparation for the Global Offering.

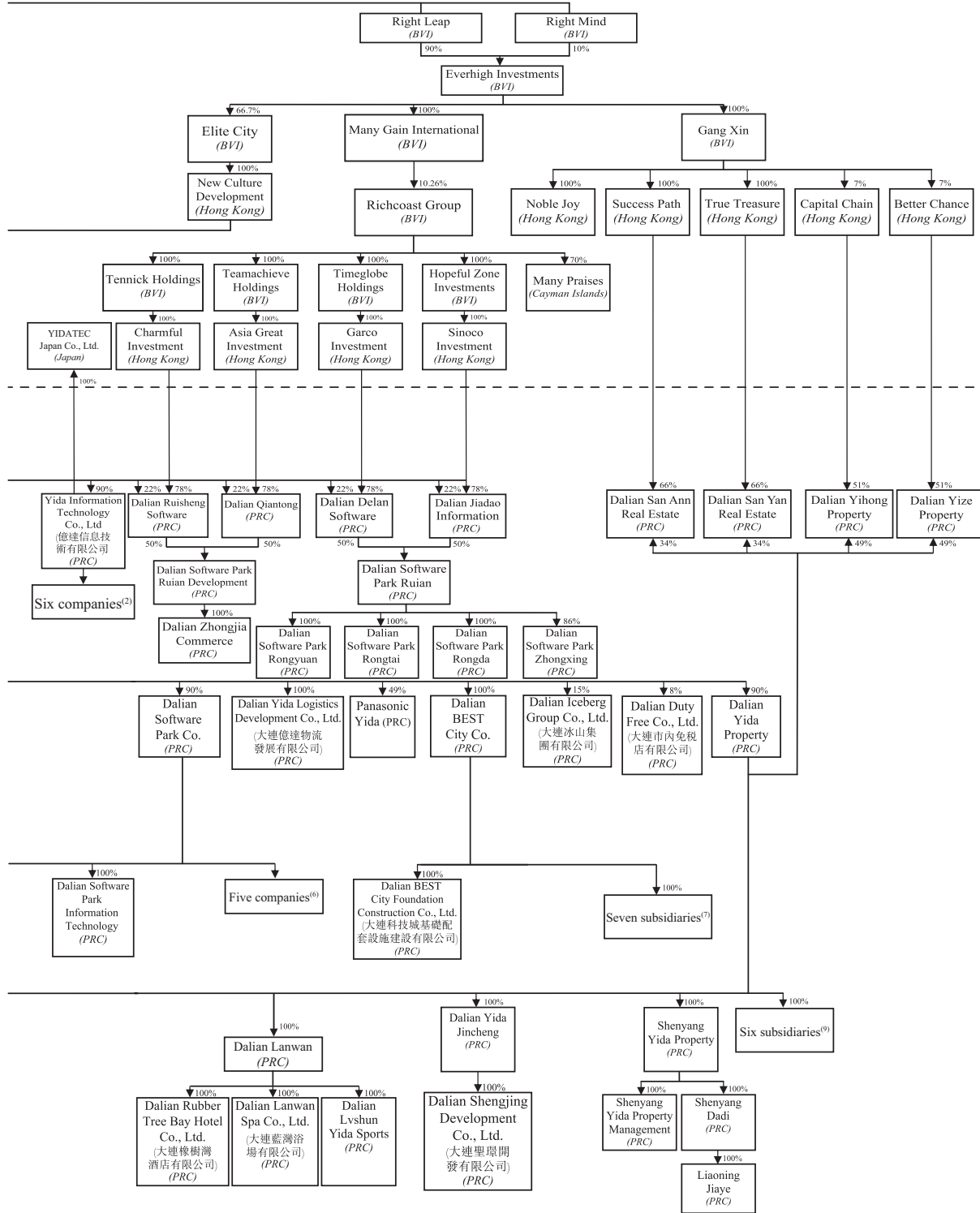
Prior to the Reorganization, our key businesses and companies were held by Yida Group and Everhigh Investments, both of which are ultimately controlled by our founder, Mr. Sun Yinhuan, and engage or will engage in activities that are dissimilar to our Group. For further details, please refer to the section headed “Relationship with Our Controlling Shareholders” in this prospectus. Yida Group is a wholly owned subsidiary of Dalian Zhongzhi, which is owned as to 47.6% by Mr. Sun Yinhuan, 23.8% by Mr. Sun Tongmin, 23.8% by Ms. Cheng Huiyan and 4.8% by Mr. Sun Yansheng, and each of Mr. Sun Tongmin, Ms. Cheng Huiyan and Mr. Sun Yansheng holds such interests on trust for Mr. Sun Yinhuan. According to our PRC legal advisor, Commerce & Finance Law Offices, such trust arrangement did not violate the relevant PRC laws and regulations, and was valid and binding among the relevant parties during its existence. Everhigh Investments is held as to 90% by Right Leap, which in turn is held as to 50% by Mr. Sun Yinhuan and 50% by Ms. Cheng Huiyan on trust for Mr. Sun Yinhuan, and 10% by Right Mind, which in turn is held as to 50% by each of Ms. Ma Lan and Mr. Sun Yansheng on trust for Mr. Sun Yinhuan. The trust arrangement was entered into for the purpose of releasing Mr. Sun Yinhuan from executive matters.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart sets forth our Group's corporate and shareholding structure immediately before the Reorganization:



# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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*Note:*

- (1) These subsidiaries include Most Lead, Domain Creation, Central Build and Jolly Creation and each of them was wholly owned by King Equity.
- (2) Dalian Xinzhi Software Co., Ltd. (大連新致軟件有限公司), Taike Modern Education (Dalian) Co., Ltd. (泰克現代教育(大連)有限公司), Xianfei Education Technology (Dalian) Co., Ltd. (先飛教育科技(大連)有限公司), Dalian Yida Mingqitong Data Services Limited (大連億達名氣通數據服務有限公司), Shanghai Yida Transportation Information Co., Ltd. (上海億達交通信息有限公司) and Dalian Weilong Software Co., Ltd. (大連微龍軟件有限公司) were owned as to 40%, 30%, 15%, 10%, 100% 100% by Yida Information Technology Co., Ltd., respectively.
- (3) These subsidiaries include Dalian Ruanjing, Dalian Shengbei Development, Dalian Service Outsourcing and Dalian Software and each of them was wholly owned by Yida Group.
- (4) Such associated companies and subsidiaries span the industries of investment consulting services, healthcare and education.
- (5) These subsidiaries include Dalian Shengbei Property Co, Ltd. (大連聖北房地產有限公司), Yida Riping Machinery Co., Ltd. (億達日平機床有限公司), Pufeisi Yida Cold Storage (Shanghai) Co., Ltd. (普菲斯億達冷凍倉儲(上海)有限公司) and Dalian Ganjingzi SPD Rural Bank Co., Ltd. (大連甘井子浦發村鎮銀行股份有限公司) and each of them was owned as to 40%, 42%, 40% and 10% by Dalian Yida Investment, respectively.
- (6) These subsidiaries include Dalian Ruanjing Hotel Development Co., Ltd. (大連軟景酒店開發有限公司), Dalian Zhida Software Technology Co., Ltd. (大連致達軟件技術有限公司), Dalian Huigu Information System Co., Ltd. (大連慧谷信息系統有限公司), Shanghai Newtown and Dalian Hi-think and each of them was owned as to 100%, 100%, 100%, 8.78% and 2.48% by Dalian Software Park Co., respectively.
- (7) These subsidiaries include Dalian BEST City Xinrui, Dalian BEST City Changde, Dalian BEST City Tairui, Dalian BEST City Xinyuan, Dalian BEST City Xintong, Dalian Best City Changyuan and Dalian BEST City Taifeng and each of them was wholly owned by Dalian BEST City Co..
- (8) These subsidiaries include Dalian Shengyuan Real Estate Development Co., Ltd. (大連聖元房地產開發有限公司), Dalian Longmen Travel Resort Development Co., Ltd (大連龍門旅遊度假區開發建設有限公司), Dalian Shengtong Information Consulting Co., Ltd. (大連聖通信息諮詢有限公司), Dalian Yida Puwan Development Co., Ltd. (大連億達普灣發展有限公司), Dalian Shengbei Development Co., Ltd. (大連聖北發展有限公司) and Dalian Shengmei Real Estate Development Co., Ltd. (大連聖美房地產開發有限公司) and each of them was wholly owned by Dalian Yida Property.
- (9) These subsidiaries include Dalian Gaoji Property, Dalian Shenghe Property, Dalian Yida Meijia, Dalian Yitong Property, Dalian Changhe Property and Dalian Shengyue Property and each of them was wholly owned by Dalian Yida Property.
- (10) These subsidiaries include Dalian Software Park Hengrong, Dalian Software Park Hengrui, Dalian Yida Information and Chengdu Yixing and each of them was wholly owned by Sichuan Yixing Real Estate.

### ***Acquisition of Dalian Yida Services and Dalian Yida Management***

Dalian Yida Services was established in the PRC on July 9, 2013 with an initial registered capital of RMB10,000,000. Upon its establishment, Dalian Yida Services was wholly owned by Yida Group. As part of the Reorganization, on November 18, 2013, Dalian Yida Development acquired the entire equity interest in Dalian Yida Services from Yida Group for a consideration of RMB10,000,000, which was determined with reference to the net asset value of Dalian Yida Services as at the date of such acquisition and settled. Upon completion of such acquisition, Dalian Yida Services became a wholly owned subsidiary of Dalian Yida Development.

Dalian Yida Management was established in the PRC on July 12, 2013 with an initial registered capital of RMB10,000,000. Upon its establishment, Dalian Yida Management was wholly owned by Yida Group. As part of the Reorganization, on November 19, 2013, Dalian Yida Development acquired the entire equity interest in Dalian Yida Management from Yida Group for a consideration of RMB10,000,000, which was determined with reference to the net asset value of Dalian Yida Management as at the date of such acquisition and settled. Upon completion of such acquisition, Dalian Yida Management became a wholly owned subsidiary of Dalian Yida Development.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### *Reorganization of PRC Companies into our Group*

As part of the Reorganization, we have undertaken the following onshore Reorganization, pursuant to which certain PRC companies within the core-business were included as part of our Group and certain PRC companies within the non-core business were disposed of as part of the Reorganization in preparation for the Listing.

### *Acquisition of certain PRC Companies*

The following table sets forth the details of acquisitions of certain PRC companies undertaken in anticipation of the Reorganization:

<u>PRC companies acquired</u>	<u>Transferor</u>	<u>Transferee(s)</u>	<u>Interest acquired</u>	<u>Consideration</u>	<u>Note</u>
Dalian Yida Development	Dalian Yida Investment	King Equity	75%	RMB47,236,500	2
Dalian Yida Property	Dalian Qunying	Dalian Yida Services	10%	RMB15,000,000	1
	Yida Group	Dalian Yida Management	90%	RMB135,000,000	1
Dalian Software Park Co.	Dalian Zhongyi	Dalian Yida Services	10%	RMB66,000,000	1
	Yida Group	Dalian Yida Management	90%	RMB594,000,000	1
Dalian Yida Construction	Yida Group	Dalian Yida Services	100%	RMB200,000,000	1
Dalian Yida Property Management	Yida Group	Dalian Yida Services	100%	RMB5,000,000	2
Panasonic Yida	Yida Group	Dalian Yida Services	49%	RMB24,500,000	1
Dalian Ruisheng Software	Yida Group	Dalian Yida Services	22%	RMB176,000,000	1
Dalian Qiantong	Yida Group	Dalian Yida Services	22%	RMB176,000,000	1
Dalian Delan Software	Yida Group	Dalian Yida Services	22%	RMB66,000,000	1
Dalian Jiadao Information	Yida Group	Dalian Yida Services	22%	RMB66,000,000	1
Dalian Software Park Development	Yida Group	Dalian Yida Management	100%	RMB200,000,000	2
Dalian BEST City Co.	Yida Group	Dalian Yida Management	100%	RMB10,000,000	1
Dalian Service Outsourcing	Yida Group	Dalian Yida Management	100%	RMB200,000,000	1

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC companies acquired	Transferor	Transferee(s)	Interest acquired	Consideration	Note
Dalian Shengbei Development	Yida Group	Dalian Yida Management	100%	RMB10,000,000	1
Dalian Ruanjing	Yida Group	Dalian Yida Management	100%	RMB30,000,000	2
Dalian Qingyun Sky	Yida Group	Dalian Yida Management	25%	RMB740,820,000	1
Culture Xintiandi	Dalian Yida Investment	Dalian Yida Services	40%	RMB4,463,800	1
Shenyang Yida Property Management	Shenyang Yida Property Company Limited (瀋陽億達房地產有限公司), ("Shenyang Yida Property")	Dalian Yida Services	100%	RMB500,000	1
Liaoning Jiaye	Shenyang Dadi Property Development Co., Ltd. (瀋陽大地房屋開發有限公司) ("Shenyang Dadi")	Dalian Yida Management	100%	RMB20,000,000	1

*Notes:*

1. The consideration of each of the transfers was determined with reference to the registered capital of the relevant companies at the time of the transfers.
2. The consideration of each of the transfers was determined with reference to the net asset value of the relevant companies at the time of the transfers.

Our PRC legal advisers have confirmed that all the above acquisitions complied with the applicable PRC laws and regulations and all necessary approvals and registrations have been obtained and completed.

### *Disposal of certain PRC Companies*

The following table sets forth the details of disposals of certain PRC companies within the non-core business pursuant to the Reorganization:

PRC companies disposed of	Transferor	Transferee(s)	Interest disposed of	Consideration	Note
Dalian Shengmei Real Estate Development Co., Ltd. (大連聖美房地產開發有限公司) ("Dalian Shengmei")	Dalian Yida Property	Dalian Qunying	100%	RMB10,000,000	1
Dalian Shengbei Development Co., Ltd. (大連聖北發展有限公司) ("Dalian Shengbei")	Dalian Yida Property	Dalian Qunying	100%	RMB10,000,000	1
Dalian Longmen Travel Resort Development Co., Ltd. (大連龍門旅遊度假區開發建設有限公司) ("Dalian Longmen Travel")	Dalian Yida Property	Dalian Qunying	100%	RMB4,000,000	2



## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC companies disposed of	Transferor	Transferee(s)	Interest disposed of	Consideration	Note
Dalian Yida Puwan Development Co., Ltd. (大連 億達普灣發展有限公司) (“ <b>Dalian Yida Puwan</b> ”)	Dalian Yida Property	Dalian Qunying	100%	RMB10,000,000	1
Dalian Shengyuan Real Estate Development Co., Ltd. (大連 聖元房地產開發有限公司) (“ <b>Dalian Shengyuan</b> ”)	Dalian Yida Property	Dalian Qunying	100%	RMB10,000,000	1
Shenyang Yida Property	Dalian Yida Property	Dalian Qunying	100%	RMB30,000,000	1
Dalian Shengtong Information Consulting Co., Ltd. (大連聖通信息諮詢有限公司) (“ <b>Dalian Shengtong</b> ”)	Dalian Yida Property	Dalian Zhongyi	100%	RMB1,000,000	1
Dalian Shengjing Development Co., Ltd. (大連 聖璟開發有限公司) (“ <b>Dalian Shengjing</b> ”)	Dalian Jincheng	Dalian Qunying	100%	RMB10,000,000	1
Dalian Rubber Tree Bay Hotel Co., Ltd. (大連 橡樹灣酒店有限公司) (“ <b>Dalian Rubber Tree Bay</b> ”)	Dalian Lanwan	Dalian Zhongyi	100%	RMB10,000	2
Dalian Lanwan Spa Co., Ltd. (大連藍灣浴場有限公司) (“ <b>Dalian Lanwan Spa</b> ”)	Dalian Lanwan	Dalian Zhongyi	100%	RMB1,000,000	1
Dalian Tongren Development Co., Ltd. (大連 桐仁發展有限公司) (“ <b>Dalian Tongren</b> ”)	Dalian Software Park Development	Dalian Zhongyi	100%	RMB20,000,000	1
Dalian Software Park Foundation Construction Co., Ltd. (大連軟件園基礎設施建設有限公司) (“ <b>Dalian Software Park Foundation</b> ”)	Dalian Yida Construction	Dalian Zhongyi	100%	RMB500,000	1
Dalian BEST City Foundation Construction Co., Ltd. (大連科技城基礎配套設施建設有限公司) (“ <b>Dalian BEST City Foundation</b> ”)	Dalian BEST City Co.	Dalian Zhongyi	100%	RMB10,000,000	1

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC companies disposed of	Transferor	Transferee(s)	Interest disposed of	Consideration	Note
Dalian Ruanjing Hotel Development Co., Ltd. (大連 軟景酒店開發有限公司) (“ <b>Dalian Ruanjing Hotel</b> ”)	Dalian Software Park Co.	Dalian Zhongyi	100%	RMB10,000,000	2
Dalian Zhida Software Technology Co., Ltd (大連 志達軟件技術有限公司) (“ <b>Dalian Zhida Software Technology</b> ”)	Dalian Software Park Co.	Dalian Zhongyi	100%	RMB3,000,000	2
Dalian Huigu Information System Co., Ltd (大連慧谷信息系統有限公司) (“ <b>Dalian Huigu Information System</b> ”)	Dalian Software Park Co.	Dalian Zhongyi	100%	RMB180,000	2

Notes:

1. The consideration of each of the transfers was determined with reference to the registered capital of the relevant companies at the time of the transfers.
2. The consideration of each of the transfers was determined with reference to the net asset value of the relevant companies at the time of the transfers.

Our PRC legal advisors have confirmed that all the above disposals complied with applicable PRC laws and regulations and all necessary approvals and registrations have been obtained and completed.

### **Acquisition of offshore intermediate holding companies**

Pursuant to the Reorganization, we acquired the following offshore intermediate holding companies:

- On November 23, 2013, King Equity acquired the entire issued share capital of Many Gain International from Everhigh Investments at par value of US\$1, which was determined with reference to the par value of the paid-up issued share of Many Gain International. Upon completion of such acquisition, Many Gain International became an indirect wholly owned subsidiary of our Company.
- On November 23, 2013, King Equity acquired 66.7% of the total issued share capital of Elite City from Everhigh Investments at par value of US\$667, which was determined with reference to the par value of the paid-up issued shares of Elite City. Upon completion of such acquisition, Elite City became an indirect non-wholly owned subsidiary of our Company.
- On November 23, 2013, King Equity acquired the entire issued share capital of Gang Xin from Everhigh Investments at a consideration of US\$3,210,823.96, which was determined with reference to the net asset value of Gang Xin as at July 31, 2013. Upon completion of such acquisition, Gang Xin became an indirect wholly owned subsidiary of our Company.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### ***Subscription of Shares by Right Won and family members of Mr. Sun Yinhuan***

On November 27, 2013, Right Won subscribed for 8,056 Shares at par value of US\$8,056. On the same day, as part of the family arrangement, Keen Everlasting Harmony subscribed for 393 Shares for a consideration of US\$393, which was determined with reference to the par value of our Shares and the subscription consideration was settled on November 29, 2013. Keen Everlasting Harmony is ultimately owned as to 50% by Mr. Sun Tongmin and 50% by Ms. Sun Qi. Mr. Sun Tongmin and Ms. Sun Qi is the son and daughter of Mr. Sun Yinhuan, respectively.

### ***Pre-IPO Investments***

On November 27, 2013, each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony (collectively the “Investors”) subscribed for and were allotted a total of 1,550 Shares. The table below sets forth details of our Pre-IPO Investments:

	<u>Keen Harmony</u>	<u>Keen Sky Grace</u>	<u>Keen High Keen Source</u>	<u>Grace Sky Harmony</u>
<b>Date of investment</b> .....	November 27, 2013	November 27, 2013	November 27, 2013	November 27, 2013
<b>Consideration paid (US\$)</b> .....	54,281,408.63	45,710,659.90	39,882,550.76	40,225,380.71
<b>Basis of determining the consideration</b> .....	The valuation of our Group as at October 31, 2013 as if the Reorganization had been completed	The valuation of our Group as at October 31, 2013 as if the Reorganization had been completed	The valuation of our Group as at October 31, 2013 as if the Reorganization had been completed	The valuation of our Group as at October 31, 2013 as if the Reorganization had been completed
<b>Payment date of consideration</b> .....	December 2, 2013	December 2, 2013	December 2, 2013	December 2, 2013
<b>Number of Shares subscribed for</b> ....	467	394	343	346
<b>Number of Shares held after subdivision and Capitalization Issue</b> .....	93,400,000	78,800,000	68,600,000	69,200,000
<b>Cost of Share paid after subdivision and Capitalization Issue (US\$ per Share)</b> .....	0.58	0.58	0.58	0.58
<b>Discount to mid-point of Offer Price Range</b> .....	nil	nil	nil	nil
<b>Approximate percentage of shareholding held in our Company upon completion of the Pre-IPO Investments (%)</b> .....	4.67	3.94	3.43	3.46
<b>Approximate percentage of shareholding held in our Company upon Listing (assuming Over-allotment Option is not exercised) (%)</b> .....	3.62	3.05	2.66	2.68
<b>Use of proceeds</b> .....	Working capital	Working capital	Working capital	Working capital

The Pre-IPO Investments are subject to a lock-up period of six month but are not subject to any special rights. As of the Latest Practicable Date, the proceeds from the Pre-IPO Investments had not been fully utilized.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### ***Brief description of the Investors***

Based on the information provided by the Investors, set out below is a brief description of the Investors:

#### ***1. Keen Harmony***

Keen Harmony is a limited liability company incorporated in the BVI and is ultimately owned as to 42.10% by Mr. Sun Yinfeng, 31.58% by Mr. Wen Hongyu and 26.32% by Mr. Wang Ruosong. Each of Mr. Sun Yinfeng and Mr. Wen Hongyu is our executive Director and Mr. Wang Ruosong is an employee of our Group. Keen Harmony is an investment holding company. Shares subscribed by Keen Harmony will not be counted as part of the public float upon Listing given that Keen Harmony is controlled by Mr. Sun Yinfeng and Mr. Wen Hongyu, each of whom an executive Director and a connected person of our Company upon Listing.

#### ***2. Keen Sky Grace***

Keen Sky Grace is a limited liability company incorporated in the BVI and is ultimately owned as to 37.5% by Mr. Sun Yansheng, 25% by Mr. Sun Yinfu, 25% by Mr. Gao Wei, 12.5% by Mr. Sun Guangyu. Each of Mr. Sun Yansheng and Mr. Gao Wei is our executive Director and each of Mr. Sun Yinfu and Mr. Sun Guangyu is an employee of our Group. Mr. Sun Yinfu is also a brother of Mr. Sun Yinhuan. Keen Sky Grace is an investment holding company. Shares subscribed by Keen Sky Grace will not be counted as part of the public float upon Listing given that Keen Sky Grace is controlled by Mr. Sun Yansheng, an executive Director and a connected person of our Company upon Listing.

#### ***3. Keen High Keen Source***

Keen High Keen Source is a limited liability company incorporated in the BVI and is ultimately owned as to 42.98% by Mr. Jiang Xiuwen, 28.66% by Mr. Wang Haolin, 11.46% by Ms. Ma Lan, 7.17% by Mr. Liu Dashun, 4.29% by Ms. Chu Xiaoli, 2.58% by Mr. Chen Wen, 1.43% by Mr. Yu Dahai and 1.43% by Mr. Qin Xuesen. Mr. Jiang Xiuwen is our executive Director and each of Mr. Wang Haolin, Ms. Ma Lan, Mr. Liu Dashun, Ms. Chu Xiaoli, Mr. Chen Wen, Mr. Yu Dahai and Mr. Qin Xuesen is an employee of our Group. Keen High Keen Source is an investment holding company. Shares subscribed by Keen High Keen Source will not be counted as part of the public float upon Listing given that Keen High Keen Source is controlled by Mr. Jiang Xiuwen, an executive Director and a connected person of our Company upon Listing.

#### ***4. Grace Sky Harmony***

Grace Sky Harmony is a limited liability company incorporated in the BVI and is ultimately owned as to 34.50% by Mr. Wang Gang, 34.45% by Ms. Xu Dangchun and 31.05% by Ms. Yang Kangning. Graceful Sky Harmony is an investment holding company. Each of Mr. Wang Gang, Ms. Xu Dangchun and Ms. Yang Kangning is an employee of our Group. Shares subscribed by Grace Sky Harmony will be counted as part of the public float upon Listing given that Grace Sky Harmony is not controlled by any connected person of our Company upon Listing.

Given that all of the Investors are employees of our Group, our Directors believe that the Pre-IPO Investments will positively motivate our employees and the Investors.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

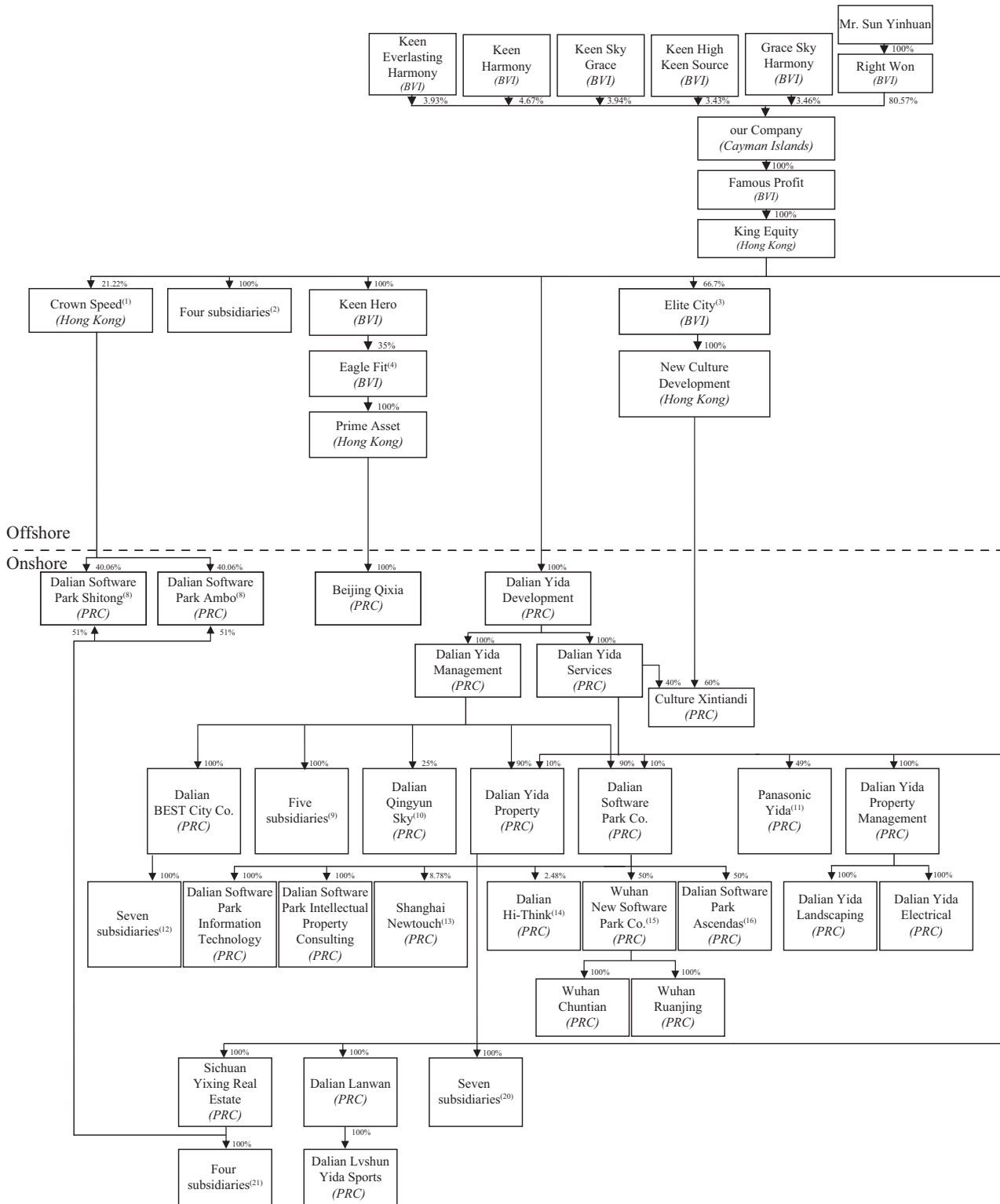
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### *Confirmation from the Sole Sponsor*

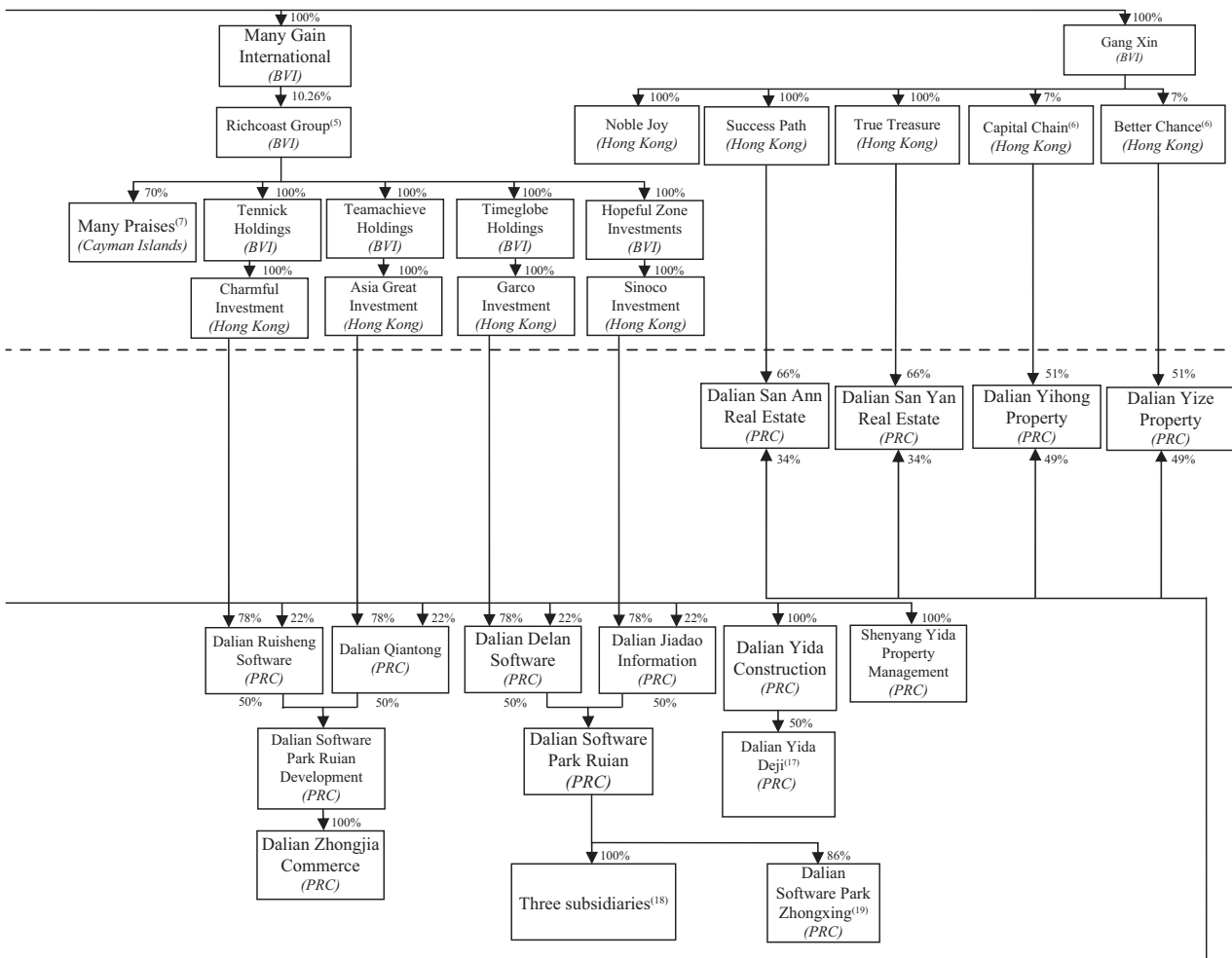
The Sole Sponsor has confirmed that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO investments issued on October 13, 2010 by the Stock Exchange, the Guidance Letter HKEx-GL-43-12 issued in October 2012 and updated in July 2013 by the Stock Exchange and the Guidance Letter HKEx-GL44-12 issued in October 2012 by the Stock Exchange.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart sets forth our Group's corporate and shareholding structure immediately after the Reorganization, but before the completion of the Global Offering and the Capitalization Issue:



# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Notes:

- (1) The remaining 78.78% interest in Crown Speed is held by Denali Investment, Ltd., an Independent Third Party save for its equity interest in Crown Speed.
- (2) These subsidiaries include Most Lead, Domain Creation, Central Build and Jolly Creation and each of them is wholly owned by King Equity.
- (3) The remaining 33.3% interest in Elite City is held by New Victory Investment Development Limited, an Independent Third Party save for its equity interest in Elite City.
- (4) The remaining 65% interest in Eagle Fit is held by Noble Pearl Limited, an Independent Third Party save for its equity interest in Eagle Fit.
- (5) The remaining 89.74% interest in Richcoast Group is held as to 61.54% by Innovate Zone Group Limited, a wholly owned subsidiary of Shui On Land Limited, and 28.20% by Main Zone Group Limited, a wholly owned subsidiary of SOCAM Development Limited. Both Innovate Zone Group Limited and Main Zone Group Limited are Independent Third Parties, save for their interests in Richcoast Group.
- (6) The remaining 93% interest in each of Capital Chain and Better Chance is held as to 59.06% by Normandy Investment Ltd. and 33.94% by Lorraine Investment, Ltd., each of whom an Independent Third Party save for its interest in Capital Chain and Better Chance.
- (7) The remaining 30% interest in Many Praises is held by Mitsui Fudosan Residential Co. Ltd, an Independent Third Party save for its equity interest in Many Praises.
- (8) The remaining 8.94% interest in each of Dalian Software Park Shitong and Dalian Software Park Ambo is held by Sino Delight Investments Limited, an Independent Third Party.
- (9) These subsidiaries include Liaoning Jiaye, Dalian Ruanjing, Dalian Software Park Development, Dalian Shengbei Development and Dalian Service Outsourcing and each of them is wholly owned by Dalian Yida Management.
- (10) The remaining 75% interest in Dalian Qingyun Sky is held by Sumitomo Realty & Development Co., Ltd. (住友不動產株式會社), an Independent Third Party save for its equity interest in Dalian Qingyun Sky.
- (11) The remaining 51% interest in Panasonic Yida is held by Panasonic Corporation of China Co., Ltd. (松下電器(中國)有限公司), an Independent Third Party save for its equity interest in Panasonic Yida.
- (12) These subsidiaries include Dalian BEST City Xinrui, Dalian BEST City Changde, Dalian BEST City Tairui, Dalian BEST City Xinyuan, Dalian BEST City Xintong, Dalian Best City Changyuan and Dalian BEST City Taifeng and each of them is wholly owned by Dalian BEST City Co..
- (13) The remaining 91.22% interest in Shanghai Newtouch is held as to 44.564% by Shanghai Qianzhi Information Technology Co., Ltd. (上海前置信息科技有限公司), 16.022% by Shanghai Zhongjian Information Consulting Co., Ltd. (上海中件信息諮詢有限公司), 5.974% by Bloom Route Limited (旺道有限公司), 5.357% by Changchunteng (Kunshan) Industry Investment Centre L.P. (常春藤(昆山)產業投資中心(有限合夥)), 5.357% by Qingdao Changchunteng Industry Investment Centre L.P. (青島常春藤創業投資中心(有限合夥)), 4.356% by Oasis Cove Investments Limited, 4.356% by AcmeCity Limited, 4.356% by Central Era Limited and 0.878% by TIS Inc. (TIS 株式會社), and each of them is an Independent Third Party save for its interest in Shanghai Newtouch.
- (14) The remaining 97.52% of interest in Dalian Hi-Think is held as to 8.91% by Beijing Ultrapower Software Co., LTD (北京神州泰嶽軟件股份有限公司) (SZSE stock code 300002), 7.44% by NEC Soft, Ltd. (NEC 軟件株式會社), 6.98% by Hitachi Solutions, Ltd. (株式會社日立解決方案), 6.4% by NTT DATA Corporation (株式會社 NTT DATA), 5.46% by NEC Corporation (日本電氣株式會社), 3.5% by Microsoft CIHC. Inc. (微軟中國投資控股有限公司), 2.64% by NS Solutions Corporation (新日鐵系統集成株式會社) and 56.19% by 92 individuals, and each of them is an Independent Third Party save for its interest in Dalian Hi-Think.
- (15) The remaining 50% interest in Wuhan New Software Park Co. is held as to 25% by Hubei United Development Investment Group Co., Ltd. (湖北省聯合發展投資集團有限公司) and 25% by Wuhan East Lake High-tech Group Co., Ltd. (武漢東湖高新集團股份有限公司), each of whom an Independent Third Party, save for its equity interest in Wuhan New Software Park Co..



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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- (16) The remaining 50% interest in Dalian Software Park Ascendas is held by Ascendas (China) Private Limited (騰飛 (中國) 私人有限公司), an Independent Third Party save for its equity interest in Dalian Software Park Ascendas.
- (17) The remaining 50% interest in Dalian Yida Deji is held by Pat Davie Ltd. (德基 (中國) 有限公司), which in turn is owned as to 92% by SOCAM Development Ltd., a company which is owned as to 4.26% by Mr. Sun Yinhuan.
- (18) These subsidiaries include Dalian Software Park Rongyuan, Dalian Software Park Rongtai and Dalian Software Park Rongda and each of them is wholly owned by Dalian Software Park Ruian.
- (19) The remaining 14% interest in Dalian Software Park Zhongxing is held by Dalian Huaxin Trust Co., Ltd. (大連華信信託股份有限公司), an Independent Third Party save for its equity interest in Dalian Software Park Zhongxing.
- (20) These subsidiaries include Dalian Yida Jincheng, Dalian Shenghe Property, Dalian Yida Meijia, Dalian Gaoji Property, Dalian Yitong Property, Dalian Changhe Property and Dalian Shengyue Property and each of them is wholly owned by Dalian Yida Property.
- (21) These subsidiaries include Dalian Software Park Hengrong, Dalian Software Park Hengrui, Dalian Yida Information and Chengdu Yixing and each of them is wholly owned by Sichuan Yixing Real Estate,

### SUBDIVISION OF SHARES AND INCREASE OF AUTHORIZED SHARE CAPITAL

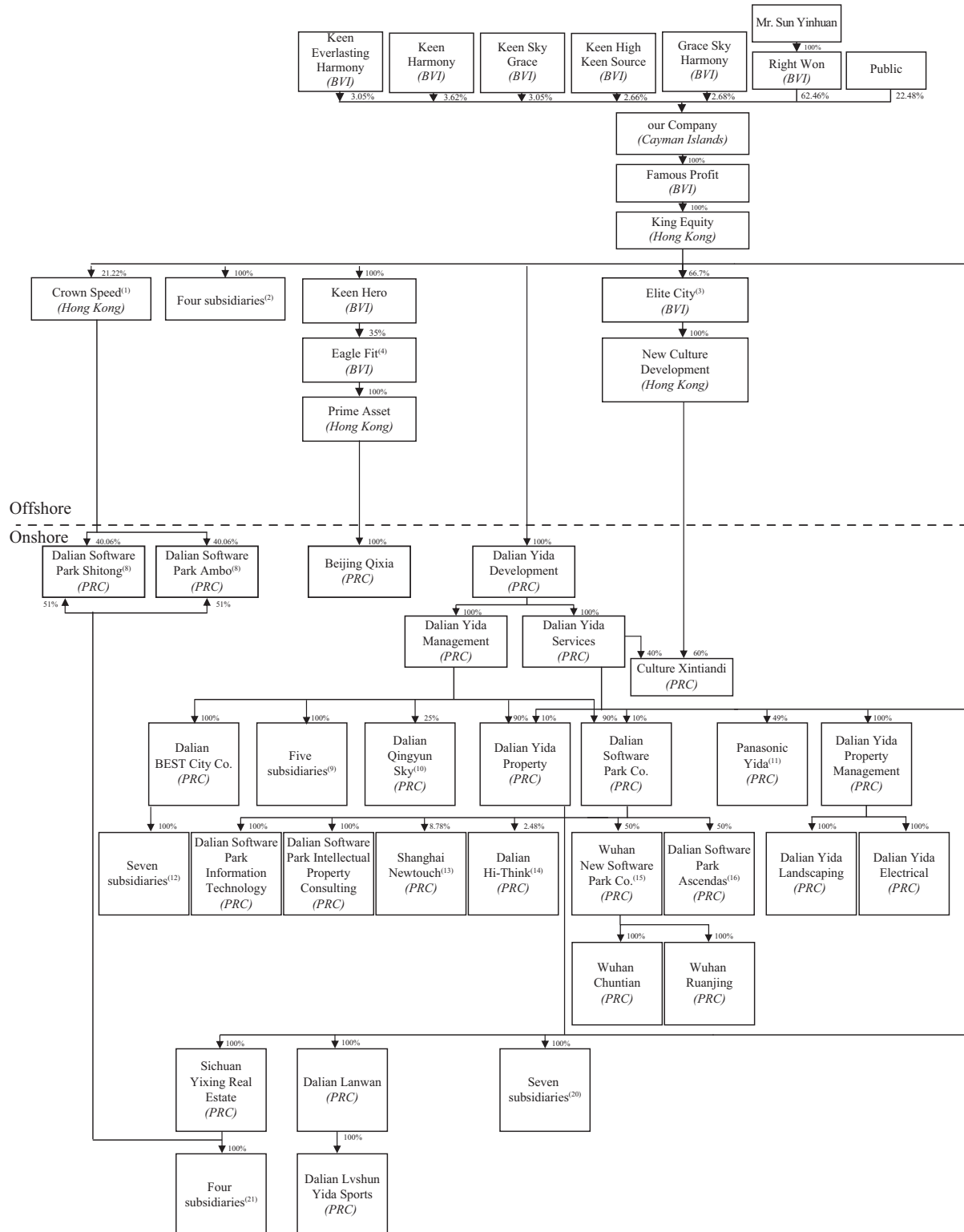
On June 1, 2014, our Company subdivided all its issued and unissued shares with par value of US\$1.00 each into 100 Shares of US\$0.01 each. On the same date, our Company increased its authorized share capital to US\$500,000,000 through the creation of 49,995,000,000 additional Shares.

### CAPITALIZATION ISSUE

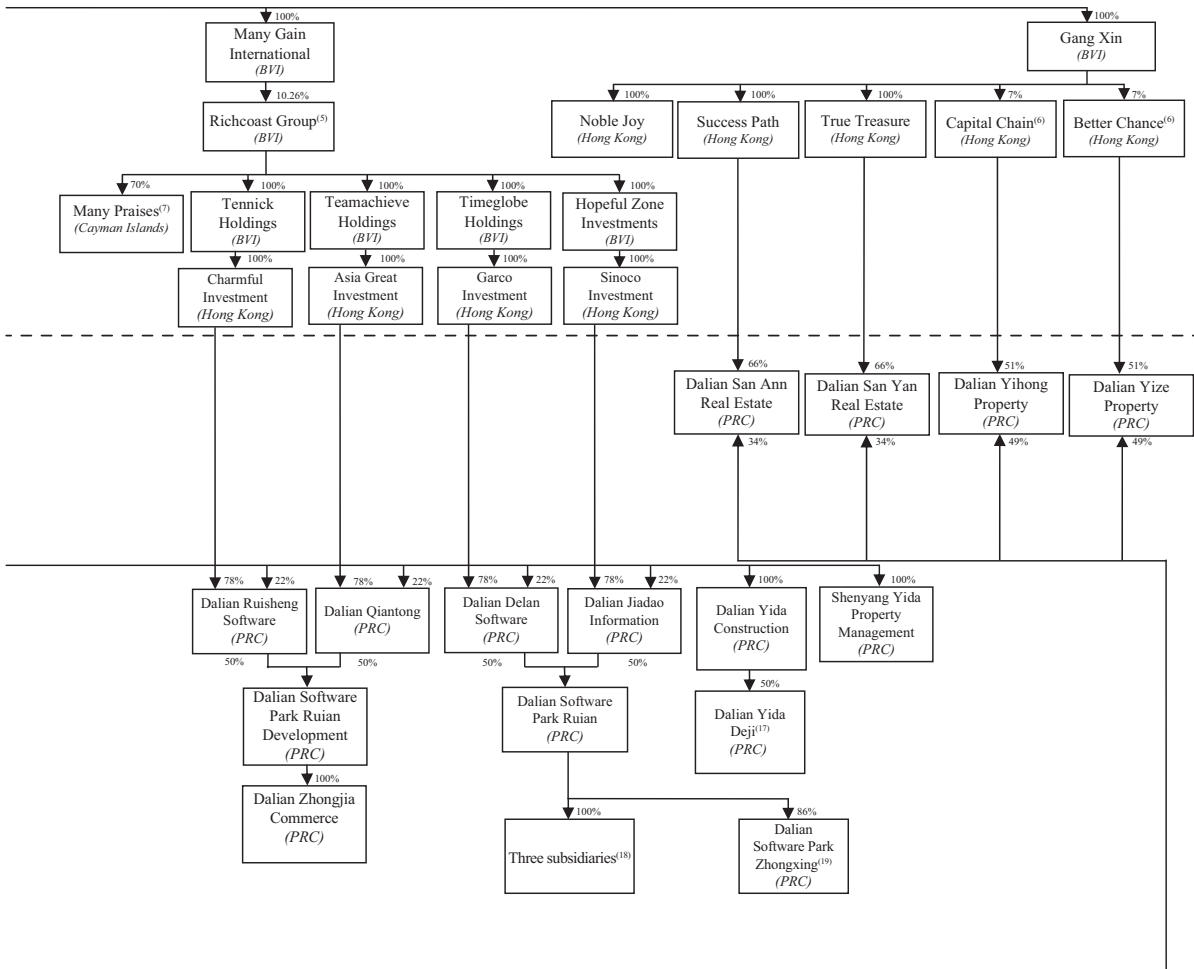
Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorized to capitalize an amount of US\$19,990,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,999,000,000 Shares for allotment and issue to our shareholders as of June 1, 2014, on a pro rata basis.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart sets forth our Group's corporate and shareholding structure upon completion of the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised):



# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Notes:

- (1) The remaining 78.78% interest in Crown Speed is held by Denali Investment, Ltd., an Independent Third Party save for its equity interest in Crown Speed.
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- (14) The remaining 97.52% of interest in Dalian Hi-Think is held as to 8.91% by Beijing Ultrapower Software Co., LTD (北京神州泰嶽軟件股份有限公司) (SZSE stock code 300002), 7.44% by NEC Soft, Ltd. (NEC 軟件株式會社), 6.98% by Hitachi Solutions, Ltd. (株式會社日立解決方案), 6.4% by NTT DATA Corporation (株式會社 NTT DATA), 5.46% by NEC Corporation (日本電氣株式會社), 3.5% by Microsoft CIHC, Inc. (微軟中國投資控股有限公司), 2.64% by NS Solutions Corporation (新日鐵系統集成株式會社) and 56.19% by 92 individuals, and each of them is an Independent Third Party save for its interest in Dalian Hi-Think.
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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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- (16) The remaining 50% interest in Dalian Software Park Ascendas is held by Ascendas (China) Private Limited (騰飛 (中國) 私人有限公司), an Independent Third Party save for its equity interest in Dalian Software Park Ascendas.
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- (20) These subsidiaries include Dalian Yida Jincheng, Dalian Shenghe Property, Dalian Yida Meijia, Dalian Gaoji Property, Dalian Yitong Property, Dalian Changhe Property and Dalian Shengyue Property and each of them is wholly owned by Dalian Yida Property.
- (21) These subsidiaries include Dalian Software Park Hengrong, Dalian Software Park Hengrui, Dalian Yida Information and Chengdu Yixing and each of them is wholly owned by Sichuan Yixing Real Estate,
- (22) We have a complex group structure as we have a number of project companies and joint venture partners.

### M&A RULES

On August 8, 2006, six PRC regulatory agencies, including MOFCOM and CSRC, promulgated the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Rules”), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and amended on June 22, 2009. The M&A Rules, among other things, purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC legal advisor has advised that, given that Dalian Yida Development was established before September 8, 2006, the effective date of the M&A Rules, as a foreign-invested enterprise and did not undergo any acquisition as defined in the M&A Rules, we were not required to submit an application to the CSRC for its approval of the Listing and trading of our shares on the Hong Kong Stock Exchange.

### CIRCULAR NO. 75

On October 21, 2005, the SAFE issued the Circular of the SAFE on Relevant Issues concerning Foreign Exchange Administration of Financing and Return Investments Undertaken by Domestic Residents through Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) (“SAFE Circular No.75”), which became effective on November 1, 2005. The SAFE Circular No.75 requires PRC residents to register with the local SAFE branch before establishing or controlling any company, referred to in the SAFE Circular No.75 as an “overseas special purpose vehicle,” outside of the PRC for the purpose of capital financing with assets or interests in PRC, and to register again after completing an investment in or acquisition of any operating subsidiaries in PRC, which is known as a round-trip investment. Also, any material capital alteration, such as capital increase or decrease, merger or division, in overseas special purpose vehicle involving no round-trip investment shall be registered or filed within 30 days starting from the date of shareholding transfer or capital alteration.

According to our PRC legal advisor, Mr. Sun Yinhuan, a PRC resident beneficial owner of our Company, has completed the initial registration as required by Circular No. 75 in November 2009 and relevant amendment procedure in January 2014 relating to Mr. Sun Yinhuan’s round-trip investment in

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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enterprises in Dalian and the Company confirmed that Mr. Sun Yinhuan is in the process of amending relevant registration to reflect Mr. Sun Yinhuan's round-trip investment in two enterprises in Chengdu and Beijing as required by Circular No. 75, and as advised by PRC legal advisor, there is no material legal obstacle for such registration. As for the enterprise in Chengdu, the Company expects the amendment of relevant registration to be completed by the end of June 2014. As for the enterprise in Beijing, the timing of the completion of the amendment of relevant registration is still uncertain. Our Directors confirm that, save for Mr. Sun Yinhuan, the remaining PRC domestic residents who are beneficial owners of our Company are in the process of completing the initial registration as required by Circular No. 75. As advised by our PRC legal advisor, after filing relevant documents required by relevant PRC foreign exchange laws and regulations with local branch of SAFE of Dalian, there is no material legal obstacle for such registration. We and our Controlling Shareholders have complied with all applicable PRC rules and regulations, and save as disclosed above have obtained all relevant approvals from PRC government authorities for the Reorganization and the Listing.

As advised by our PRC legal advisor, according to the relevant provisions of SAFE Circular No. 75, the Notice of the Comprehensive Department of the State Administration of Foreign Exchange on the Capital Items Business of Operation Guidance relating to the Notice of the State Administration of Foreign Exchange on Issues Concerning Strengthening the Administration of Foreign Exchange Business (國家外匯管理局綜合司關於〈國家外匯管理局關於加強外匯業務管理有關問題的通知〉所涉資本項目業務操作指引的通知), and the Foreign Exchange Administration Rules of the PRC (中華人民共和國外匯管理條例), if Mr. Sun Yinhuan fails to complete the SAFE registration for his round-trip investment in the two enterprises in Chengdu and Beijing, (i) the two enterprises in Chengdu and Beijing will not be able to distribute profits, extra dividends and other relevant payment such as liquidation, share transfer and capital reduction; (ii) each of the two enterprises in Chengdu and Beijing may be imposed a fine up to RMB600,000 by the relevant bureaus of foreign exchange; and (iii) the relevant foreign exchange registrations of the two enterprises in Chengdu and Beijing may be revoked and reissued after the payment of the above fines.

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## BUSINESS

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### OVERVIEW

We are the largest business park developer in the PRC in terms of completed GFA as of December 31, 2013, according to the DTZ Report based on a survey conducted by DTZ Shanghai on 414 qualified business parks in 30 large cities in the PRC. Please refer to the section headed “Industry Overview – The Market of Business Parks in the PRC – Overview of Business Parks in the PRC” for detailed information regarding the names of those cities and the qualifications of those business parks. We believe we are also a leading business park operator in the PRC, as our internationally renowned Dalian Software Park had the highest percentage of Fortune Global 500 tenants to the total number of its tenants among the top 20 business parks in China as of December 31, 2013, according to the DTZ Report. According to the same report, we had the largest market share in terms of sales amount in Dalian, Liaoning Province in 2013. In 2013, we were ranked as the 29th-largest property developer in the PRC based on an assessment in terms of business scale, risk management, profitability, growth potential, operational performance, innovational capability and social responsibility according to the China Real Estate Development Enterprises 500 Assessment Report (中國房地產開發企業500強測評報告) issued by China Real Estate Association, China Real Estate Research Association and China Real Estate Appraisal<sup>1</sup>.

We develop, lease and sell properties in, and manage large scale, high quality and low density business parks, which integrate office buildings and residential properties. In addition, we develop and sell residential properties in multi-functional, integrated residential community projects. We also provide property management and construction, decoration and landscaping services.

As of March 31, 2014, we have led the development of six business park projects, five of which are located in Dalian, Liaoning Province, including Dalian Software Park (**DLSF**<sup>SM</sup>), and one of which is located in Wuhan, Hubei Province. As of the same date, we, as an operator, also provide operation and management services to Suzhou Hi-tech Software Park and Phase I of Wuhan First City. In addition, we have participated in business park development projects in Tianjin and Wuhan, respectively, through BOT arrangements. We are in the process of establishing a joint venture with an entity under Shanghai SASAC with the plan to develop Shanghai Lingang Innovation Business Park pursuant to a strategic cooperation agreement signed in November 2013, and we plan to establish a joint venture with an entity under the Administrative Committee of Suzhou High-speed Rail New Town with the plan to develop Suzhou High-speed Rail New Town Technology Park pursuant to a strategic cooperation agreement signed in January 2014.

We attribute our success to our business model that consists of the following aspects:

- **Development, lease and sale of properties in and management of business parks.** We primarily develop large scale, high quality and low density business parks consisting of office buildings, residential property projects and ancillary facilities, such as retail stores, hotels, storage spaces and car parks. We lease and sell office buildings in our business parks according to a target ratio that we set for each project and regularly modify based on our development plans and market demand. We hold the core office buildings in our business parks as investment properties in accordance with our development plan to enjoy the recurring rental income and capital appreciation. We sell residential properties, a small portion of office buildings, commercial facilities and car parks within our business parks. Depending upon our cash flow requirements and market conditions, we may adjust the

*Note:*

1. This report was not commissioned by us or the Sole Sponsor. Each of China Real Estate Association, China Real Estate Research Association and China Real Estate Appraisal is an independent institution unrelated to us, our connected persons or the Sole Sponsor and provide real estate related research and/or information services in China. While Mr. Sun Yinhan, our Director, also serves as the Vice-President of China Real Estate Association, he bears no executive or administrative duties in the China Real Estate Association. These institutions conduct surveys on a quarterly and nationwide basis with respect to various aspects of the property industry. The evaluation results are published for public consumption and available at no cost on its website: <http://www.fangchan.com/zt/top500/>. Contents available at such website do not constitute a part of this prospectus.

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## BUSINESS

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proportion of the GFA we hold as investment properties from time to time. In addition, we provide professional operation and management services to business park projects that are developed by local governments and other real estate developers. Our business parks-related businesses, including the lease and sale of our office buildings, the sale of residential properties within our business parks and the provision of the professional operation and management services, generated approximately 40.8%, 41.1% and 60.2%, respectively, of our total revenue in 2011, 2012 and 2013.

- **Development and sale of residential property projects.** We develop multi-functional, integrated residential community projects outside of our business parks and sell residential properties within these projects. Our development and sales of such residential property projects generated approximately 24.6%, 43.5% and 28.6%, respectively, of our total revenue in 2011, 2012 and 2013.
- **Construction, decoration and landscaping services.** We are engaged in the provision of construction, decoration and landscaping services for the properties developed by us and other developers.
- **Property management services.** We provide comprehensive property management services to tenants of office buildings and residents of residential properties in our business park projects, our multi-functional, integrated residential community projects and other developers' residential projects.

We believe our business model is sustainable and replicable. Our business model provides the following benefits to:

- **Tenants of our business parks.** Our business park projects are designed to attract knowledge-based and high-tech businesses with a convenient and efficient working environment. A healthy flow of people and commercial activities to the business park not only accelerates the development of the commercial facilities within the business park, but also facilitates the demand for residential properties from both employees of office building tenants and other customers. Our business park projects are also located in areas where there are ample well-educated work force to ensure that our tenants can recruit adequate talents to work with them.
- **Owners of residential properties.** The above synergy effect not only brings a healthy flow of people and commercial activities, but also helps increase the value of the areas where our business parks are located following the full development and operation of the business parks, and further expansion of the city center, thereby providing a better living and convenient environment for residents within the business park, as compared to certain other residential properties located in the city center.
- **Local governments.** The development of our business parks is closely aligned with the local government's urbanization initiatives, overall economic development plan and industry upgrading strategy. Our business parks contribute to local prosperity by attracting business activities, generating tax revenue, creating employment opportunities, upgrading the local industry mix and accelerating infrastructure construction.
- **Our Company.** The success of our business park projects provides us with a relatively quick cash flow and liquidity as we are able to sell residential properties and selected office buildings in our business parks. It also results in a stable recurring rental income and an increase in the value of core office buildings in business parks that we hold for investment to allow us to enjoy long-term property appreciation and steadily increasing rental income. Therefore, the success of our business parks helps us achieve a balance between short-term and long-term funding needs and capital returns from time to time.



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## BUSINESS

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We develop multi-functional, integrated residential community projects, comprising a variety of residential properties, such as high-rise and multi-storey apartments, low-rise garden apartments and townhouses, commercial properties, such as office buildings, retail areas and banking facilities, high-end education resources, such as nursery, elementary and middle schools, sports clubs and facilities, and other ancillary facilities, in the cities of Dalian, Shenyang, Chengdu and Beijing.

We provide customers with high quality properties with stylish and elegant designs that create a comfortable and convenient living environment, which in turn have promoted brand recognition and enhanced our reputation. According to the DTZ Report, we are one of the most well-known developers in Dalian. We believe our brand name is well recognized by not only local Dalian customers, but also customers from Northeast and North China, including provinces of Liaoning, Jilin, Heilongjiang and Inner Mongolia, which enlarge our customer base for our residential property projects. In view of our high quality residential properties and well-known brand name, we enjoy a higher degree of price premium and loyalty of our existing customers. For example, according to the DTZ Report, the ASP of our residential property projects in Dalian Software Park is approximately 18.5% higher than that of comparable residential projects in adjacent areas. In addition, according to the DTZ Report, approximately 10% of our residential properties were sold to our existing customers during the Track Record Period.

Due to our ability to provide fully integrated services, we are able to participate in most of the work involved in the development, operation and management of our business parks and residential property projects through our own interior design, construction, landscaping services and property management companies. Our ability to provide property management service and construction, decoration and landscaping services not only demonstrates our ability to provide fully integrated services, but also ensures that our property projects will be built according to our own design, schedule and quality requirements. Our ability to provide fully integrated services also helps to provide high quality products with reasonable prices to our customers. We have been often recognized by the government and professional institutions for our ability and the quality of our products, including:

- In December 2003, Dalian Software Park was named as “National Software Export Base” jointly by the National Development and Reform Commission, the Ministry of Industry and Information Technology and MOFCOM.
- In October 2009, Dalian Software Park, as the representative of China’s Green New Technology Cities, participated in the United Nations’ International Competition of the World’s Most Livable Cities and Communities, and won a gold medal for the park’s ecologically substantiable development, and integration of industry, education, employment and living.
- In June 2012, Ascendas IT Park in Dalian was awarded “China Software and Information Service — Best Service Provider Award” by the State Council.
- In December 2012, the business park located in the core area of Dalian BEST City was named one of the ten proposed research and development parks in Liaoning Province, and the only one of those projects in Dalian, by Liaoning Service Industry Committee.

As of March 31, 2014, a total GFA of 2,785,878 sq.m. of our business park projects has been completed and a planned GFA of 7,274,253 sq.m. has been reserved for the construction of business park projects in the future. As of March 31, 2014, we had completed a total GFA of 1,163,781 sq.m. multi-functional, integrated residential community projects and a planned GFA of 2,656,083 sq.m. is under construction or to be developed. In addition, as of the same date, we had a land bank of an aggregate GFA of 11,803,602 sq.m. for future development of our business park projects and multi-functional, integrated residential community projects.

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## BUSINESS

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Our revenue increased by 58.2% to RMB6,000.7 million in 2012 from RMB3,793.0 million in 2011 and our profit for the year increased by 49.1% to RMB1,399.7 million in 2012 from RMB938.8 million in 2011. In 2013, our revenue and profit for the periods were RMB6,399.2 million and RMB857.3 million, respectively.

### OUR COMPETITIVE STRENGTHS

#### **We are in a leading position in business park development market in the PRC, and benefit from industry development and urbanization**

We are the largest business park developer in the PRC in terms of completed GFA as of December 31, 2013, according to the DTZ Report based on a survey conducted by DTZ Shanghai on 414 qualified business parks in 30 large cities in the PRC. Please refer to the section headed “Industry Overview – The Market of Business Parks in the PRC – Overview of Business Parks in the PRC” for detailed information regarding the names of those cities and the qualifications of those business parks. Our track record dates back to 1998 when we started to design and develop Dalian Software Park, and have since accumulated extensive experiences in developing business parks. Our performance in the development of business parks and contribution to the local industrial and economic development have received consistent recognition, attracting many local government visits and field studies. This provides us with potential business opportunities from which we may select to pursue our future investments to ensure potential growth.

We believe that our core competence in respect of business park development is derived from:

- Our overall ability to design and manage our projects is in line with the development plans of cities and their industries, as well as our ability to design and plan large-scale integrated business parks. Having been involved in development and operation of business parks for many years, we have enhanced our overall ability to design and manage our projects in line with the development plans for cities and their industries. We are able to design and develop business parks that integrate the functions of the cities and their industries, thereby mutually supporting and coordinating the development plans of the cities and their industries. While attempting to achieve sustainable development for the industries, we are able to integrate the existing prevailing supporting facilities and education network into the development plans of our business parks. In view of the different characteristics of cities and their different demands for business park products, our development team has designed different product series, such as suburban series, suburban-urban integrated series and urban series, offering business parks of different GFA, plot ratio, property-residence ratio and supporting facilities to meet specific demands arising out of the overall designs of city development plans.
- Our ability to provide properties with outstanding design and comprehensive supporting facilities. Leveraging our experience in servicing the knowledge-based and high-tech industries, such as ITO and BPO, and cooperating with first-class international design teams in property design, we are able to optimize the design for business parks to provide integrated office buildings and facilities for companies, thereby helping them to maximize space utilization and productivity as well as providing them with supporting infrastructures and various types of ancillary facilities. We are able to customize office buildings according to customer requirements to meet their operation needs. Therefore, many of our corporate tenants are willing to pay a higher rent, compared to that of competing adjacent properties, for office spaces in our business parks. According to the DTZ Report, our Dalian Software Park has attracted a business population of 80,000 people, which is the highest in China in terms of the average number of business population per sq.m. attracted by a business park.
- Our ability to attract a large number of well-known domestic and foreign enterprises to reside in our business parks and provide our customers with comprehensive and quality services. We have an experienced professional team for property leasing, which provides our

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customers with services based on a one-customer-one-manager system, as well as a one-stop-shop service system for enterprise customers. We offer value-added human resources services so that our customers can quickly achieve efficient business operation. At the same time, we are able to assist our customers with international marketing campaigns and brand promotion, facilitating their business expansion and attracting continuous investment. As a result, we believe our business parks are comparatively more attractive to Fortune Global 500 enterprises than many of our competitors.

We also benefit from the execution capabilities we have gained from our extensive experience. Our well-structured development plans ensure timing and pace of development and we strive to strike a balance among our planning of office buildings, residential properties and other supporting facilities so we can expedite the overall development of business parks to achieve better investment return.

**Leveraging our strong capability and extensive experience in operating and managing business parks, we have attracted a large number of top enterprises from both the PRC and abroad to become our tenants and at the same time built up long-term and steady customer relationships**

We have been engaged in the development and operation of business parks since 1998 when we commenced the design and development of Dalian Software Park. Since then, we have accumulated extensive experience. According to the DTZ Report, Dalian Software Park is the leading business park in the PRC in terms of rental level, unit production value, the rate of occupancy by Fortune Global 500 enterprises, the ability to attract business population and residential population. With our 16-year experience in the development, operation and management of business parks, we are able to understand and satisfy our tenants' demand for office spaces. Through a systematic analysis of products and services and customer demand, we have standardized product configuration, construction standards and operation and service systems, including buildings and infrastructure facilities that meet international standards and relevant work-life facilities standards, human resources service system covering training, outsourcing, dispatching, talent referrals and one-stop-shop service system such as business registration agency and intellectual property rights protection. Our ability to deliver a variety of value-added services to our clients has earned us recognition from our clients. Our experience in operating and managing business parks has also attracted local governments and other developers seeking our professional assistance in operating and managing business parks. We are currently providing business park operation and management services to Suzhou High-tech Industrial Park and to Phase I of Wuhan First City.

Leveraging our extensive experience in operating and managing business parks, we are able to attract large-scale and famous tenants. For instance, Dalian Software Park has already attracted a number of world leading knowledge-based and high-tech enterprises as tenants, such as IBM, GENPACT, Symantec, CISCO, Oracle and Softbank. These first-rate tenants allow us to enhance the cluster effect of our business parks to attract additional high quality tenants. We are also able to build up long-term relationships with such high quality tenants. For instance, IBM, in addition to renting our Dalian Software Park and Dalian Tiandi, became the first tenant of our Wuhan First City. We believe that our successful relationships with these multinational companies will draw more high quality tenants to our business parks in the future. In addition, the cluster effect generated in our business parks also appeals to many SME tenants that help contribute a stable cash flow to us and increase our occupancy rate and average rental rate.

Furthermore, capitalizing on our expertise in operating and managing business parks, we are able to establish our presence in new cities as a business park operator in the initial stage, which allows us to gain exclusive access to information of the local market and the market trend and perform further studies before expanding to these new cities. For instance, we operated and managed Wuhan Optical Valley Software Park developed by the municipal government of Wuhan, Hubei Province, before we commenced the development of Wuhan First City. We believe that our exclusive access to local market intelligence puts us in a leading position to expand into other cities.

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**The performance of our business parks is well recognized by local governments, which has enabled us to obtain quality land bank for future development in different cities in the PRC**

Our business park development is closely aligned with the economic development plans of local governments, which facilitates industrial development and satisfies local governments' requirements for economic development and tax income. We seek to cooperate with local governments in a number of ways. Leveraging our expertise and experience, we have established and maintained cooperative relationships with local governments and provided professional advice with respect to development and planning of business parks. We have also established joint ventures with enterprises under the control of the local government to acquire land and develop business park projects. Accordingly, we seek to gain the trust of the local government and establish strategic relationships with them. Through our proactive engagement in overall design and planning of business parks and their surrounding areas, we believe we are better-positioned to negotiate with local governments in subsequent land acquisitions in different cities in the PRC.

We are in the process of establishing a joint venture with an entity under Shanghai SASAC with the plan to develop Shanghai Lingang Innovation Business Park pursuant to a strategic cooperation agreement signed in November 2013. We plan to establish a joint venture with an entity under the Administrative Committee of Suzhou High-speed Rail New Town with the plan to develop Suzhou High-speed Rail New Town Technology Park pursuant to a strategic cooperation agreement signed in January 2014. As of the Latest Practicable Date, we acquired a total land bank of approximately 2.1 million sq.m. in Dalian for the development of Dalian BEST City Core Area Business Park, and a land bank of approximately 1.5 million sq.m. in Wuhan for the development of Wuhan First City.

We pay specific attention to the quality land sites around the major areas recently developed in first- and second-tier cities. We choose the location of our business parks in the outer radius of a city's development plan, which may become part of the city center within three years based on our historical experience. When the business park is fully developed and operational and the city has also extended its development boundary, we are able to enjoy the property appreciation achieved by the expansion of the city center. We face less competition for the acquisition of such land located in the outer radius of a city's development plan. In addition to quality land bank, we would have access to various forms of government support. For example, we usually negotiate with local government for more investment from government in infrastructure facilities, including water supply, sewage treatment, power supply and public transportation.

**Our residential properties are well received by end users, which brings us healthy cash flow and attractive profit**

We design our residential property projects to appeal to end-users, in particular, first-time home buyers and former first-time home buyers who seek home upgrades. We offer a variety of high quality residential properties, including high-rise and multi-storey apartments, low-rise garden apartments and townhouses. We provide customers with high quality properties with stylish and exquisite designs that create a comfortable, convenient and environmentally friendly living environment, resulting in brand recognition and reputation. According to the DTZ Report, we are one of the most well-known developers in Dalian and enjoy good reputation in Chengdu and Shenyang.

We are well received by the market for our stringent quality standards with respect to the residential properties and have won local and national awards, such as:

- "Golden Award of United Nations Global Habitat" in 2007 for the Fifth County project;
- "44th ISOCARP Award" by International Society of City and Regional Planners Congress and China Association of City Planning in 2008 for Just Project, Quality Residential Planning Award by Annual National Planning Conference of 2008 (2008中國城市規劃年會優秀住宅規劃競賽金獎);

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- “National Grand Award for the Design of Classic Residential Buildings (全國人居經典建築規劃設計方案競賽綜合大獎)” by Urban Planning Society, Chinese Society of Landscape Architecture and Architectural Society of China, Guangsha Cup by Liaoning Province Real Estate Association in 2009 and 2010 (遼寧省房地產行業協會頒發的廣廈杯);
- “Consumers’ First Choice” awarded by Dalian Real Estate Association and Dalian Consumer Council in 2011; and
- “Dalian Building for the Year” by the 9th China Real Estate Website in 2012 for Eastern Santaclara Project.

We work with leading international design firms to formulate comprehensive development plans for the surrounding area of our residential properties. We believe we were able to achieve a brand premium in the ASP of our residential properties over the residential properties in the adjacent areas. For example, according to the DTZ Report, the ASP of our residential property projects in Dalian Software Park is approximately 18.5% higher than that of comparable residences projects in adjacent areas. We also enjoy a high degree of loyalty among our existing customers for our residential properties. Approximately 10% of our residential properties were sold to our existing customers during the Track Record Period according to the DTZ Report, indicating a high level of customer loyalty. The popularity of our residential properties in the market has generated healthy cash flow to our Company and resulted in attractive profits for our results of operations.

**With our fully integrated service capabilities, we are able to offer quality and reasonably priced products to our customers, strengthen our management capability and cement a solid foundation for expansion**

We are able to participate in most of the work effectively in respect of the development, operation and management of our business parks and residential property projects through our own interior design, construction, landscaping services and property management companies. We are able to control the construction progress, quality and costs in a reasonable manner by managing the resource integration between our designers, lease and sales teams, as well as our own construction, interior decoration, landscaping services and property management companies.

We are able to standardize our products through regularly enhancing the design and construction standards that satisfy customer demand for office buildings and residential properties based on customer feedback, allowing our sales teams and lease teams to cater for the market and our customers more effectively.

Our construction company, Dalian Yida Construction, has been awarded the “Luban Award” by MOHURD, and is capable of undertaking constructions of over 600,000 sq.m. per annum. It undertakes construction projects with short completion time frame and considerable construction difficulty, ensuring the completion time and profit margin of individual projects. Our interior decoration company, Panasonic Yida, one of the oldest companies in Northeast China engaging in the interior decoration and construction for residential properties, holds First-class National Construction, Repairs and Decoration Subcontracting Enterprise Qualification and Second-class Construction and Design Qualification. Our decoration company has helped reduce our costs and ensured our quality through the formulation of design standards, construction quality standards, acceptance standards and civilized production standards. We also own a landscaping company, Dalian Yida Landscaping, through which we maintain the landscaping standards of our projects. We have over two million sq.m. of nurseries located in Shandong Province, which satisfy the landscaping demand of our projects.

Our above mentioned expertise and extensive experience allow us to effectively manage the development of our business parks and residential properties. Our fully integrated service capabilities enable us to complete our development projects efficiently, at low cost and in turn offer quality and

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price-competitive products to our customers, thereby achieving product sales, brand recognition as well as supporting our nation-wide expansion.

### **Our experienced management team values our corporate culture, which ensures our future growth and success**

Our experienced management team comprises industry leaders and experts who have led us to become a leading business park developer and operator in the PRC. Mr. Sun Yinhuan, Chairman of the Board and President of our Company, has over 25 years of experience in the real estate industry and over 18 years in business park development and operation in the PRC. He has been a Vice-chairman of All China Federation of Industry & Commerce since 2012 and a Vice-president of China Real Estate Association since 2008 and is considered one of the leading entrepreneurs in the real estate industry in the PRC. In addition to his extensive experience, Mr. Sun Yinhuan is also a member of Standing Committee of the CPPCC.

Each of our senior management team members has over ten years of relevant experience in their respective departments. Our major business departments, such as office building leasing, property project planning, property sales and construction management, are led by such senior management members. We believe that our senior management team members, with their strategic knowledge, industry expertise and business experience exhibit great leadership skills, will contribute to our growth in the future.

We pursue the corporate spirit of “Pragmatism, Innovation, Self-transcending” and the corporate culture of “Dedication, Responsibility, Specialism, Professionalism.” Our senior management team supports such culture and has developed strong internal cohesion and execution capability. Most of our senior management members have been with us for over a decade, which demonstrates their contribution and commitments to our Company. We believe that our corporate governance standards and corporate culture will continue to be the key factors for our future development.

### **OUR STRATEGIES**

We are dedicated to become the best business park developer and the largest business park operator in the PRC. We are committed to expanding our business model that consists of the development, lease, sale and management of office buildings, residential buildings and other supporting facilities in business parks, in regions of the country where there is a potential for developing the knowledge-based and high-tech industries. We plan to expand into at least one new city every year in the next five years.

Given the continuous growth of the PRC economy, urbanization policy of the PRC Government and the demand by local governments for industry structure development and adjustment, we believe that our business model will continue to achieve strong results. In order to achieve our long-term business targets, we plan to implement the following strategies:

### **We plan to take advantage of opportunities presented in the industry restructuring and development measures implemented by the Chinese government and to acquire land in first- and second-tier cities to quickly replicate our business model**

Our business model is aligned with the PRC Government’s economic development plan and strategies regarding industry restructuring and development. With the growing momentum of urbanization and economic reforms, we believe our business model of business park development will benefit from this setting. We plan to seize this opportunity to expand to other major cities and replicate our business model by taking advantage of our experience in business park development and operation that we have accumulated over the years and focusing on ITO and BPO industries, including:

- Expanding into suburban towns of first-tier cities. First-tier cities such as Beijing and Shanghai have a high concentration of enterprises and industries. Due to the increasing

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office rents, traffic pressure and the need of these enterprises and industries to expand their businesses, we expect many of enterprise tenants in these first-tier cities will begin to migrate to suburban areas;

- Expanding into cities with a large number of colleges, including Nanjing, Xi'an and Hangzhou. We believe that the ample supply of well-educated work force offers strong attraction to high quality tenants especially those that are engaged in knowledge-based and IT industries; and
- Expanding into regional financial centers, such as Tianjin and Shenzhen. We plan to explore the potential demand for business park projects for the financial service industry in these cities.

We plan to apply our disciplined expansion and investment approach to identify target cities. Before an investment is made, we seek to conduct thorough evaluation of candidate cities. In particular, we will take into consideration certain factors such as population, GDP, major industries, local government's development plans and industry development plans and the availability of a well-educated work force.

### **Continue to attract more renowned international and domestic enterprises to reside in our business parks and establish long-term strategic relationships with them to facilitate our business and geographic expansion and enhance our properties' value**

We endeavor to establish long-term strategic relationships with renowned international and domestic enterprises to support our business expansion and enhance our properties' value. We believe that the convenient and effective working environment, comfortable living environment, and our quality operation and management services provided in our business park will encourage more potential customers to select our properties and earn us good reputation. We intend to further strengthen our business development efforts to attract more renowned international and domestic enterprises to become our long-term tenants. We believe that these renowned enterprises will improve the image and reputation of our business parks. For example, as of December 31, 2013, 47 of Fortune Global 500 enterprises resided in Dalian Software Park, and the average occupancy rates of the office buildings in Dalian Software Park increased from 72% in 2011 to 81% in 2012 and further to 84% in 2013.

We plan to expand our relationship with renowned international and domestic enterprises, create synergy in our mutual business expansion strategies so as to explore the possibility to achieve a win-win situation in the business expansion in potential markets. We believe that, while expanding our development in new cities, cooperating with such renowned enterprises will help enhance the recognition of our new projects and our marketing efforts.

### **Continue to provide value-added services and diversified product offerings to our customers and further enhance our brand recognition**

Brand image and reputation are essential elements of our long-term competitiveness, and the quality of our properties and our customer service are key factors of maintaining customer satisfaction and loyalty. We intend to strengthen our customer relationship management and deliver more value-added services to tenants of office buildings in our business parks and residents of our residential properties, thereby enhancing recognition of and loyalty towards our brand. We established "Club for Managers" in all of our business parks to provide a communication platform among the managers of our tenants to strengthen the cohesion of our brand value among our business parks tenants. We also established "Yida Home Club" for the residents of our residential properties which hosts various events and activities periodically. As of February 28, 2014, we had 29,321 registered members for this club.

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We emphasize the importance of diversified products for our business parks and providing tailored products to meet the specific needs of our customers. We believe this is the key to win recognition and trust from our customers. We developed customized offices for important tenants, such as GENPACT, by following their stringent standards and requirements in Dalian Software Park, and in Wuhan First City. Many of our customers have requested and offered to buy specifically customized office spaces. We will continue to strengthen our competitiveness in this regard.

We have a dedicated team focusing on promoting our brand. We plan to invest more resources in advertising our brand through different media channels, including newspapers, the Internet, television, radio and outdoor advertisements, and different activities such as forums and conferences, to enhance our brand image and recognition.

**Seek to optimize the mix between properties for sale and properties for investment purposes to enhance our business and financial performance and asset value**

We seek to optimize the mix between properties that generate profit from sales and properties that are held for the purpose of generating long-term recurring rental income and enjoying capital appreciation. Properties for sales enhance our working capital and liquidity position and our ability to finance a portion of our project development costs. On the other hand, properties held for investment purposes benefit us from the property appreciation that may result from the increasing urbanization trend and economic growth in China. We endeavor to maintain a systematic and flexible approach to adjust the mix between these two categories of properties. In addition, we believe that holding an appropriate amount of investment properties will help us accumulate valuable experience in our property operation and management operations and enhance our ability to achieve our goal of becoming the best business park developer and the largest business park operator in China.

**Further standardize our property development and operation processes and strengthen internal management and control so as to achieve an efficient and orderly operation**

In order to ensure the provision of high-quality products and services to our customers, we plan to enhance the standardization of the business park development and operation processes including overall planning, design, construction, services and management, thereby shortening development cycle and improve operational efficiency. With standardized operational processes and systematic procedures, we can apply our strong execution capabilities in developing integrated business park projects across diverse regions in China, which we believe will expedite our asset turnover rate and generate higher returns.

We plan to continue to implement industry best practices in corporate governance and internal control, and also to leverage our senior management's expertise and experience to enhance our operational management. We plan to further strengthen our internal management and clearly define the responsibilities of each operating unit in order to ensure an efficient and orderly operation and a quick response to changes in market conditions.

**Continue to attract, cultivate and motivate skilled and talented employees through long-term human resource development plans and performance-based incentive policies**

We will actively recruit new talents, optimize our human resources and improve the productivity and competitiveness of our employee team. We believe that high quality employees who value our corporate culture play a critical role for our sustainable growth. We intend to continue to attract and retain skilled and talented employees through various initiatives, including through valuable training programs and effective performance-based evaluation and incentive system. We currently design and offer employee training programs that are tailored for various positions and managerial skill levels, and will continue to modify such programs to suit the unique skills and expertise of our employees. We will also further arrange for seminars and external training opportunities and sponsor continuing education programs. In addition, we will continue to enhance our corporate culture by fostering an

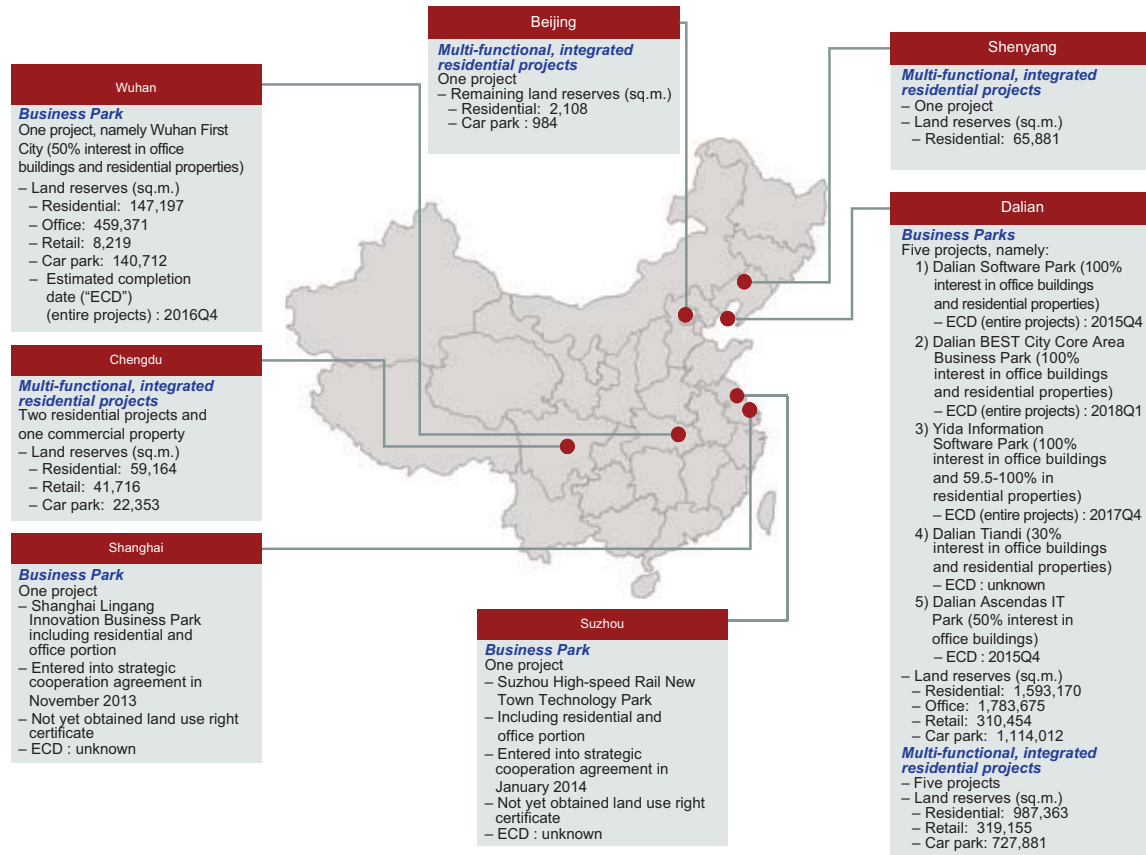


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entrepreneurial working environment and developing team leading abilities, which we believe are key factors supporting our long-term competitiveness. We also plan to further increase the shareholding of our employees to an appropriate level. We have put into place a Pre-IPO Share Incentive Plan to further motivate our management. We are confident that the above-mentioned measures will enable us to attract, retain, motivate and foster skilled and talented employees and to align the interest of our employees with that of our investors.

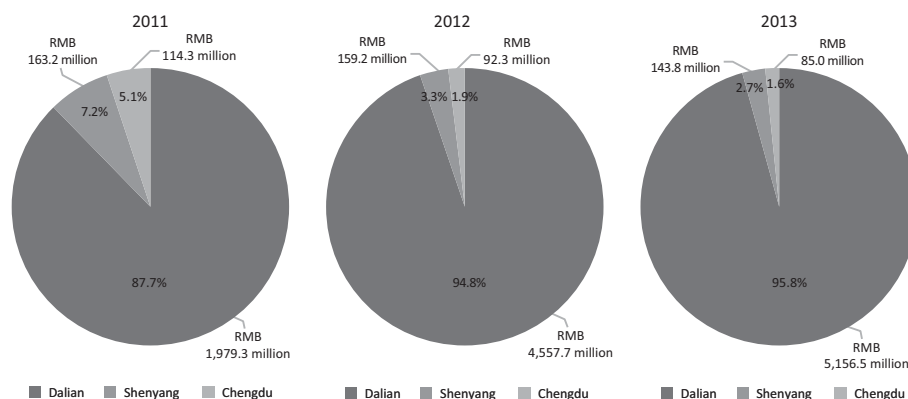
### OVERVIEW OF OUR PROPERTY PROJECTS

As of March 31, 2014, we have led the development of six business park projects, five of which are located in Dalian, Liaoning Province, including Dalian Software Park, an internationally renowned project, and one of which is located in Wuhan, Hubei Province. As of the same date, we, as an operator, also provided operation and management services to Suzhou Hi-tech Software Park and Phase I of Wuhan First City. Prior to the Track Record Period, we also participated in the development or operation of two other business park projects, namely Wuhan Optical Valley Software Park and Tianjin Binhai Service Outsourcing Industrial Park, which were developed by us through the BOT arrangement and subsequently transferred to the local governments. In addition to the residential properties within our business park projects, we also develop multi-functional, integrated residential community projects located in the cities of Dalian, Shenyang, Chengdu and Beijing. Set forth below are the location and summary of our business park projects and multi-functional, integrated residential community projects and total GFA attributable to our Group as of March 31, 2014, except for the Shanghai Lingang Innovation Business Park project, the strategic cooperation agreement of which was entered into in November 2013, and Suzhou High-speed Rail New Town Technology Park project, the strategic cooperation agreement of which was entered into in January 2014.



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The following charts illustrate the breakdown of our revenues from sales of properties by cities in 2011, 2012 and 2013.



We did not recognize any revenues from sales of properties in Wuhan, Shanghai, Suzhou or Beijing during the Track Record Period because we either had not completed the construction of any property in such cities during the Track Record Period or only hold a minority interest in the relevant project and therefore cannot treat revenues from sales of properties in such project as our revenues.

The properties of our development projects are classified into three categories based on their respective development stages:

- **Completed properties**, representing properties for which construction of all constituent buildings have been completed and the completion certificates have been obtained.
- **Properties under development**, representing properties for which we have obtained land use rights certificates and construction work has commenced but the project has not been completed.
- **Properties planned for future development**, representing properties with respect to which we have either received the land use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work.

We are in the process of establishing a joint venture with an entity under Shanghai SASAC with the plan to develop properties in Shanghai Lingang Innovation Business Park pursuant to a strategic cooperation agreement signed in November 2013. The strategic cooperation agreement provides that each party will invest in the proposed joint venture without specifying the investment amount or equity ratio of either party. The agreement also sets forth the general development conditions relating to the project site, including project type, site area and ancillary facilities to be developed by the proposed joint venture. The proposed joint venture will need to obtain the land use rights with respect to land parcel stipulated under the cooperation agreement through the procedures of public tenders, auctions and listings-for-sale, and there is no assurance that such land use right certificate will be granted. The entity under Shanghai SASAC agrees to provide assistance and support to the proposed joint venture to obtain land parcels in the park for property development. We are currently negotiating with the entity under Shanghai SASAC about the specific terms of the joint venture and its development projects.

The following table sets forth an overview of the GFA of our property projects by geography as of March 31, 2014. Unless otherwise indicated, the categorization of our development properties, as well as information presented with respect to such properties in this prospectus, is based on the development progress made as of March 31, 2014.

	Total GFA (sq.m.)						GFA Attributable to the Group (sq.m.)							
	Completed		Under Development		Future Development		Completed		Under Development		Future Development			
	Total GFA	GFA Remaining	Total GFA	GFA Saleable/Leasable	GFA Pre-Sold	Planned GFA	Total GFA	Total GFA	GFA Remaining	Total GFA	GFA Saleable/Leasable	GFA Pre-Sold	Planned GFA	
Dalian	3,767,914	1,825,967	2,948,333	2,863,804	297,423	5,305,420	10,079,720	3,168,178	1,427,526	2,245,963	2,184,069	228,535	3,350,629	7,024,118
Wuhan	—	—	—	—	—	1,510,993	1,510,993	—	—	—	—	—	755,498	755,498
Chengdu	76,913	13,565	119,784	106,678	—	3,737	137,086	76,913	13,565	119,784	106,678	—	2,990	136,339
Shenyang	47,256	24,901	42,069	40,980	—	—	66,970	47,256	24,901	42,069	40,980	—	—	66,970
Beijing	57,576	8,833	—	—	—	—	8,833	20,152	3,092	—	—	—	—	3,092
Total	3,949,659	1,873,266	3,110,186	3,011,462	297,423	6,820,150	11,803,602	3,312,499	1,469,084	2,407,816	2,331,727	228,535	4,109,117	7,986,017

The following table sets forth an overview of the GFA of our property projects by category as of March 31, 2014.

	Total GFA												GFA Attributable to the Group																											
	Completed				Under Development				Future Development				Total Land Bank				Completed				Under Development				Future Development				Total Land Bank											
	Total GFA	GFA Remaining	GFA Unsold	Total GFA	Total GFA	GFA Pre-Sold	Planned GFA	Total GFA	Total GFA	Land Bank	Total GFA	Planned GFA	Total GFA	Total GFA	Remaining Unsold	Total GFA	GFA Pre-Sold	Total GFA	Total GFA	Land Bank	Total GFA	Planned GFA	Total GFA	Total GFA	Remaining Unsold	Total GFA	GFA Pre-Sold	Total GFA	Total GFA	Land Bank	Total GFA	Planned GFA	Total GFA							
<b>Business Park projects</b>																																								
Offices	836,225	788,641	—	328,342	—	2,336,119	3,453,102	601,170	573,311	—	1,200,877	—	2,056,202	—	186,843	—	186,843	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
Ancillary apartments	212,506	212,506	—	212,506	—	186,843	186,843	—	—	—	—	—	186,843	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
Related Residence	1,010,597	251,801	—	1,168,286	—	1,237,252	2,657,339	848,581	206,874	—	156,925	—	624,609	—	908,884	—	908,884	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
Carparks <sup>(1)</sup>	402,814	301,444	—	656,073	—	724,581	1,682,098	296,989	218,598	—	527,218	—	508,908	—	527,218	—	527,218	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
Retail	80,654	62,966	—	86,107	—	544,087	693,160	50,979	33,291	—	60,881	—	318,673	—	60,881	—	60,881	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
Non-saleable/leasable	243,082	—	—	81,475	—	111,931	193,408	201,580	—	—	—	—	156,439	—	59,150	—	59,150	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
<b>Total business park GFA</b>	<b>2,785,878</b>	<b>1,617,358</b>	<b>—</b>	<b>2,320,283</b>	<b>199,500</b>	<b>4,963,970</b>	<b>8,991,611</b>	<b>2,186,142</b>	<b>1,218,917</b>	<b>—</b>	<b>1,838,147</b>	<b>156,925</b>	<b>5,713,248</b>	<b>—</b>	<b>1,838,147</b>	<b>156,925</b>	<b>1,838,147</b>	<b>156,925</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		
<b>Multi-functional, integrated residential community projects</b>																																								
Residences	874,647	123,521	—	452,175	84,909	951,146	1,526,842	847,528	119,607	—	315,938	58,596	1,114,516	—	315,938	58,596	315,938	58,596	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Car parks	150,270	81,480	—	233,303	6,501	654,203	968,986	146,588	79,653	—	152,362	6,501	751,218	—	152,362	6,501	152,362	6,501	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Retail	81,031	50,907	—	87,176	6,513	228,531	366,614	81,031	50,907	—	84,430	6,513	360,871	—	84,430	6,513	84,430	6,513	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Non-saleable/leasable	57,833	—	—	17,249	—	32,300	49,549	51,210	—	—	—	—	46,164	—	16,939	—	16,939	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Total multi-functional, integrated residential community projects</b>	<b>1,163,781</b>	<b>255,908</b>	<b>—</b>	<b>789,903</b>	<b>97,923</b>	<b>1,866,180</b>	<b>2,911,991</b>	<b>1,126,357</b>	<b>250,167</b>	<b>—</b>	<b>569,669</b>	<b>71,610</b>	<b>2,272,769</b>	<b>—</b>	<b>569,669</b>	<b>71,610</b>	<b>569,669</b>	<b>71,610</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>3,949,659</b>	<b>1,873,266</b>	<b>—</b>	<b>3,110,186</b>	<b>297,423</b>	<b>6,820,150</b>	<b>11,803,602</b>	<b>3,312,499</b>	<b>1,469,084</b>	<b>2,407,816</b>	<b>228,535</b>	<b>4,109,117</b>	<b>7,986,017</b>	<b>—</b>	<b>2,407,816</b>	<b>228,535</b>	<b>2,407,816</b>	<b>228,535</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Notes:

(1) Includes car parks for office buildings and for residential properties.

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Our classification of properties is different from the classification of properties in the Property Valuation Report in Appendix III to this prospectus and the Accountants' Report in Appendix I to this prospectus. These reports have been prepared pursuant to the requirements of the relevant professions. The table below sets forth our classification of properties in this prospectus and the corresponding classification of properties in the Property Valuation Report and the Accountants' Report:

This prospectus	Property Valuation Report	Accountants' Report
<ul style="list-style-type: none"> <li>● Completed properties</li> </ul>	<ul style="list-style-type: none"> <li>● Groups I, II and III — properties held by the Group for investment, for sale or for owner-occupation in China (excluding completed properties that have been sold and delivered)*</li> </ul>	<ul style="list-style-type: none"> <li>● Completed properties held for sale</li> <li>● Investment properties (completed)</li> <li>● Property, plant and equipment</li> </ul>
<ul style="list-style-type: none"> <li>● Properties under development</li> </ul>	<ul style="list-style-type: none"> <li>● Group IV — properties held by the Group under development in China*</li> </ul>	<ul style="list-style-type: none"> <li>● Properties under development</li> <li>● Investment properties (under construction)</li> </ul>
<ul style="list-style-type: none"> <li>● Properties planned for future development, including properties with land grant contracts or land use rights certificates</li> </ul>	<ul style="list-style-type: none"> <li>● Group V — properties held by the Group for future development in China</li> </ul>	<ul style="list-style-type: none"> <li>● Land held for development for sale</li> <li>● Prepayments for acquisition of land</li> </ul>

\* Included projects held by our joint ventures and associated companies which are equity accounted for in our consolidated financial information.

For details of the classification of properties in the Property Valuation Report and the Accountants' Report, see "Appendix III — Property Valuation Report" and "Appendix I — Accountants' Report" to this prospectus, respectively.

In determining planned dates (including the planned dates of construction commencement and completion for properties under development and properties planned for future development and the planned dates of pre-sale or sale commencement and property delivery) and estimated site area and GFA information, we rely on certain assumptions, including: (i) there will be no material changes with respect to the general economic conditions in the PRC, performance of the PRC property market or demand for our business park products, particularly in the regions where we plan to develop these properties; (ii) there will be no material change in the regulatory regime governing the real estate market in the PRC which could adversely affect our ability to develop such properties; (iii) there will be no significant delay or obstacle in obtaining necessary licenses and approvals to develop such properties, or any such licenses and approvals obtained are not subject to any material changes or amendments; (iv) we will be able to finance the project development through a combination of our working capital, external borrowings and other debt and equity financing on a timely basis; (v) we will be able to obtain the land use rights with respect to the lands identified for our properties planned for future development as expected without any significant delay or difficulty; (vi) we will be able to carry out the development plan as set out in the master investment agreement without any material delay or significant changes or amendments to the development plan with respect to properties held for future development which we have not entered into land grant contracts with regulatory authorities in China; (vii) services provided by third party contractors, including our construction contractors, will meet our quality standards and requirements; (viii) there will be no material increase in the costs and expenses

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relating to the construction and development of the properties, including costs of construction materials and labor in the PRC; and (ix) we will not be involved in any material legal or other proceedings that could significantly affect our project development process. These estimates and plans are forward-looking statements and are outside of our control. See “Forward-Looking Statements.”

Based on the above assumptions, estimated site area and GFA information in this prospectus is derived on the following bases:

<u>Site area information</u>	<u>Total GFA information</u>
<ul style="list-style-type: none"><li>● If we have received the land use rights certificates with respect to certain properties, the site area information in respect of such properties refers to the site area information set forth in the land use rights certificates; and</li><li>● If we have not received the land use rights certificates with respect to certain properties, the site area information in respect of such properties is estimated based on the site area information set forth in the land grant contract, or if not yet available, the master investment agreements signed with regulatory authorities in China relating to such properties (excluding the areas identified for public use, such as roads, community recreation zones or other public infrastructure).</li></ul>	<ul style="list-style-type: none"><li>● If the construction of the properties is completed and a completion inspection filing has been made, the total GFA information in respect of such completed properties refers to the total GFA information set forth in the completion certificate and the property survey report; or</li><li>● If the completion inspection filing has not been made, the total GFA information in respect of such properties is estimated based on: (i) the total GFA information set forth in the construction work commencement permit; (ii) the total GFA information set forth in the construction work planning permit if the construction work commencement permit is not yet available; (iii) our current development plans if none of the above documents is otherwise available; or (iv) the total GFA information if any is indicated in the master investment agreement we entered into with regulatory authorities in China.</li></ul>

The total GFA generally includes saleable/leasable GFA and others. Saleable/leasable GFA generally refers to the GFA of properties that are saleable/leasable pursuant to PRC laws and regulations, including internal floor area and shared areas that are exclusively allocated to such properties. Others refer to GFA of properties that are not saleable pursuant to PRC laws and regulations, such as communal facilities, underground space for civil defense purposes and part of parking lots.

PORTFOLIO OF OUR PROPERTY DEVELOPMENT PROJECTS

Projects Within the Track Record Period

The following table sets forth certain information of our completed projects, projects under development and projects planned for future development as of March 31, 2014.

Business Parks/ Multi-functional, integrated residential community projects	Equity Held by the Group	Site Area (sq.m.)	Actual/ Estimated Commitment Date	Actual/ Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Reference Property Value Report			
					GFA Completed (sq.m.)	GFA Saleable/ Leasable Remaining (sq.m.)	GFA Under Development (sq.m.)	GFA Saleable/ Leasable among other (sq.m.)	Pre-sold among other (sq.m.)	Planned GFA (sq.m.)	Land-use Right Not Yet Obtained (sq.m.)	Development Costs Incurred <sup>(1)</sup> (RMB in million)	Estimated Future Development Costs <sup>(1)</sup> (RMB in million)		Market Value of the Property (RMB in million)	Group's Attributable Market Value (RMB in million)	
<b>Business Parks:</b>																	
<b>Dalian Software Park</b>																	
— Office Building Area:	100%	389,615	1998	2013Q4	626,236	594,935	390,903	—	—	—	—	—	2,378	—	7,162	7,162	1, 2, 3, 27
Office																	
Student apartment																	
Car park																	
Retail																	
— Residential Area:	100%	224,744	2009Q2	2015Q4	670,793	160,312	56,960	243,391	235,099	30,156	—	—	6,017	734	3,004	3,004	13, 15, 17, 25, 35
Residential																	
Car park																	
Retail																	
<b>Dalian Software Park</b>																	
Subtotal	100%	614,359	—	—	1,297,029	755,247	243,391	243,391	235,099	30,156	—	—	8,395	734	10,166	10,166	
<b>Dalian BEST City Core Area Business Park</b>																	
— Office Building	100%	417,800	2011Q1	2018Q1	59,230	59,230	49,628	222,810	222,810	—	—	—	1,641	2,735	2,492 <sup>(2)</sup>	2,492 <sup>(2)</sup>	4, 30, 49, 50
Office																	
Car park																	
Retail																	
— Residential Area:	100%	826,490	2010Q4	2016Q3	365,076	124,226	92,149	575,433	569,933	87,502	—	—	6,020	3,558	5,752 <sup>(2)</sup>	5,752 <sup>(2)</sup>	18, 19, 20, 31, 33, 46, 47, 48
Residential																	
Car park																	
Retail																	
<b>Dalian BEST City Core Area Business Park</b>																	
Subtotal	100%	1,244,290	—	—	424,306	183,456	798,243	792,743	87,502	87,502	—	—	7,661	6,293	8,244	8,244	
<b>Wuhan First City</b>																	
— Office Building Area:	50%	618,762	2014Q2	2016Q4	—	—	—	—	—	—	—	—	454	3,489	509	254	59
Office																	
Car park																	
Residential																	
Car Park																	
Retail																	
Subtotal	50% – 100%	865,609	—	—	—	—	—	—	—	—	—	—	1,193	4,864	1,278	1,024	

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	COMPLETED				UNDER DEVELOPMENT				FUTURE DEVELOPMENT				Reference to Property Valuation Report (Property Number)		
	Equity Held by the Group	Site Area (sq.m.)	Actual/Estimated Commencement Date	Actual/Estimated Completion Date	GFA Completed (sq.m.)	GFA Saleable/Leasable Remaining (sq.m.)	GFA Under Development (sq.m.)	GFA Saleable/Leasable (sq.m.)	Pre-sold among other (sq.m.)	Planned GFA (sq.m.)	Land-use Right Not Yet Obtained (sq.m.)	Development Costs Incurred(t) (RMB in million)		Estimated Future Development Costs(t) (RMB in million)	Market Value of the Property (RMB in million)
<b>Business Parks/ Multi-functional, integrated residential community projects</b>															
<b>Yida Information Software Park</b>															
– Office Building	100%	162,291	2011Q2	2015Q1	–	–	151,286	151,286	–	118,798	–	584	881	n/a <sup>(3)</sup>	n/a <sup>(3)</sup>
Office															
Car park															
– Residential	59.5%	675,410	2010Q2	2017Q4	286,081	139,088	612,034	572,386	30,430	172,188	–	5,864	2,081	6,092	4,626
Residential															
Car park															
Retail															
<b>Yida Information Software Park</b>															
Subtotal	59.5% – 100%	837,701	–	–	286,081	139,088	763,320	723,672	30,430	290,986	–	6,448	2,962	6,092	4,626
<b>Dalian Ascendas IT Park</b>															
– Office Building	50%	275,944	2005Q4	2015Q4	230,163	159,182	–	–	–	95,953	–	1,145	411	1,866	933
Office															
Car park															
<b>Dalian Ascendas IT Park Subtotal</b>	50%	275,944	–	–	230,163	159,182	–	–	–	95,953	–	1,145	411	1,866	933
<b>Dalian Tiandi</b>															
– Office Building	30%	968,994	2009Q2	–	333,855	317,982	172,373	163,157	–	1,330,709	–	6,761	4,577	9,476 <sup>(2)</sup>	2,843 <sup>(2)</sup>
Office buildings															
Engineer apartment															
Retail/Hotel															
Car park															
– Residential	30%	602,798	2010Q2	–	214,444	62,403	342,956	324,137	51,412	804,026	–	5,510	2,028	2,404	721
Residential															
Car park															
Retail															
<b>Dalian Tiandi Subtotal</b>	30%	1,571,792	–	–	548,299	380,385	515,329	487,294	51,412	2,134,735	–	12,271	6,605	11,880	3,564
<b>Business Park Total</b>	30% – 100%	5,409,685	–	–	2,785,878	1,617,368	2,320,283	2,238,808	199,500	4,953,970	199,340	37,113	21,869	39,525	28,557

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Business Parks/ Multi-functional integrated residential community projects	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT				Reference to Property Valuation Report					
	Equity Held by the Group	Site Area (sq.m.)	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	GFA Completed (sq.m.)	GFA Saleable/ Leasable Remaining (sq.m.)	GFA Under Development (sq.m.)	GFA Saleable/ Leasable (sq.m.)	Pre-sold among other (sq.m.)	Planned GFA (sq.m.)		Land-use Right Not Yet Obtained (sq.m.)	Development Costs Incurred(1) (RMB in million)	Estimated Future Development Costs(1) (RMB in million)	Market Value of the Property (RMB in million)	Group's Attributable Market Value (RMB in million)
<b>Multi-functional, Integrated Residential Community Projects</b>																
<b>Dalian</b>	25% – 100%	1,247,938	1998	2018Q3	982,036	208,609	628,050	624,996	97,923	1,862,443	1,557,936	13,410	12,661	11,876 <sup>(2)</sup>	9,084 <sup>(2)</sup>	6, 11, 12, 26, 32, 37, 38, 40, 45, 53, 54, 55, 57
Residential Car park Retail																
<b>Shenyang</b>	100%	132,379	2006Q2	2015Q1	47,256	24,901	42,069	40,980	—	—	—	512	209	659	659	14, 39
Residential Car park Retail																
<b>Chengdu</b>	80% – 100%	192,478	2006Q4	2016Q4	76,913	13,565	119,784	106,678	—	3,737	—	724	559	350	344	7, 21, 34, 58
Residential Car park Retail																
<b>Beijing</b>	35%	14,123	2009Q2	2012Q3	57,576	8,833	—	—	—	—	—	1,318	—	505	177	22
Residential Car park Retail																
<b>Multi-functional, Integrated Residential Community Projects</b>																
<b>Subtotal</b>	<b>25% – 100%</b>	<b>1,586,918</b>	<b>—</b>	<b>—</b>	<b>1,163,781</b>	<b>255,908</b>	<b>789,903</b>	<b>772,654</b>	<b>97,923</b>	<b>1,866,180</b>	<b>1,557,936</b>	<b>15,964</b>	<b>13,429</b>	<b>13,390</b>	<b>10,264</b>	
<b>Grand total</b>	<b>25% – 100%</b>	<b>6,996,613</b>	<b>—</b>	<b>—</b>	<b>3,949,659</b>	<b>1,873,266</b>	<b>3,110,186</b>	<b>3,011,462</b>	<b>297,423</b>	<b>6,820,150</b>	<b>1,757,276</b>	<b>53,077</b>	<b>35,298</b>	<b>52,914</b>	<b>38,821</b>	

Note:

- (1) Development costs include land costs, construction costs and capitalized interest costs. Development costs incurred were as of December 31, 2013.
- (2) As of the Latest Practicable Date, property nos. 46, 49, 54, 55 and 60 in the Property Valuation Report have not obtained full land use rights certificates but the land premium and related fees for the grant have been fully settled.
- (3) As of the Latest Practicable Date, property nos. 28, 29 and 51 in the Property Valuation Report can be leased to tenants that are engaged in software research and development and outsourcing services while still subject to sale and transfer restrictions. Thus, they were not assigned with any commercial value. The total indicative investment value, which are on non-market value basis, referenced in the footnotes to the respective valuation certifications of such properties is approximately RMB1,226 million.



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### OUR BUSINESS PARK PROJECTS

Our business park projects constitute an essential element of our business model. We design and develop integrated business parks in near suburban areas in line with local government development plans, which are generally expected to become part of the city center in the next three years, based on our historical experience. Our business model dates back to 1998 when we started the design and development of Dalian Software Park, and we have since accumulated extensive experience. As of March 31, 2014, we had a total of six business park projects at different stages of development with a total GFA of approximately 10.1 million sq.m. in two fast-developing cities of China. These six business parks are (1) Dalian Software Park, of which we own 100% interest in office buildings and residential properties, respectively, (2) Dalian BEST City Core Area Business Park, of which we own 100% interest in office buildings and residential properties, respectively, (3) Wuhan First City, of which we own 50% interest in office buildings and residential properties, respectively, (4) Yida Information Software Park of which we own 100% interest in office buildings and 59.5%-100% interest in residential properties, (5) Dalian Ascendas IT Park, of which we own 50% interest in office buildings and (6) Dalian Tiandi, of which we own 30% interest in office buildings and residential properties, respectively. In addition, we provide professional operation and management services to Suzhou Hi-tech Software Park and Phase I of Wuhan First City. We are also in the process of establishing a joint venture with an entity under Shanghai SASAC with the plan to develop Shanghai Lingang Innovation Business Park pursuant to a strategic cooperation agreement signed in November 2013. We also plan to establish a joint venture with an entity under the Administrative Committee of Suzhou High-speed Rail New Town with the plan to develop Suzhou High-speed Rail New Town Technology Park pursuant to a strategic cooperation agreement signed in January 2014.

Our business park projects include well organized office buildings, residential properties and various ancillary facilities such as retail stores, hotels, storage spaces and car parks, which provide an efficient and convenient workplace for enterprises, to help enhance their operation efficiency as well as to create a comfortable and convenient community for the enterprises' employees and residents. Therefore, we have been able to attract leading global enterprises such as IBM, GENPACT, Symantec, CISCO, Oracle and Softbank to reside in our business parks. Many domestic and foreign enterprises are attracted to reside in our business parks also because of their healthy level of commercial activity and talent availability, which allow us to achieve a higher occupancy rate. Our achievements in developing and operating business parks have also attracted government delegates from different cities in the PRC to visit our parks, providing us with many potential business opportunities for our selection. As of March 31, 2014, the total completed GFA of our six business park projects was approximately 2,785,878 sq.m., including approximately 836,225 sq.m. for offices, approximately 1,010,597 sq.m. for residential properties, approximately 212,506 sq.m. for ancillary apartments, approximately 80,654 sq.m. for retail properties and approximately 402,814 sq.m. for car parks. As of March 31, 2014, a total GFA of 583,840 sq.m., or 74.3% of the total leasable GFA, of the office buildings have been leased out and a GFA of 758,796 sq.m., or 75.1% of the completed residential properties in the business parks, have been sold.

Core strengths of our business parks include:

- our customized office building designs with an aim at maximizing the efficiency of our customers' operations;
- professional property management services to support our customers on a 24/7 basis;
- well-established infrastructure, including stable supply of power and other utilities, high quality elevators and digital control systems, public transportation and access roads;
- well-designed and developed ancillary facilities, such as commercial complex, shopping centers, storage spaces, schools and hotels, to form a comprehensive and convenient community;

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- dedicated service team for our tenants with one-on-one consultation-based customer managers;
- one-stop complementary services and human resources related services to further facilitate the business of our customers;
- high quality residential properties developed within business parks to satisfy the residential needs for the employees of our customers;
- industry cluster effect to attract potential customers; and
- healthy and energetic business park culture and working and living environment.

### Dalian Software Park (大連軟件園)



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## BUSINESS

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Dalian Software Park is located on the north side of Zhongshan Road, the arterial road of Dalian City, Liaoning Province, and is adjacent to Dalian University of Technology, Dongbei University of Finance and Economics and Dalian Maritime University. This project is our first business park project, occupying a site area of approximately 3 sq.km. We worked with international leading design firms, such as SOM, in the design and integration of office buildings, residential properties, and other ancillary facilities for this project. In 2006, Dalian Software Park was named by MOFCOM as “China Service Outsourcing Base Demonstration Area” and was awarded the “China Software Independent Innovation Special Contribution Award.” In 2009, Dalian Software Park won the Gold Award in the United Nations Global Most Livable Community Competition as the only Chinese winning project for business parks. According to the DTZ Report, Dalian Software Park is a leader among the largest and the most famous business parks in China in respect of rent level, per unit production value, proportion of Fortune Global 500 companies as tenants.

As of March 31, 2014, the completed GFA of Dalian Software Park was approximately 1,297,029 sq.m., including approximately 399,038 sq.m. for offices, approximately 448,681 sq.m. for residential properties, approximately 175,845 sq.m. for student apartments, approximately 33,638 sq.m. for retail spaces and approximately 159,125 sq.m. for car parks.

As of March 31, 2014, the GFA under development for residential properties was approximately 133,595 sq.m., of which we have pre-sold approximately 30,156 sq.m.

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The following table sets forth the summary GFA information in respect of Dalian Software Park.

Properties	Completed		Under Development	
	Total GFA	GFA remaining	GFA under development	Pre-sold
			(sq.m.)	
Offices .....	399,038	390,903	—	—
Student apartments .....	175,845	175,845	—	—
Residential .....	448,681	56,960	133,595	30,156
Car parks .....	159,125	112,910	81,980	—
Retail .....	33,638	18,629	19,524	—
Non-saleable/leasable .....	80,702	—	8,292	—
<b>Total GFA .....</b>	<b>1,297,029</b>	<b>755,247</b>	<b>243,391</b>	<b>30,156</b>

Notes:

(1) The student apartments are leased to Dalian Neusoft University of Information.

We began to construct this project in 1998, which went into operation in 1999. We have fully paid the land premium in an aggregate amount of RMB1,911.3 million for this project. As of December 31, 2013, we had incurred development costs of approximately RMB8,395.3 million and expect to incur additional development costs of approximately RMB734.0 million for this project.

The office building area of Dalian Software Park was developed by Dalian Software Park Co., which is wholly owned by us, with a leasable GFA of 387,351 sq.m. for offices (an aggregate GFA of approximately 3,552 sq.m. are held for own use), 175,845 sq.m. for student apartments and 1,035 sq.m. for retail properties (out of a total of 18,629 sq.m. of retail properties in Dalian Software Park). As of December 31, 2013, total development costs incurred for office buildings in the project was approximately RMB2,377.8 million.

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Set forth below are the development milestones of Dalian Software Park for the years indicated:



The following table sets forth the information of occupancy rate, rent, rental income of the office buildings of Dalian Software Park.

	Average Occupancy Rate	Average Effective Rent	Gross Rental Income
	(%)	(RMB/sq.m./ month)	(in RMB million)
For the year ended December 31,			
2011 .....	72	58.31	172.7
2012 .....	81	58.57	217.2
2013 .....	84	60.36	237.2

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## BUSINESS

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The following table sets forth certain information in respect of the tenants of Dalian Software Park.

	<u>Leased GFA</u> (sq.m.)	<u>% of the total leased GFA</u>	<u>Representative tenants</u>
Fortune Global 500 international enterprises .....	202,924	57.5	IBM, Oracle, Cisco, Accenture
Fortune Global 500 domestic enterprises .....	3,198	0.9	Lenovo
Other international enterprises .....	51,799	14.6	SAP, Trans Cosmos Design
Other domestic enterprises .....	95,219	27.0	Development Web Stock, ChinaHR

As of March 31, 2014, approximately 265 companies reside in Dalian Software Park and entered into approximately 600 lease agreements with us, and most of the tenants of the office buildings in Dalian Software Park are enterprises engaging in ITO, the operation of the Internet-related shared service center and the R&D industries. As of March 31, 2014, approximately 47 Fortune Global 500 enterprises leased our properties in Dalian Software Park with approximately 206,122 sq.m. of office GFA which accounted for approximately 58.4% of the leased GFA. The top three tenants of Dalian Software Park are GENPACT (Dalian), Accenture (Dalian) and IBM (Dalian), the leased office GFA of which accounted for 9.9%, 8.9% and 4.4% of the total leased completed GFA.

Of all leased area for which we have entered into lease agreements, approximately 27% have a term of one to two years, 47% have a term of two to five years and 26% have a term of more than five years. Our leases are typically renewable with mutual agreements at expiration date. Lease agreements of approximately 22% will expire in 2014, 21% in 2015, and 57% in 2016 and beyond.

We have three residential property projects within Dalian Software Park, including Softview E-Dream (軟景E居), Eastern Santaclara (東方聖克拉) and Jade Garden (巒翠園).

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## BUSINESS

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### **Softview E-Dream (軟景E居)**



Softview E-Dream (軟景E居) is located at the core area of Dalian Software Park, where transportation is convenient and commercial, educational and health care facilities nearby are comprehensive. The project occupies a total site area of approximately 21,606 sq.m. with a total GFA of approximately 128,993 sq.m. and a total saleable/leasable GFA of approximately 122,773 sq.m. It comprises three high rise apartments, retail spaces and car parks. The project was completed in the second quarter of 2012. As of March 31, 2014, we still had residential properties of approximately 331 sq.m., and retail spaces of approximately 2,555 sq.m. remaining unsold, and car parks of approximately 22,279 sq.m. remaining available for sale or for lease.

This project is developed by Dalian Ruanjing, which is wholly owned by us. We had paid the total land premium of RMB321.6 million in full. As of December 31, 2013, we had incurred total development costs for the project of RMB1,025.0 million.

	Total GFA saleable/ leasable	GFA sold and delivered
	(sq.m.)	
Residential .....	86,147	85,816
Retail .....	14,347	11,792
Car parks .....	22,279	—
Total .....	<u>122,773</u>	<u>97,608</u>

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## BUSINESS

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### *Eastern Santaclara (東方聖克拉)*



Eastern Santaclara (東方聖克拉) is located in Dalian Software Park and close to Dalian University of Technology, Dongbei University of Finance and Economics and Dalian Neusoft University of Information. To provide convenience to the owners of this project, we introduced sports ancillaries and ample education resources including daycare centers, primary schools and high schools for this project. We also utilized tri-dimensional traffic facilities to enhance traffic and pedestrian safety in the surrounding area. This project was awarded with the Golden Award for Outstanding Planning, Architecture, Environmental Design and Technology application by Dalian City in 2010.

The project occupies a total site area of approximately 173,504 sq.m. with a total GFA of approximately 684,458 sq.m. and an estimated total saleable/leasable GFA of 636,232 sq.m. This project is developed by Dalian Software Park Development, which is wholly owned by us. We have fully paid the total land premium of RMB1,227.3 million. We plan to develop this project in three phases.

Phase I of this project occupies a total site area of approximately 66,957 sq.m. with a total GFA of approximately 202,014 sq.m. and a saleable/leasable GFA of approximately 190,714 sq.m. It comprises eleven high-rise apartments, four multi-storey apartments, retail space and car parks. The project was completed in the second quarter of 2013. As of March 31, 2014, we still had residential units of a total saleable GFA of approximately 13,439 sq.m., retail spaces of approximately 6,075 sq.m. remaining unsold and car parks of approximately 14,715 sq.m. remaining available for sale or for lease. As of December 31, 2013, we had incurred the total development costs of approximately RMB1,658.3 million for Phase I of this project.

Phase II of this project occupies a total site area of approximately 68,534 sq.m. with a total GFA of approximately 239,053 sq.m. and an estimated total saleable GFA of approximately 210,418 sq.m. It comprises ten French-style high-rise apartments, retail spaces and car parks. This project was completed in the fourth quarter of 2013. As of March 31, 2014, we still had residential units of a total saleable GFA of approximately 40,157 sq.m. and retail spaces of approximately 3,006 sq.m. remaining unsold and car parks of approximately 40,619 sq.m. remaining available for sale or for lease. As of December 31, 2013, we had incurred total development costs of approximately RMB1,808.5 million for Phase II of this project.



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Phase III of this project occupies a total site area of approximately 38,013 sq.m. with a total GFA of approximately 243,391 sq.m. and an estimated total saleable GFA of approximately 235,099 sq.m. It comprises eight French-style high-rise apartments, retails and car parks. This project is currently under development and expected to be completed in the fourth quarter of 2015. As of March 31, 2014, we had pre-sold residential units of approximately 30,156 sq.m. As of December 31, 2013, we had incurred development costs of approximately RMB931.3 million and expect to incur additional development costs of approximately RMB734.0 million prior to the completion of Phase III of this project.

	<u>GFA saleable/ leasable</u>	<u>GFA sold and delivered (sq.m.)</u>	<u>GFA pre-sold</u>
<b>Eastern Santaclara Phase I</b>			
Residential .....	142,384	128,945	—
Retail .....	6,075	—	—
Car parks .....	42,255	27,540	—
Total .....	<u>190,714</u>	<u>156,485</u>	<u>—</u>
<b>Eastern Santaclara Phase II</b>			
Residential .....	149,738	109,581	—
Retail .....	3,006	—	—
Car parks .....	57,674	17,055	—
Total .....	<u>210,418</u>	<u>126,636</u>	<u>—</u>
<b>Eastern Santaclara Phase III</b>			
Residential .....	133,595	—	30,156
Retail .....	19,524	—	—
Car parks .....	81,980	—	—
Total .....	<u>235,099</u>	<u>—</u>	<u>30,156</u>

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## BUSINESS

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### **Jade Garden (巒翠園)**



Jade Garden (巒翠園) is located on the west side of Dalian Software Park and is a project we developed in collaboration with Dalian municipal government to accommodate the relocated households in this area. Pursuant to the agreement we entered into with the Dalian municipal government, the government will purchase back the residential properties at the agreed upon prices and we will retain interest in the commercial facilities.

This project occupies a total site area of approximately 29,634 sq.m. with a completed GFA of approximately 100,734 sq.m. and a total saleable GFA of 89,353 sq.m. It comprises four French-style high-rise apartments. This project was completed in the first quarter of 2012.

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This project is developed by Dalian Software Park Development, which is wholly owned by us. We have paid the total land premium of RMB182.7 million in full. As of December 31, 2013, we had incurred the total development costs of approximately RMB594.3 million.

	<u>Total GFA saleable/ leasable</u>	<u>GFA sold and delivered</u>
Residential .....	70,412	67,379
Retail .....	9,176	3,217
Car parks .....	9,765	1,620
Total .....	<u>89,353</u>	<u>72,215</u>

### Dalian BEST City Core Area Business Park (大連生態科技創新城核心區商務園)



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## BUSINESS

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Dalian BEST City (acronym for “Biodiverse Emerging Science Technology”) is located in Ganjingzi district, Dalian City, Liaoning Province, approximately five kilometers away from the airport and 12 kilometers away from the high-speed railway station. In 2010, Dalian BEST City was selected as the key supporting area of Liaoning Province coastal economic belt.

We act as the lead developer of Dalian BEST City and are currently in the process of developing the Dalian BEST City Core Area Business Park. The Dalian BEST City Core Area Business Park project provides integrated office buildings, residences, commercial facilities and education resources. We design the Core Area Business Park with the concepts of technology, creativity, ecology and intelligence, focusing on the five major industries of technology development, modern service, cultural creativity, headquarter economy and emerging industries. In December 2012, the Core Area Business Park was selected as one of the ten research and development business parks to be developed in Liaoning Province, and the only one in Dalian City.

As of March 31, 2014, the total completed GFA of Dalian BEST City Core Area Business Park amounted to approximately 424,306 sq.m., including approximately 49,628 sq.m. for offices, approximately 236,458 sq.m. for residential properties, approximately 3,681 sq.m. for retail spaces, and approximately 46,489 sq.m. for car parks. The total GFA under development amounted to 798,243 sq.m. including approximately 148,230 sq.m. for offices, approximately 336,909 sq.m. for residential properties, approximately 27,030 sq.m. for retail spaces and approximately 280,574 sq.m. for car parks. As of March 31, 2014, we had acquired land reserves of approximately 921,303 sq.m. for future development.

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The following table sets forth the summary GFA information in respect of Dalian BEST City Core Area Business Park.

	Completed		Under Development		Future Development
	GFA	GFA saleable/ leasable remaining unsold	GFA under development (sq.m.)	Pre-sold	Planned GFA
Offices .....	49,628	49,628	148,230	—	330,369
Residential .....	236,458	92,149	336,909	87,502	183,322
Car parks .....	46,489	40,677	280,574	—	234,560
Retail .....	3,681	1,002	27,030	—	82,839
Others .....	88,050	—	5,500	—	90,213
Total .....	<u>424,306</u>	<u>183,456</u>	<u>798,243</u>	<u>87,502</u>	<u>921,303</u>

We have paid the land premium in an aggregate amount of RMB2,766.8 million for this project in full. As of December 31, 2013, we had incurred development costs of approximately RMB7,661.2 million and expect to incur additional development costs of approximately RMB6,293.6 million prior to the completion of this project.

Dalian Service Outsourcing was entrusted by local government to provide funding and certain services in connection with the land development and resettlement operations for the land we acquired for this project and the remaining part of Dalian BEST City Core Area. Dalian Service Outsourcing entered into a written agreement with the local government of Ganjingzi District, Dalian in 2008 pursuant to which the local government entrusted Dalian Service Outsourcing to perform certain work on behalf of the local government including, among others, compensation and resettlement of residents in the affected area, destruction of existing structures and clearing of the land, construction of infrastructure and public facilities, and overall zoning and design of the redeveloped area. Dalian Service Outsourcing is required to provide funding for all costs and expenses relating to its work under the agreement and the local government agrees to reimburse Dalian Service Outsourcing for the costs and expenses it incurred after such costs and expenses are verified and approved by the local government. All work performed by Dalian Service Outsourcing relating to the resettlement operations are done on behalf of the local government and the local government enters into agreements directly with residents in the affected area with respect to their resettlements. Once its work under the agreement is completed, Dalian Service Outsourcing is required to hand over the land together with the completed infrastructure to the local government who will organize public bidding of the relevant land use rights.

Dalian Service Outsourcing has performed its work under the agreement with the local government by itself and did not engage or supervise other parties. We had incurred a total cost of RMB4,334.2 million in connection with our work under the agreement as of December 31, 2013, of which RMB2,295.3 million had been reimbursed by the local government as of December 31, 2013. We expect to incur additional cost of RMB32.3 million in connection with our work under the agreement and expect to have all of them reimbursed by the local government. We expect to incur no gain or loss due to such work.

We are currently not providing funding or services to other land development and resettlement operations.

As advised by our PRC Legal Advisers, there is currently no comprehensive or uniform regulation in the PRC in relation to such cooperation with local governments, and such entrusted work which is conducted on a contractual basis are not in conflict with PRC laws and regulations. Our PRC Legal

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Advisers also confirmed that we have obtained the necessary construction permit for the infrastructure construction work entrusted to us under the agreement, and we are not required to obtain any other license, approval or permit for the work entrusted to us under the agreement. For risks relating to our provision of funding and services in connection with land development and resettlement operations, see “Risk Factors — Risks Relating to Our Business — We have been, and may in the future be, entrusted by local government to provide funding and certain services in connection with land development and resettlement operations which exposes us to certain risks relating to such arrangement.”

The office buildings of the Dalian BEST City Core Area Business Park were jointly developed by Dalian BEST City Xintong, Dalian BEST City Taifeng, Dalian BEST City Changde, Dalian BEST City Tairui, Dalian BEST City Xinrui, Dalian BEST City Xinyuan and Dalian BEST City Changyuan, all of which are wholly owned by us. The construction of the office buildings of the Dalian BEST City Core Area Business Park comprises four phases. We have begun the construction of phases I and II in the first quarter of 2011 and the third quarter of 2011, respectively, and expect to complete the construction by the second quarter of 2014 and the second quarter of 2015, respectively. The estimated GFA of phases I and II are 99,258 sq.m. and 98,600 sq.m., respectively. Phases III and IV of this project are planned for future development with an estimated total GFA of 309,370 sq.m. and 72,600 sq.m., respectively.

The following table sets forth the information of occupancy rate, rent, rental income of the office spaces of Dalian BEST City Core Area Business Park.

	Average occupancy rate	Average effective rent	Gross rental income
	(%)	(RMB/sq.m./month)	(RMB million)
For the year ended December 31, 2013 . . . . .	41	32.0	7.82

The average occupancy rate of the office spaces of Dalian BEST City Core Area Business Park in 2013 was relatively low because we started to lease such office spaces only in early 2013, and its occupancy rate had reached 54.2% as of December 31, 2013.

The follow table sets forth certain information in respect of representative tenants of Dalian BEST City Core Area Business Park.

	Leased GFA	% of the total leased GFA	Representative tenants
	(sq.m.)		
Fortune Global 500 international enterprises . . . . .	1,432	5.1	GOODYEAR, Panasonic
Other domestic enterprises . . . . .	26,514	94.9	Dalian Rubber & Plastic Machinery, ZhiYun Automation, Thunisoft

As of March 31, 2014, the office buildings of Dalian BEST City Core Area Business Park with a total GFA of 27,946 sq.m. had been leased out, approximately 5.1% of which were leased to Fortune Global 500 enterprises. We have attracted Fortune Global 500 companies such as GOODYEAR and Panasonic, and leading domestic companies such as Dalian Rubber & Plastics Machinery, Liaoning STUJuLong Group, ZhiYun Automation and Thunisoft to reside in Dalian BEST City Core Area Business Park.

Of all the leased area for which we have entered into lease agreements, approximately 52.5% have a term of one to two years, 22.9% have a term of two to five years and 24.6% have a term of more than five years. Our lease are typically renewable with mutual agreements at expiration date.

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Lease agreements for approximately 23.6% of the leased area will expire in 2014, 22.5% in 2015 and 53.9% in 2016 and beyond.

We have nine residential and commercial property projects within Dalian BEST City Core Area Business Park, including Gingko Garden (銀杏園), Warm Maner (融莊), Perfect Garden (馥園), Sunny Bay (晴灣), ButterFly Garden (蝶園), Grand Manor (留莊), Springfield•Eternity (春田百年), Lakeside Square (湖濱廣場) and Public Rental Housing Project (公租房項目).

### **Gingko Garden (銀杏園)**



Gingko Garden (銀杏園) is a residential property project located at Dalian BEST City Core Area Business Park. The project occupies a total site area of approximately 55,592 sq.m. with a total GFA of approximately 126,092 sq.m. and a total saleable/leasable GFA of approximately 112,648 sq.m. It comprises 13 French-style high-rise apartments, retail spaces and car parks, surrounded by various education resources such as daycare centers, primary schools. We also built ancillary facilities such as waterscape, playground and gymnastic clubs for this project. The construction of this project was completed in the third quarter of 2013.

This project was developed by Dalian Shengyue Property, which is wholly owned by us. We have fully paid the land premium in the amount of RMB173.9 million. As of December 31, 2013, we had incurred total development costs of approximately RMB827.9 million.

	Total GFA Saleable/ leasable	GFA Sold and Delivered
	(sq.m.)	
Residential .....	85,295	68,347
Retail .....	3,681	2,679
Car parks .....	23,673	5,812
Total .....	<u>112,648</u>	<u>76,838</u>

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### *Warm Maner (融莊)*



Warm Maner (融莊) is located at the core area of Dalian BEST City Core Area Business Park and adjacent to Beishan Park and Muchengyi Lake. The project occupies a total site area of approximately 178,606 sq.m. with a total GFA of approximately 137,952 sq.m. and a total saleable GFA of approximately 79,168 sq.m. The project is comprised of 336 units of townhouses with the size ranging from 180 sq.m. to 260 sq.m. We designed this project to create an exclusive courtyard life style. This project was ranked No.1 in terms of sales volume of townhouses in Dalian in 2012 and 2013. The project was completed in the fourth quarter of 2013.

This project was developed by Dalian San Ann Real Estate and Dalian San Yan Real Estate, both which are wholly owned by us. We have paid the total land premium in the amount of RMB435.9 million in full. As of December 31, 2013, we had incurred the total development costs of approximately RMB1,496.5 million.

	Total GFA saleable	GFA sold and delivered
	(sq.m.)	
Residential .....	79,168	19,683



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### *Perfect Garden (靚園)*



Perfect Garden (靚園) is located right next to Warm Maner (融莊), with a total site area of approximately 81,440 sq.m., a total GFA of approximately 165,171 sq.m. and a total saleable/leasable GFA of approximately 148,870 sq.m. It comprises 24 low-rise garden apartments with elevators and three multi-storey apartments. We developed this project in two phases, of which Phase I, with a total GFA of approximately 101,031 sq.m., was completed in the third quarter of 2013. Phase II is expected to be completed in the fourth quarter of 2014.

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This project was developed by Dalian San Ann Real Estate and Dalian San Yan Real Estate, both of which are wholly owned by us. We have paid the total land premium in the amount of RMB214.7 million in full. As of December 31, 2013, we had incurred development costs of approximately RMB990.1 million and expect to incur additional development costs of approximately RMB77.3 million prior to the completion of the project.

	<u>Total GFA saleable/ leasable</u>	<u>GFA sold and delivered (sq.m.)</u>	<u>GFA pre-sold</u>
<b>Phase I</b>			
Residential .....	71,996	56,280	—
Retail .....	—	—	—
Car parks .....	13,214	—	—
Total .....	<u>85,210</u>	<u>56,280</u>	<u>—</u>
<b>Phase II</b>			
Residential .....	32,308	—	24,153
Retail .....	4,750	—	—
Car parks .....	26,602	—	—
Total .....	<u>63,660</u>	<u>—</u>	<u>24,153</u>

### **Sunny Bay (晴灣)**



Sunny Bay (晴灣) is located at the northwest side of the core area of Dalian BEST City Core Area Business Park and is close to Lvshun North Road. The project occupies a total site area of approximately 43,472 sq.m. with a total GFA of approximately 167,193 sq.m. and a total saleable/leasable GFA of approximately 165,693 sq.m. The project comprises twelve high-rise apartments, car parks, retail areas, and one fitness club. The construction of this project commenced in the third quarter of 2011 and is expected to be completed in the second quarter of 2015. As of March 31, 2014, we pre-sold residential units of approximately 37,423 sq.m.

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This project was developed by Dalian San Ann Real Estate which is wholly owned by us. We have paid the total land premium in the amount of RMB134.8 million in full. As of December 31, 2013, we had incurred development costs of approximately RMB768.3 million and expect to incur additional development costs of approximately RMB318.7 million prior to the completion of the project.

	Total GFA saleable/ leasable	GFA pre-sold
	(sq.m.)	
Residential .....	125,201	37,423
Retail .....	12,100	—
Car parks .....	28,392	—
Total .....	<u>165,693</u>	<u>37,423</u>

### **ButterFly Garden (蝶園)**

ButterFly Garden (蝶園) is located at the west side of Dalian BEST City Core Area Business Park. The project occupies a total site area of approximately 82,641 sq.m. with a total GFA of approximately 254,500 sq.m. and a total saleable/leasable GFA of approximately 252,780 sq.m. It comprises 15 multiple-storey apartments, eight high-rise apartments, car parks and retail areas. The construction of this project commenced in the third quarter of 2013 and is expected to be completed in the second quarter of 2016. As of March 31, 2014, we pre-sold residential units of approximately 25,926 sq.m.

	Total GFA saleable/ leasable	GFA pre-sold
	(sq.m.)	
Residential .....	120,500	25,926
Retail .....	6,280	—
Car parks .....	126,000	—
Total .....	<u>252,780</u>	<u>25,926</u>

This project was developed by Dalian Shengyue Property which is wholly owned by us. We have paid the land premium in full in the amount of RMB292.1 million. As of December 31, 2013, we had incurred development costs of approximately RMB603.6 million and expect to incur additional development costs of approximately RMB882.5 million prior to the completion of the project.

### **Grand Manor (留莊)**

Grand Manor (留莊) occupies a total site area of approximately 305,836 sq.m. with an estimated total GFA of approximately 258,433 sq.m. and a total saleable/leasable GFA of approximately 168,624 sq.m., which comprises townhouses, apartments, retails and car parks. The construction of this project will be commenced in the second quarter of 2014 and is expected to be completed in the second quarter of 2016.

This project is jointly developed by Dalian Changhe Property and Dalian Yitong Property, both of which are wholly owned by us. We have paid the land premium in full in the amount of RMB553.5 million. As of December 31, 2013, we had incurred development costs for the project of RMB834.9 million and we expect to incur additional development cost of approximately RMB1,458.4 million prior to the completion of the project.

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## BUSINESS

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### ***Springfield•Eternity (春田百年)***

Springfield•Eternity (春田百年) occupies a site area of approximately 50,432 sq.m. and a total planned GFA of approximately 91,340 sq.m. The construction of this project is expected to commence in the third quarter of 2014 and completed in the third quarter of 2016.

This project is developed by Dalian Shengyue Property, which is wholly owned by us. We have paid the land premium in full in the amount of RMB127.5 million. As of December 31, 2013, we had incurred development costs for the project of approximately RMB63.8 million and expect to incur additional development costs of approximately RMB562.5 million prior to the completion of the project.

### ***Lakeside Square (湖濱廣場)***

Lakeside Square (湖濱廣場) is a commercial property project located close to Sunny Bay (晴灣). This project occupies a site area of approximately 7,185 sq.m. and a total planned GFA of approximately 14,000 sq.m., including commercial properties of approximately 8,000 sq.m. and car parks of approximately 6,000 sq.m. The construction of this project is expected to commence in the first quarter of 2015 and expected to complete in the second quarter of 2016.

This project is developed by Dalian Shengyue Property, which is wholly owned by us. We have fully paid the land premium of the project in the amount of approximately RMB40.0 million. As of December 31, 2013, we had incurred development cost of approximately RMB41.7 million and expect to incur additional development costs of approximately RMB75.0 million prior to the completion of the project.

### ***Public Rental Housing Project***

Public Rental Housing Project is located on the north side of Mingzhu Road, Dalian BEST City Core Area Business Park. The project is comprised of three high-rise apartments which occupy a total site area of approximately 21,285 sq.m. with a total GFA of approximately 89,600 sq.m. and a total saleable GFA of approximately 87,800 sq.m. The project is expected to be completed in the fourth quarter of 2014.

According to the agreement we entered into with Dalian Ganzijing District Development and Construction Center, we will develop no less than 1,000 units of public rental apartments for the Dalian municipal government. For the five years between December 2013 and December 2018, we are obligated to lease these units on a monthly rate of RMB13.0 per sq.m. without additional charges on property management service. After the five-year term, we will be allowed to sell such apartments without paying additional land premium to the Dalian municipal government. In the event that we were not allowed to sell such apartments due to changes in regulations or policies, the Dalian municipal government will purchase back such apartments from us on market price. According to the agreement, Dalian municipal government agreed to grant us a subsidy for the costs and expenses relating to such public rental apartments incurred by us during the five year term, including financing related costs of RMB73.4 million, decoration costs of RMB47.1 million and decoration removal costs of RMB13.2 million.

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This project was developed by Dalian Shengyue Property, which is wholly owned by us. We have fully paid the land premium in the amount of approximately RMB138.7 million. As of December 31, 2013, we had incurred development costs for the project of RMB392.9 million. We expect to incur additional development costs of approximately RMB183.8 million prior to the completion of the project.

	<u>Total GFA saleable/ leasable</u> (sq.m.)
Residential .....	58,900
Retail .....	3,900
Car parks .....	<u>25,000</u>
Total .....	<u>87,800</u>

### Wuhan First City (武漢軟件新城)



Wuhan First City is located in the Donghu State Self-dependent Innovation Demonstration Zone in Wuhan City, Hubei Province. Wuhan First City is developed by one of our joint ventures, which was co-established by us with two state-owned enterprises, Hubei Province United Development Investment Group Company Limited (the “Hubei United Development”) and Wuhan East Lake High-tech Group Co., Ltd. We hold 50% interest in the joint venture.

Wuhan First City occupies a total site area of approximately 3.4 sq.km. with a total GFA of approximately 3.1 million sq.m. This project provides integrated properties including office buildings, residential, other supportive facilities. According to the Strategic Cooperation Agreement entered into by Wuhan Donghu New Technology Development Zone Committee, Hubei United Development and us, 30% to 50% of the total GFA of the office buildings will be purchased back by Hubei United Development, and the rest of the office buildings will be held by the joint venture for sale or for lease.

The construction of office buildings of Wuhan First City comprises six phases. Phase I comprises 11 office buildings, which were constructed for Wuhan East Lake High-tech Group Co., Ltd, the

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enterprise owned by Hubei government. We have been providing operational and management service to Phase I office buildings since January 2013. The office buildings of phases II to V will be developed by Wuhan New Software Park Co. in which we hold 50% interest. We plan to acquire additional land reserves for the development of Phase VI with a site area of approximately 200,000 sq.m.

Phase I occupies a total site area of approximately 235,836 sq.m. with an estimated total GFA of approximately 168,100 sq.m, including office buildings accounting for 108,400 sq.m, apartments accounted for 18,400 sq.m. and car parks accounting for 41,300 sq.m. The construction of phase I commenced in August 2012 and is expected to be completed in the second quarter of 2014. As of March 31, 2014, 19,317 sq.m. were contracted, of which IBM leased 7,400 sq.m.

Phases II to V occupy a total site area of approximately 618,762 sq.m. with a total planned GFA of approximately 1,138,917 sq.m. We plan to commence construction in the second quarter of 2014, which is expected to be completed in the fourth quarter of 2016. We have fully paid the land premium in an aggregate amount of RMB397.3 million for this project.

As of December 31, 2013, we had incurred development costs for the phases II to V of the project of RMB454.1 million. We expect to incur additional development costs of approximately RMB3,488.9 million prior to the completion of the project.

We also develop residential properties in Wuhan First City. In December 2013, we acquired land reserves with total site area of approximately 246,847 sq.m. with a planned GFA of approximately 372,077 sq.m. for future development, and we had paid the land premium in an aggregate amount of RMB708.6 million. As of March 31, 2014, we had not yet pre-sold any residential units in this project.

### Yida Information Software Park (億達信息軟件園)

Yida Information Software Park is located in Lvshun South Road Industry Belt, Dalian City, Liaoning Province. Lvshun South Road Belt is the key district of Liaoning coastal economic zone and comprises 15 business parks and industry bases. This project provides integrated office buildings, residential properties, and other supportive facilities. We design our office buildings in the project primarily for enterprises engaging in ITO industries.

As of March 31, 2014, the total completed GFA of Yida Information Software Park amounted to approximately 286,081 sq.m., including approximately 188,941 sq.m. for residential properties, approximately 2,235 sq.m. for retail spaces and approximately 75,991 sq.m. for car parks. The total GFA under development amounted to 763,320 sq.m., including approximately 113,930 sq.m. for office buildings, approximately 449,749 sq.m. for residential properties, approximately 6,388 sq.m. for retail spaces, and approximately 153,605 sq.m. for car parks. As of March 31, 2014, we had acquired land reserves for future development with a total GFA of approximately 290,986 sq.m..

The following table sets forth the summary GFA information of Yida Information Software Park.

	Completed		Under Development		Future Development
	GFA	GFA saleable/ leasable remaining unsold	GFA under development (sq.m.)	Pre-sold	Planned GFA
Offices .....	—	—	113,930	—	94,063
Residential .....	188,941	78,673	449,749	30,430	94,613
Car parks .....	75,991	58,180	153,605	—	101,510
Retail .....	2,235	2,235	6,388	—	—
Others .....	18,914	—	39,648	—	800
Total .....	<u>286,081</u>	<u>139,088</u>	<u>763,320</u>	<u>30,430</u>	<u>290,986</u>

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We have fully paid the land premium for the project in an aggregate amount of RMB2,089.9 million.

The office buildings of Yida Information Software Park was developed by Dalian Software Park Hengrui and Dalian Yida Information, both of which are wholly owned by us. We have fully paid the land premium for the office buildings in an aggregate amount of RMB190.9 million. As of December 31, 2013, we had incurred development costs for the office buildings of RMB584.3 million. We expect to incur additional development costs of approximately RMB881.0 million prior to the completion of the office buildings of the project. According to the grant contracts of land use right for land parcels underlying the office buildings of this project, we can only use the office buildings ourselves and cannot sell, lease or transfer the office buildings or any units thereof to any third party. We intend to convert them into saleable/leasable properties and have already obtained the local government's approval that allows us to lease the properties to tenants that are engaged in software research and development and outsourcing services.

We have four residential property projects in the Yida Information Software Park, namely Provence Ambo Valley, Provence Stone Valley, Blue Mountain and Information Valley.

### ***Provence Ambo Valley (普羅旺斯安博谷)***



Provence Ambo Valley (普羅旺斯安博谷) is located in a valley on the south side of Lvshun South Road and close to a rail transit station. This project occupies a total site area of approximately 135,355 sq.m with a total GFA of approximately 249,004 sq.m. and a saleable total GFA of approximately 242,310 sq.m., which comprises two high-rise apartments, eleven multiple-storey apartments, seventeen low-rise garden apartments, retail spaces, car parks and one kindergarten. In order to provide convenience to the owners of this project, we have built a mountain park, exercise facilities, a playground and a community dining hall. The construction of the project commenced in the fourth quarter of 2010 and was completed in the third quarter of 2012.

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This project was developed by Dalian Software Park Ambo, which is 59.5% owned by us. We have paid the total land premium of RMB430.4 million in full. As of December 31, 2013, we had incurred the total development costs for the project of approximately RMB1,977.1 million.

	Total GFA saleable/ leasable	GFA sold and delivered
	(sq.m.)	
Residential .....	164,084	94,667
Retail .....	2,235	—
Car parks .....	75,991	17,811
Total .....	242,310	112,478

### ***Provence Stone Valley (普羅旺斯世通谷)***

Provence Stone Valley (普羅旺斯世通谷) is close to Provence Ambo Valley (普羅旺斯安博谷). This project occupies a total site area of approximately 160,552 sq.m. with a total GFA of approximately 299,770 sq.m, and a saleable/leasable GFA of approximately 293,100 sq.m. This project comprises six high-rise apartments and nineteen multi-storey apartments. We have also built a community college, club house, outdoor sports area and mountain park facilities and provide community shuttle bus service for this project. The construction of this project commenced in the second quarter of 2011 and is expected to be completed in the fourth quarter of 2014. As of March 31, 2014, we had pre-sold residential units of approximately 16,263 sq.m. in this project.





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This project was developed by Dalian Software Park Shitong, which is 59.5% owned by us. We have paid the land premium in full in the amount of approximately RMB550.0 million. As of December 31, 2013, we had incurred development costs for the project of approximately RMB1,548.8 million. We expect to incur additional development costs of approximately RMB552.7 million prior to the completion of the project.

	Total GFA saleable/ leasable	GFA pre-sold
	(sq.m.)	
Residential .....	211,801	16,263
Retail .....	4,966	—
Car parks .....	76,333	—
Total .....	293,100	16,263

### **Blue Mountain (藍山)**



Blue Mountain (藍山) is located on the west coast of the Lvshunkou District in Dalian and close to Lvshunkou District government and Tahewan Beach (塔河灣浴場), Xiaoxishan reservoir, mountain park, Dalian Foreign Language University and Dalian Medical University. This project is a comprehensive beach resort community.

The project has a total site area of approximately 265,916 sq.m. with an estimated total GFA of approximately 349,342 sq.m. and a saleable/leasable GFA of approximately 304,143 sq.m., which comprises townhouses that are close to the beach, French-style high-rise apartments, retail spaces and car parks. We developed the project in two phases, Phase I of which with a total GFA of approximately 37,077 sq.m. was completed in the fourth quarter of 2012.

We are currently developing Phase II of the project, with a total GFA of 312,265 sq.m. It is estimated that the saleable/leasable GFA will be 279,286 sq.m. The construction of Phase II of this

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project was commenced in the fourth quarter of 2010 and is expected to be completed in the fourth quarter of 2017. As of March 31, 2014, we have pre-sold residential properties of 14,167 sq.m.

The project was developed by Dalian Lanwan, which is wholly owned by us. We have paid the land premium in full in the amount of RMB532.2 million. As of December 31, 2013, we had incurred development costs for the project of approximately RMB1,866.6 million. We expect to incur additional development costs of approximately RMB821.7 million prior to the completion of the project.

	<u>Total GFA saleable/ leasable</u>	<u>GFA sold and delivered (sq.m.)</u>	<u>GFA pre-sold</u>
<b>Phase I</b>			
Residential .....	24,857	15,601	—
<b>Phase II</b>			
Residential .....	237,948	—	14,167
Retail .....	1,422	—	—
Car parks .....	<u>39,916</u>	<u>—</u>	<u>—</u>
Total .....	<u>304,143</u>	<u>15,601</u>	<u>14,167</u>

### **Information Valley (信息谷)**

The Information Valley (信息谷) is another residential property project located in the Yida Information Software Park. The project occupies a total site area of approximately 113,587 sq.m. with a total planned GFA of approximately 172,188 sq.m. This project is held for a future development plan. This project is planned to commenced construction in the third quarter of 2014 and is expected to be completed in the third quarter of 2017.

This project is developed by Dalian Software Park Hengrong, which is wholly owned by us. We have fully paid the land premium in the amount of approximately RMB379.3 million. As of December 31, 2013, we had incurred development costs for the project of approximately RMB471.0 million, and expect to incur additional development costs of approximately RMB706.5 million prior to the completion of the project.

### **Dalian Ascendas IT Park (大連騰飛軟件園)**

Dalian Ascendas IT Park is located at the center of Lvshun South Road Industry Belt, Dalian City, Liaoning Province. This project was developed by Dalian Software Park Ascendas, 50% interest of which is owned by us and 50% is owned by Ascendas (China) Pte. Ltd. This project provides integrated office buildings and other supportive facilities.



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The office buildings of Dalian Ascendas IT Park occupy a total site area of approximately 275,944 sq.m. with an estimated aggregate GFA of approximately 326,116 sq.m. We have fully paid the land premium in the amount of approximately RMB197.6 million. As of March 31, 2014, we had completed the construction of the office buildings with a total GFA of 230,163 sq.m, including leasable GFA of 181,180 sq.m. for office space and 48,983 sq.m. for car parks. We had sold part of the office buildings and car parks with an aggregate GFA of 70,981 sq.m. As of March 31, 2014, we still hold a leasable GFA of 141,731 sq.m. for office buildings and 17,451 sq.m. for car parks. We plan to develop additional office buildings with a total permitted GFA of approximately 95,953 sq.m.

The construction of office buildings of Dalian Ascendas IT Park commenced in October 2005. As of December 31, 2013, we had incurred development costs for the office buildings of approximately RMB1,144.6 million. We expect to incur additional development costs of approximately RMB410.5 million prior to the completion of the office buildings.

The following table sets forth the summary GFA information in respect of Dalian Ascendas IT Park.

	Completed		Future Development
	GFA	GFA Saleable/ Leasable Remaining Unsold (sq.m.)	Planned GFA
Offices .....	181,180	141,731	95,953
Car parks .....	48,983	17,451	—
Total .....	230,163	159,182	95,953

The following table sets forth the information of occupancy rate, rent, rental income of the office spaces of Dalian Ascendas IT Park.

	Average Occupancy Rate	Average Effective Rent	Gross Rental Income
	(%)	(RMB/sq.m./ month)	(in RMB million)
For the year ended December 31,			
2011 .....	63	39.66	43.3
2012 .....	83	41.88	59.7
2013 .....	88	47.45	71.8

The following table sets forth the information of tenants of the Dalian Ascendas IT Park.

	GFA leased	% of the total leased GFA	Representative companies
Fortune Global 500 international enterprises .....	62,038	49.8	Infosys, Citicorp Software and Technology Services, Panasonic
Other international enterprises .....	21,392	17.2	Omron
Other domestic enterprises .....	41,147	33.0	Roiland Group

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As of March 31, 2014, the majority of the leased office GFA of Dalian Ascendas IT Park was leased to companies engaging in securities, finance, trade and heavy industry and approximately 49.8% of our leased office GFA was leased to Fortune Global 500 enterprises 50.2% to other foreign companies and domestic companies. Of all the leased area for which we have entered into lease agreements, approximately 5.5% have a term of one to two years, 48.0% have a term of two to five years and 46.5% have a term of more than five years. Our lease agreements are typically renewable at mutual agreements at expiration date. Lease agreements for approximately 38.0% will expire in 2014, 18.0% in 2015, and 44.0% in 2016 and beyond.

### Dalian Tiandi (大連天地)



Dalian Tiandi is developed by associated companies in which we own a 30% interest, Shui On Land Limited owns a 48% interest and SOCAM Development Limited owns a 22% interest. Dalian Tiandi is located in Lvshun South Road Industry Belt, Dalian City, Liaoning Province. This project was designed by first-tier international designing firms SOM, Palmer&Turne and WSP and provides integrated office buildings, residential and other supporting facilities. Dalian Tiandi is positioned as an international business park focusing on software industry to provide office buildings for enterprises engaging in ITO and BPO industries. Dalian Tiandi is comprised of HNC Green Intelligence Community and HKB International Metropolis Social Center. The total planned GFA of Dalian Tiandi is 3.54 million sq.m., and as of March 31, 2014, land reserves of approximately 3.20 million sq.m. were acquired for Dalian Tiandi. The remaining planned GFA of approximately 0.34 million sq.m. is expected to be acquired through public bidding in due course.

Dalian Tiandi commenced construction in the second quarter of 2009. As of March 31, 2014, the completed GFA of Dalian Tiandi was 548,299 sq.m., including approximately 206,379 sq.m. for offices, approximately 36,661 sq.m. for engineer apartments, approximately 136,517 sq.m. for residential properties, approximately 41,100 sq.m. for retail and hotel and approximately 127,642 sq.m. for car parks and other facilities. As of March 31, 2014, the GFA under development is approximately 515,329 sq.m. and the project also has a land reserve of approximately 2,134,735 sq.m. for future development.

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As of March 31, 2014, the majority of the leased office GFA of Dalian Tiandi was leased to companies in industries of ITO and BPO, and approximately 58.6% of the leased office GFA was leased to Fortune Global 500 enterprises and 41.4% to other foreign companies and domestic companies.

Set forth below are descriptions of multi-functional, integrated residential community projects within Dalian Tiandi, including Greenville (悦翠臺), Bayville (悦麗海灣) and Greenview Heights (悦龍居).

### **Greenville (悦翠臺)**

Greenville (悦翠臺) is located within Dalian Tiandi HNC Green Intelligence Community, this project occupies a total site area of approximately 139,973 sq.m. with a total GFA completed of approximately 214,445 sq.m. and a saleable/leasable GFA of 174,901 sq.m. which comprises townhouses, high-rise apartments, low-rise garden apartments, retail spaces and car parks. The last phase of this project was completed in the second quarter of 2013.

The project was developed by Dalian Software Park Zhongxing, an associated company in which we own a 30% interest. Dalian Software Park Zhongxing had fully paid the land premium in the amount of RMB198.9 million.

	Total GFA saleable/ leasable	GFA sold and delivered
	(sq.m.)	
Residential .....	136,517	112,498
Retail .....	92	—
Car parks .....	38,292	—
Total .....	174,901	112,498

### **Bayville (悦麗海灣)**



Bayville (悦麗海灣) is a residential property of Dalian Tiandi HKB International Metropolis Social Center. This project occupies a total site area of approximately of 31,600 sq.m. with a GFA of approximately 135,487 sq.m. and a saleable/leasable GFA of 119,940 sq.m., which comprises

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multiple-storey apartments and high-rise apartments. The construction of this project was commenced in the second quarter of 2011 and is expected to be completed in the second quarter of 2014. As of March 31, 2014, we had pre-sold a GFA of 51,412 sq.m. of residential units in this project.

The project is developed by Dalian Software Park Rongda, an associated company in which we own a 30% interest. Dalian Software Park Rongda had fully paid the land premium in the amount of RMB217.8 million.

	Total GFA saleable/ leasable	GFA Pre-sold
	(sq.m.)	
Residential .....	91,317	51,412
Car parks .....	28,623	—
Total .....	119,940	51,412

### **Greenview Heights (悦龍居)**

Greenview Heights (悦龍居) occupies a total site area of approximately 58,026 sq.m. with a GFA of approximately 176,719 sq.m. and a saleable/leasable GFA of 174,313 sq.m. which comprises high-rise apartments and retail spaces. The construction of this project commenced in the second quarter of 2013 and is expected to be completed in the fourth quarter of 2015. As of March 31, 2014, we had not yet pre-sold any residential units in this project.

The project was developed by Dalian Software Park Zhongxing, an associated company in which we own a 30% interest. Dalian Software Park Zhongxing have fully paid the land premium in the amount of RMB148.5 million.

	Total GFA saleable/ leasable
	(sq.m.)
Residential .....	135,861
Retail .....	453
Car parks .....	37,999
Total .....	174,313

### **Other Development Plan**

We are in the process of establishing a joint venture with an entity under Shanghai SASAC with the plan to develop Shanghai Lingang Innovation Business Park pursuant to a strategic cooperation agreement signed in November 2013. This strategic cooperation agreement sets forth the mutual goal to develop a first-tier technology and innovation-based business park focusing on high value-added industries such as ITO, R&D and financial and trade industries. The strategic cooperation agreement also provides general development conditions relating to the site, including project type, site area and ancillary facilities. We are required to obtain the land use rights with respect to a particular land parcel under the strategic cooperation agreement through a public tender, auction and listings-for-sale, and there is no assurance that any such land use right will be granted.

We plan to establish a joint venture with an entity under the Administrative Committee of Suzhou High-speed Rail New Town with the plan to develop Suzhou High-speed Rail New Town Technology Park pursuant to a strategic cooperation agreement signed in January 2014. This strategic cooperation agreement sets forth the mutual goal to develop a first-tier technology and innovation-based business park focusing on high value-added industries such as ITO, R&D, culture and creative industries and financial and trade industries. The strategic cooperation agreement also provides general development conditions relating to the site, including project type, site area and ancillary facilities. The joint venture is expected to sell a part of the properties back to the government once the construction of the technology park is completed.

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The Shanghai Lingang Innovation Business Park project and the Suzhou High-speed Rail New Town Technology Park project are still in the planning stage. The strategic cooperation agreements related to these projects are legally valid and binding upon parties, but the signing of the strategic cooperation agreements does not guarantee that we will obtain the land use rights for the business park projects covered by these agreements.

### **Business Park Projects Managed By Us**

In addition to the above mentioned business park projects that are wholly or jointly owned by us, we also provide operation and management services to two business park projects, namely Suzhou Hi-tech Software Park and the Wuhan First City Phase I project, and receive management fees for our services.

Suzhou Hi-tech Software Park is located at the core part of Suzhou Tech Center, Suzhou City, Jiangsu Province, and is designed to focus on the geography information, service outsourcing, financial and safeguard software, cloud computation, mobile internet and e-commerce industries. This project is comprised of office buildings for different functions such as software development, application transformation and procedure services, and other ancillary facilities as conference, reception, exhibition and landscape square. Suzhou Hi-tech Software Park was awarded “Excellent Business Park for Information Service Outsourcing of China” in June 2008 and “Top 10 Service Outsourcing Business Park of China” in May 2009.

The total GFA of Suzhou Hi-tech Software Park under our management is approximately 142,218 sq.m. Phase I of this project was put into use in 2008, and as of March 31, 2014, the office buildings of a leasable GFA of 76,454 sq.m. were leased out, accounting for 54% of the total GFA of Suzhou Hi-tech Software Park under our management. In 2011, 2012 and 2013, the management fees we received from the provision of business park operation management services amounted to RMB4.5 million, RMB4.6 million and RMB4.7 million, respectively.

Wuhan First City Phase I is located in the Wuhan Donghu New Technology Development Zone in Hubei Province. This project is comprised of office buildings, car parks and other public ancillary facilities. Wuhan First City Phase I occupies an aggregate site area of approximately 235,836 sq.m. and an aggregate GFA of 168,100 sq.m. In 2012 and 2013, management fee received during the construction period attributable to the Wuhan First City Phase I amounted to RMB6.8 million and RMB47.6 million, respectively, which have been included in the share of profits of joint ventures. Starting from January 2013, we have been providing business park operation and management service to Wuhan First City Phase I.

### **Completed Business Park Projects Prior to the Track Record Period**

Prior to the Track Record Period, we had completed the development of two business park projects through BOT arrangements and had transferred these two projects to local governments. These two projects are Tianjin Binhai Service Outsourcing Industry Park and Wuhan Optical Valley Software Park. Going forward, we do not intend to engage in similar BOT arrangements.

Tianjin Binhai Service Outsourcing Industry Park is located at Tianjin Economy and Technology Development Area and was jointly developed by Dalian Software Park Co., which held 70% interest in the project and is wholly owned by us, and Tianjing Economy and Technology Development Zone which held the remaining 30% interest in the project, since 2007. We and Tianjin Economy and Technology Development Zone reached an understanding to develop the project through a BOT model where we and Tianjin Economy and Technology Development Zone established a project company to develop, operate and manage the project and we would transfer all of our interest in the project company to Tianjin Economy and Technology Development Zone, with the sale price to be negotiated based on market price at the time of sale. Pursuant to such understanding, we sold all of our interest in the project company to Tianjin Economy and Technology Development Zone in 2011 after the project was completed. This project is comprised of five office buildings with the site area of approximately 90,330 sq.m. and was put into operation in July 2009. The total completed GFA of this project amounted to 87,287 sq.m., of which the leasable GFA amounted to 87,287 sq.m.

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Wuhan Optical Valley Software Park is located at Donghu New Technology Development Area in Wuhan, Hubei and was developed by Wuhan Software Industry Base Company Limited, in which we held a 50% interest at the time of the development, while the entity designated by Wuhan East Lake High-Tech Development Zone held the remaining 50%. We and Wuhan East Lake High-Tech Development Zone reached an understanding to develop the project through a BOT model where we and the entity designated by Wuhan East Lake High-Tech Development Zone established a project company to develop, operate and manage the project and the project company would sell all properties developed under the project to the entity designated by Wuhan East Lake High-Tech Development Zone after the project is completed and in operation, with a sale price stipulated in the agreement, and thereafter we would transfer all of our interest in the project company to the entity designated by Wuhan East Lake High-Tech Development Zone, with the sale price to be negotiated based on market price at the time of sale. Pursuant to such understanding, we sold all of our interest in the project company to the entity designated by Wuhan East Lake High-Tech Development Zone in 2012. This project is comprised of five office buildings with the site area of approximately 28,677 sq.m. and was put into operation in the first quarter of 2012. The total completed GFA of this project amounted to approximately 100,106 sq.m., of which the leasable GFA amounted to 80,290 sq.m.

We accounted for these two business park projects pursuant to the equity accounting method for joint ventures. We recognized the investment in the project companies initially at cost, and we recognized the profit or loss incurred from these project companies based on our shares in their results of operations. When we transferred all of our interests in these project companies to the government, we recognized profit or loss for the difference between the carrying amount of these project companies and proceeds from disposal.

### **OUR MULTI-FUNCTIONAL, INTEGRATED RESIDENTIAL COMMUNITY PROJECTS**

We develop multi-functional, integrated residential community projects, including a variety of residential projects, such as high-rise and multi-storey apartments, low-rise garden apartments and townhouses, commercial properties, such as retail areas and banking facilities, high-end education resources, such as nursery, elementary and middle schools, sports clubs and facilities, and other ancillary facilities, in the cities of Dalian, Shenyang, Chengdu and Beijing. We also design and develop traffic facilities to ensure the safety in surrounding areas. Leveraging the experience of our construction work, dedicated interior and garden design subsidiary and our landscaping subsidiary, we have been able to develop a high-quality living environment in our residential property projects. Our professional property management expertise also enhances the loyalty of our customers and strengthens our brand recognition.

#### **Multi-functional, Integrated Residential Community Projects in Dalian**

We have had eight residential property projects in Dalian, including Lost-in-Beauty (唯美品格), Just (杰特), Fifth County (第五郡), Button Wood (梧桐路), First County (第一郡), Triumph Hill (天琴山), Gorky Road (高爾基路) and Qingyun Sky (青雲天下).

##### ***Lost-in-Beauty (唯美品格)***





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Lost-in-Beauty (唯美品格) is located in the Ganjingzi District of Dalian and close to Dongbei Highway. This project occupies a total site area of approximately 127,622 sq.m. with a total GFA completed of approximately 194,834 sq.m. This project comprises low-rise garden apartments and high-rise apartments. This project was awarded “Top 10 Dalian Property” in 2007 and the “Guangsha Prize” in 2010. The construction of this project commenced in the first quarter of 2007 and was completed in the fourth quarter of 2010. As of March 31, 2014, we had sold out all residential units, retail spaces and car parks.

This project is developed by Dalian Yida Property, which is wholly owned by us. We have fully paid the total land premium of approximately RMB300.9 million. As of December 31, 2013, we had incurred the total development costs of approximately RMB1,077.4 million.

### ***Just (杰特)***



Just (杰特) is located in the Xinghai Bay area of Shahekou District, which is considered as one of the prime locations in Dalian, and close to the city arterial road, Zhongshan Road, and the financial center, Xinghai Square. This project occupies a total site area of approximately 8,411 sq.m. with a total completed GFA of approximately 64,783 sq.m. a saleable GFA of approximately 61,707 sq.m. It

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comprises three high-rise apartments, car parks and retails. This project was completed in the fourth quarter of 2012. As of March 31, 2014, we had sold all residential units, retails and car parks.

This project was developed by Dalian Yida Development, which is wholly owned by us. We have paid the total land premium of approximately RMB136.2 million in full. As of December 31, 2013, we had incurred the total development costs of approximately RMB709.0 million.

### ***Fifth County (第五郡)***



Fifth County (第五郡) is located close to the Ganjingzi District Government of Dalian with convenient transportation. This project occupies a total site area of approximately 453,732 sq.m., a total GFA of approximately 774,205 sq.m. and a total saleable/leasable GFA of approximately 734,644 sq.m. This project included townhouses, multi-storey apartments, high-rise apartments, car parks and retail areas. To create an ideal and convenient living environment for the residents of this project, we introduced street-side commercial facilities and education resources including daycare centers, primary schools and middle schools for this project. This project was awarded the “Golden Award of United Nations Global Habitat” in 2007, the Golden Award of the “National Outstanding Residential Planning Contest” in 2008, and the Outstanding Planning, Construction and Environment Design Award of the “Dalian Guangsha Cup” in 2009.

The project is being developed in six phases, of which Phases I to IV were completed before the fourth quarter of 2013, with a total completed GFA of approximately 586,051 sq.m. and a total saleable/leasable GFA of approximately 548,130 sq.m.

Phase V is currently under development, with an estimated GFA of approximately 163,635 sq.m. and an estimated saleable/leasable GFA of approximately 161,996 sq.m. Phase V comprises residential properties, retails and car parks. The construction of Phase V was commenced in the fourth quarter of 2010 and its residential area with a total GFA of approximately 108,335 sq.m. was completed in the fourth quarter of 2013. The remaining retail area of Phase V is expected to be completed in the fourth quarter of 2014.

Phase VI occupies a site area of approximately 36,663 sq.m. and is currently held for future development, with a total permitted GFA of approximately 18,332 sq.m. It will be used for the construction of medical ancillary facilities.

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This project was developed by Dalian Yida Meijia, which is wholly owned by us. We have fully paid the total land premium. As of December 31, 2013, we had incurred development costs for the project of RMB4,553.7 million. We expect to incur additional development costs of approximately RMB299.3 million prior to the completion of the project.

	Total GFA saleable/ leasable	GFA sold and delivered (sq.m.)	GFA pre-sold
<b>Phase I</b>			
Residential .....	114,789	114,789	—
Retail .....	14,650	8,055	—
Car parks .....	13,850	9,831	—
Total .....	<u>143,289</u>	<u>132,674</u>	<u>—</u>
<b>Phase II</b>			
Residential .....	62,748	62,748	—
Car parks .....	18,583	8,041	—
Total .....	<u>81,331</u>	<u>70,789</u>	<u>—</u>
<b>Phase III</b>			
Residential .....	84,403	77,401	—
Car parks .....	16,517	11,646	—
Total .....	<u>100,920</u>	<u>89,047</u>	<u>—</u>
<b>Phase IV</b>			
Residential .....	149,013	143,493	—
Retail .....	18,597	6,112	—
Car parks .....	54,981	28,715	—
Total .....	<u>222,591</u>	<u>178,320</u>	<u>—</u>
<b>Phase V (Residential Area)</b>			
Residential .....	74,889	4,120	—
Retail .....	645	—	—
Car parks .....	31,862	—	—
Total .....	<u>107,396</u>	<u>4,120</u>	<u>—</u>
<b>Phase V (Retail Area)</b>			
Apartment .....	13,100	—	12,041
Retail .....	25,000	—	6,474
Car parks .....	16,500	—	—
Total .....	<u>54,600</u>	<u>—</u>	<u>18,515</u>
<b>Phase VI</b>			
Medical ancillary facility .....	18,332	—	—
Total .....	<u>18,332</u>	<u>—</u>	<u>—</u>

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### *Button Wood (梧桐路)*



Button Wood (梧桐路) is a residential property located in the Ganjingzi District of Dalian. This project occupies a total site area of approximately 7,149 sq.m. with a total GFA of approximately of 34,418 sq.m. and a total saleable GFA of approximately 27,775 sq.m. It comprises four high-rise apartments, retail spaces and car parks. This project was completed in the third quarter of 2011. As of March 31, 2014, we had sold all residential units, retail spaces and car parks.

This project was developed by Dalian Shengyuan Real Estate Development Co., Ltd., which was wholly owned by us and was disposed during the Reorganization. We have paid the total land premium of approximately RMB55.5 million in full. As of December 31, 2013, we had incurred the total development costs of approximately RMB209.8 million.

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### *First County (第一郡)*



First County (第一郡) is located close to the government of Lvshunkou District of Dalian. This project is positioned as a low-density garden community and surrounded by plants and flowers, and also provides convenience to the owners of our properties with gym facilities, playground and other ancillary facilities. This project occupies a total site area of approximately 329,140 sq.m. with an estimated total GFA of approximately 634,969 sq.m. This project comprises of French-style multi-storey apartments, low-rise garden apartments, retail spaces and car parks. This project will be developed in three phases.

Phase I of this project was developed by Dalian Yihong Property, in which we hold an interest of 52.6%. Phase I of this project occupies a total site area of approximately 128,152 sq.m. with an estimated total GFA of approximately 247,627 sq.m., and a total saleable/leasable GFA of approximately 157,267 sq.m. for residential units and 90,306 sq.m. for car parks upon completion. The construction of Phase I was commenced in the fourth quarter of 2011 and is expected to complete in the first quarter of 2015. As of March 31, 2014, we had pre-sold residential units with total GFA of 53,990 sq.m. of Phase I of this project.

As of December 31, 2013, we have paid the total land premium of approximately RMB336.5 million in full. We had incurred development costs of approximately RMB820.4 million and expect to incur additional development costs of approximately RMB534.2 million prior to the completion of Phase I of this project.

Phase II of this project was developed by Dalian Yize Property, in which we hold a 52.6% interest. Phase II of this project occupies a total site area of approximately 129,868 sq.m. with an estimated total GFA of approximately 216,708 sq.m., including a total saleable/leasable GFA of approximately 129,971 sq.m. for residential units, 5,790 sq.m. for retail spaces, and 80,347 sq.m.

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for car parks upon completion. The construction of Phase II was commenced in the fourth quarter of 2011 and is expected to complete in the first quarter of 2015. As of March 31, 2014, we had pre-sold residential units of 1,488 sq.m. of Phase II of this project.

As of December 31, 2013, we have fully paid the total land premium of approximately RMB310.4 million. We had incurred development costs of approximately RMB645.3 million and expect to incur additional development costs of approximately 439.1 million prior to the completion of Phase II of this project.

Phase III of this project occupies a total site area of approximately 71,120 sq.m. with a total planned/permitted GFA of approximately 170,687 sq.m. This project was developed by Dalian Shenghe Property, which is wholly owned by us. The construction of this project is expected to commence in the third quarter of 2014 and to be completed in the third quarter of 2017.

As of December 31, 2013, we have fully paid the total land premium of approximately RMB249.7 million. We had incurred development costs of approximately RMB262.3 million and expect to incur additional development costs of approximately RMB714.3 million prior to the completion of Phase III of this project.

	<b>Total GFA saleable/ leasable</b>	<b>GFA pre-sold</b>
	(sq.m.)	
<b>Phase I</b>		
Residential .....	157,267	53,990
Retail .....	—	—
Car parks .....	90,306	—
Total .....	<u>247,573</u>	<u>53,990</u>
<b>Phase II</b>		
Residential .....	129,971	1,488
Retail .....	5,790	—
Car parks .....	80,347	—
Total .....	<u>216,108</u>	<u>1,488</u>
<b>Phase III</b>		
Residential .....	113,792	—
Car parks .....	56,896	—
Total .....	<u>170,687</u>	<u>—</u>

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### **Triumph Hill (天琴山)**



Triumph Hill (天琴山) is located in the Xigang District of Dalian and surrounded on three sides by mountains. The project occupies a total site area of approximately 24,621 sq.m. with a total completed GFA of approximately 80,300 sq.m. and a total saleable GFA of approximately 78,600 sq.m. It comprises five high-rise apartments, retails and car parks. We have also built a gym and other recreation facilities for this project. The construction of this project commenced in the fourth quarter of 2011 and is expected to be completed in the second quarter of 2014. As of March 31, 2014, we had pre-sold residential properties of approximately 17,390 sq.m., retail spaces of 39 sq.m. and car parks of 6,501 sq.m. of this project.

This project was developed by Dalian Yida Property, which is wholly owned by us. We have paid the total land premium of approximately RMB328.0 million in full. As of December 31, 2013, we had incurred development costs for the project of approximately RMB750.3 million. We expect to incur additional development costs of approximately RMB6.8 million prior to the completion of the project.

	Total GFA saleable/ leasable	GFA pre-sold
	(sq.m.)	
Residential .....	61,000	17,390
Retail .....	1,850	39
Car parks .....	15,750	6,501
Total .....	<u>78,600</u>	<u>23,931</u>

### **Gorky Road (高爾基路)**

Gorky Road (高爾基路) is located on the south side of the city's arterial road, Zhongshan Road, in the Xigang District of Dalian and close to the Olympic business circle. The project occupies a total site area of approximately 107,501 sq.m. with a total planned GFA of approximately 527,236 sq.m. This project is under a future development plan. The construction of this project is expected to commence in the third quarter of 2015 and to be completed in the third quarter of 2018. This project was developed by Dalian Gaoji Property, which is wholly owned by us.

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### **Qingyun Sky (青雲天下)**

Qingyun Sky (青雲天下) is located in the Zhongshan District of Dalian with convenient transportation. The project occupies a total site area of approximately 176,557 sq.m. with an estimated total GFA of approximately 1,140,000 sq.m. and will comprise high-rise apartments, retails and car parks. We have fully paid the land premium in the amount of approximately RMB2,908.8 million.

Area A of this project occupies a total site area of approximately 80,586 sq.m. with an estimated total GFA of approximately 590,000 sq.m. and comprises of residential and commercial facilities. It will be able to provide, upon completion, residential units with a total saleable/leasable GFA of approximately 298,500 sq.m., retail spaces of approximately 97,480 sq.m. and car parks of approximately 165,820 sq.m. All of the residential properties and 16,300 sq.m. of commercial properties were built for and will be purchased back by the local government to accommodate the relocated households at fixed prices. This project is developed by Dalian Shengbei Development, which is wholly owned by us. We expect the construction of this project to commence in the second quarter of 2014 and be completed in the fourth quarter of 2016. As of December 31, 2013, we had incurred development costs for Area A of the project of approximately RMB862.8 million, and expect to incur additional development costs of approximately RMB2,239.8 million for the completion of Area A of the project.

Area B of this project occupies a total site area of approximately 95,971 sq.m. with an estimated total GFA of approximately 550,000 sq.m., which comprises residential properties with a total saleable/leasable GFA of approximately 362,900 sq.m., car parks of approximately 180,000 sq.m. and retail spaces of approximately 3,000 sq.m. This project is developed by Dalian Qingyun Sky, in which we hold a 25% interest. Area B is expected to commence construction in the second quarter of 2014 and be completed in the second quarter of 2017. As of December 31, 2013, we had incurred development costs for Area B of the project of approximately RMB2,647.6 million, and expect to incur additional development costs of approximately RMB2,776.6 million before the completion of Area B of the project.

### **Multi-functional, Integrated Residential Community Projects in Shenyang**

We have three residential property projects in Shenyang, which are YIDA Forever (玖墅), Brand-new World (唯美品格) and Mountain Fairyland (唯美十方).



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### *YIDA Forever (玖墅)*



YIDA Forever (玖墅) is located in the scenic area of Qipan Mountain in Shenyang City, Liaoning Province. This project occupies a total site area of approximately 132,379 sq.m. with a total GFA of approximately 85,090 sq.m. and a total saleable GFA of approximately 84,611 sq.m. It comprises 73 townhouses.

We developed this project in three phases:

Phase I of YIDA Forever occupies a site area of 32,237 sq.m. with a total GFA of approximately 21,173 sq.m. It comprises 16 townhouses. The construction of Phase I of YIDA Forever was completed in the first quarter of 2011.

Phase II of YIDA Forever occupies a site area of 63,069 sq.m. with a total estimated saleable GFA of approximately 43,290 sq.m. It comprises 34 townhouses. The construction of Phase II was commenced in the fourth quarter of 2010. 17 townhouses (part 1) of Phase II were completed in the fourth quarter of 2012, while the remaining 17 townhouses (part 2) are expected to be completed in the first quarter of 2015.

Phase III of YIDA Forever occupies a site area of 37,073 sq.m. with a total estimated saleable GFA of approximately 20,201 sq.m. It comprises of 23 townhouses. The construction of Phase III was commenced in the fourth quarter of 2011 and is expected to be completed in the first quarter of 2015.

This project was developed by Liaoning Jiaye, which is wholly owned by us. We have paid the total land premium of RMB93.3 million in full.

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As of December 31, 2013, we had incurred development costs for the three phases in the amount of RMB511.6 million. We expect to incur additional development costs of approximately RMB209.5 million prior to the completion of the three phases of this project.

	Total GFA saleable/ leasable	GFA sold and delivered (sq.m.)	GFA pre-sold
Phase I .....	21,120	14,604	—
Phase II (part 1) .....	22,511	4,126	—
Phase II (part 2) .....	20,779	—	—
Phase III .....	20,201	—	—
Total .....	<u>84,611</u>	<u>18,730</u>	<u>—</u>

### **Brand-new World (唯美品格)**



Brand-new World (唯美品格) is located in the High-tech Industry Park in the Hunnan New Area of Shenyang, where the population density is the lowest within the Hunnan New Area and the academic atmosphere is strong. It is located to the Northeast Yucai School and south to the Dongda Software Park. This project occupies a total site area of approximately 113,288 sq.m.

The total GFA of Phase I of this project is approximately 92,238 sq.m. and had been sold out before 2010. The total GFA of Phase II of the project is approximately 111,703 sq.m. with a saleable/leasable GFA of approximately 98,310 sq.m. The project was completed in the third quarter of 2011.

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This project was developed by Shenyang Yida Real Estate Limited, which was wholly owned by us and was disposed during our Reorganization. We have fully paid the total land premium of RMB13.8 million. We have incurred the total development costs of approximately RMB422.4 million for Phase II of this project.

### ***Mountain Fairyland (唯美十方)***



The Mountain Fairyland project is located in the scenic area of Qipan Mountain in Shenyang City. The project, with a total site area of 174,692 sq.m., is surrounded by a pristine natural environment, as well as Shengjing Golf Club and Dongling Park, a World Cultural Heritage site, to its south and the Expo Garden to its east.

The total GFA of Phase I of this project amounted to 43,200 sq.m. and have been sold out before 2010. The total GFA of Phase II of Mountain Fairyland is approximately 26,907 sq.m. and a total saleable GFA of approximately 22,407 sq.m. It comprises of residential properties, retail spaces, and car parks. Phase II was commenced in the second quarter of 2007 and completed in the third quarter of 2011.

This project was developed by Shenyang Dadi Property Company Limited which was wholly owned by us and was disposed during our Reorganization. We have fully paid the total land premium of RMB16.7 million and. As of December 31, 2013, we had incurred the total development costs of approximately RMB200.8 million for Phase II of this project.

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### Multi-functional, Integrated Residential Community Projects in Chengdu

We have two residential property projects, namely Supreme Mansion (上善栖) and Supreme City (上善熙) and one commercial property, Starbridge (星橋) in Chengdu.

#### **Supreme Mansion (上善栖)**



Supreme Mansion (上善栖) is located at the foot of Qingcheng Mountain in the City of Dujiangyan of Sichuan Province. This project is positioned as the high-end resort property and was awarded the “Best Residential Property” in 2008 by the government of Dujiangyan. The project occupies a total site area of approximately 151,562 sq.m. with a total completed GFA of approximately 76,913 sq.m. and a saleable/leasable GFA of approximately 76,739 sq.m., which comprises of 54 low rise townhouse blocks and retail spaces. The construction of this project was commenced in the fourth quarter of 2006 and completed in the fourth quarter of 2011.

We have paid the total land premium of RMB34.3 million in full. This project is developed by Sichuan Yixing Real Estate, which is wholly owned by us. The total development costs we have incurred for this project amounted to RMB543.9 million.

	<b>Total GFA saleable/ leasable (sq.m.)</b>	<b>GFA sold and delivered</b>
Residential .....	72,481	63,174
Retails .....	4,258	—
Total .....	<u>76,739</u>	<u>63,174</u>

#### **Supreme City (上善熙)**

Supreme City (上善熙) is a residential and commercial property project located in Dujiangyan City, Sichuan Province. The project occupies a total site area of approximately 40,293 sq.m. with a total

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planned GFA of approximately 119,783 sq.m. and a total saleable/leasable GFA of approximately 106,677 sq.m. The construction of this project was commenced in the first quarter of 2014 and is expected to be completed in the first quarter of 2016. As of March 31, 2014, we had not yet pre-sold any residential units in this project.

This project is developed by Sichuan Yixing Real Estate, which is wholly owned by us. We have fully paid the total land premium of approximately RMB96.7 million. As of December 31, 2013, we had incurred development costs for the project of approximately RMB138.0 million. We expect to incur additional development costs of approximately RMB541.4 million prior to the completion of the project.

### **Starbridge (星橋)**

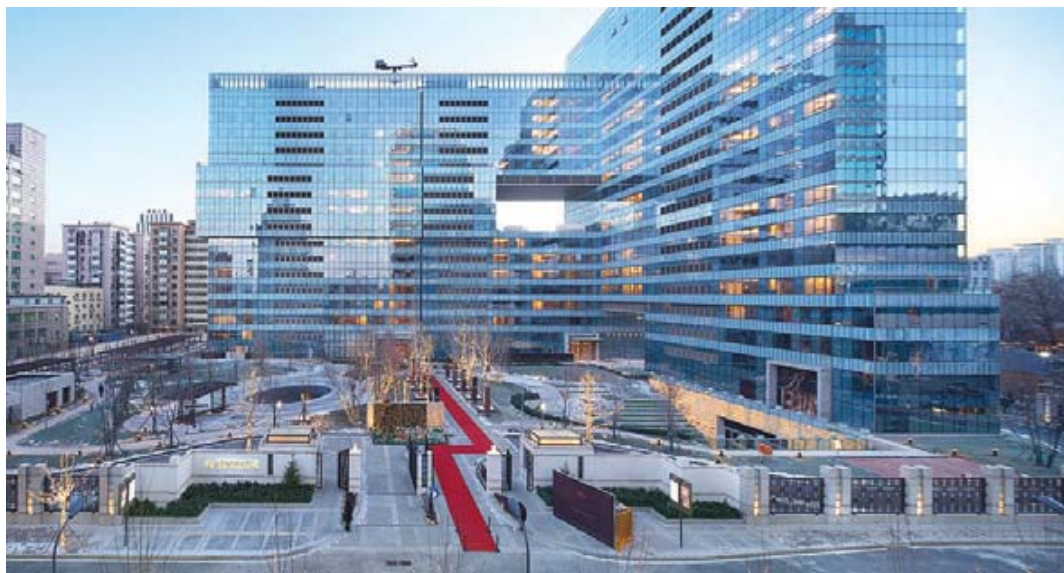
We will develop a commercial property project, Starbridge (星橋), for lease, in Jinjiang District of Chengdu. This project comprises of office buildings, retail spaces and related ancillary facilities. This project occupies a total site area of approximately 623 sq.m. with a total permitted GFA of approximately 3,737 sq.m. The project is currently planned for future development.

This project is developed by Cultural Xintiandi in which we hold an interest of 80%. We have paid the total land premium of approximately RMB20.0 million. As of December 31, 2013, we had incurred the total development costs for the project of approximately RMB41.8 million.

### **Multi-functional, Integrated Residential Community Projects in Beijing**

We have one residential property project in Beijing, namely The Centrium (北京君匯).

### **Centrium (北京君匯)**



Centrium (北京君匯) is located at Gongti North Road, Chaoyang District of Beijing. The project occupies a total site area of approximately 14,123 sq.m. with a total GFA of approximately 57,576 sq.m. and a saleable GFA of approximately 47,387 sq.m., which comprises four high-rise apartments, retail spaces and car parks. The construction of this project was completed in the fourth quarter of 2012. As of March 31, 2014, we still held unsold residential units with a saleable total GFA of approximately 6,023 sq.m. and car parks of approximately 2,811 sq.m.

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This project was developed by Beijing Qixia, in which we hold a 35% interest. We have paid the total land premium of approximately RMB327.0 million in full. As of December 31, 2013, we had incurred total development costs for the project of approximately RMB1,317.9 million.

	Total GFA saleable/ leasable	GFA sold and delivered
	(sq.m.)	
Residential .....	41,722	35,700
Car parks .....	5,665	2,854
Total .....	47,387	38,554

### OUR DEVELOPMENT PROCESS

The diagram below summarizes the major stages involved in developing a project:



We have established various departments at the headquarters level to oversee and control the major steps of all of our project developments. We have also formed individual project companies to execute the headquarters' instructions and manage the day-to-day development and operational activities of individual projects. All key decisions regarding a project, including project assessment and feasibility study, land acquisition and project planning and design, are primarily made at our headquarters with the assistance of the project companies. We assign a core team with extensive experience to form a new project company to ensure project developments are executed properly and in accordance with our business model. In addition, we also emphasize the localization of our team through recruiting skilled managers and employees with relevant experiences from other local leading companies to join our local management team.

Based on our extensive experience, we have established a comprehensive set of standardized project development procedures from the assessment stage to operation stage. Our management conveys our strategies and goals to our various departments and project companies. Our management oversees the operation of our various departments as well as project companies to ensure that they operate efficiently. We also leverage our bargaining power by centralizing negotiations with suppliers and contractors and efficiently share the resources and expertise among various projects in areas such as design, construction and operation.

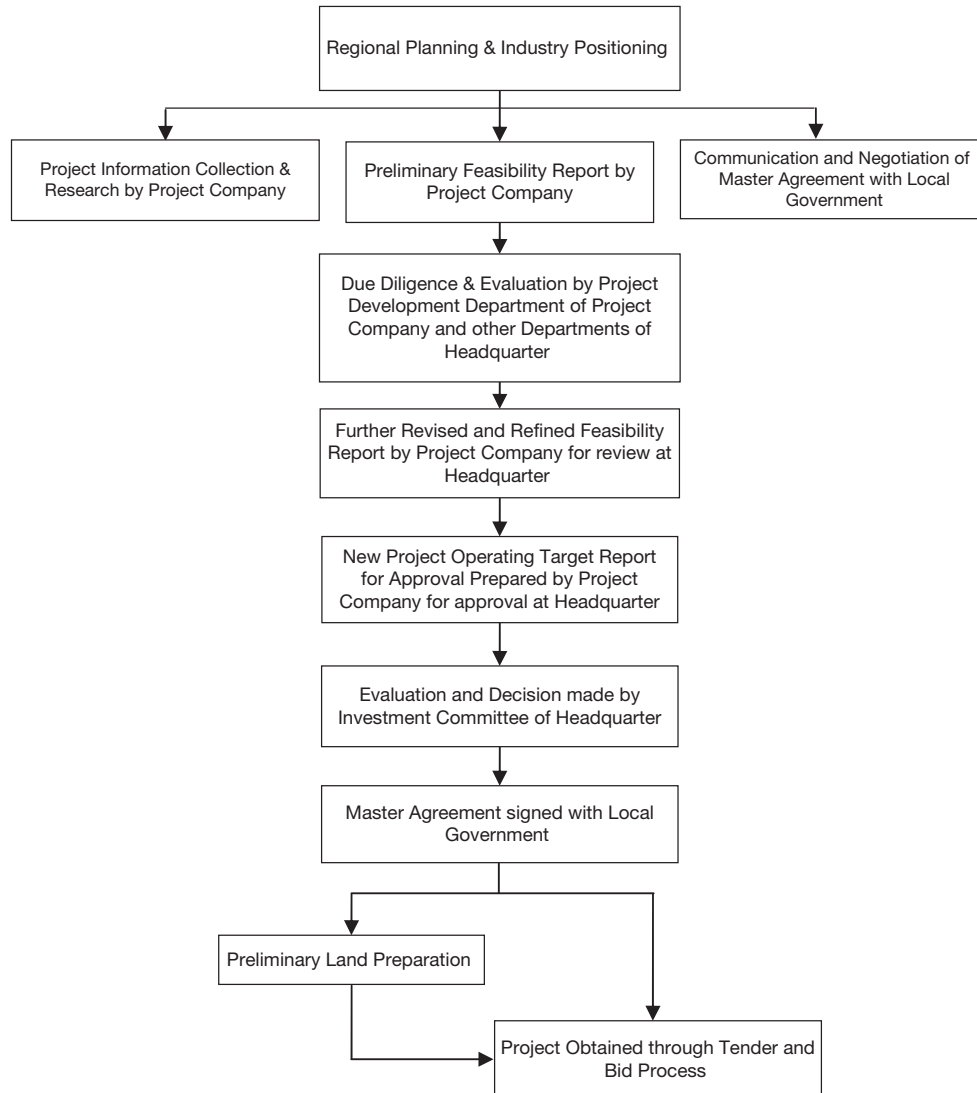
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### Project Assessment and Feasibility Study

The diagram below illustrates the procedures we carry out when we assess and conduct feasibility studies for potential business park opportunities:

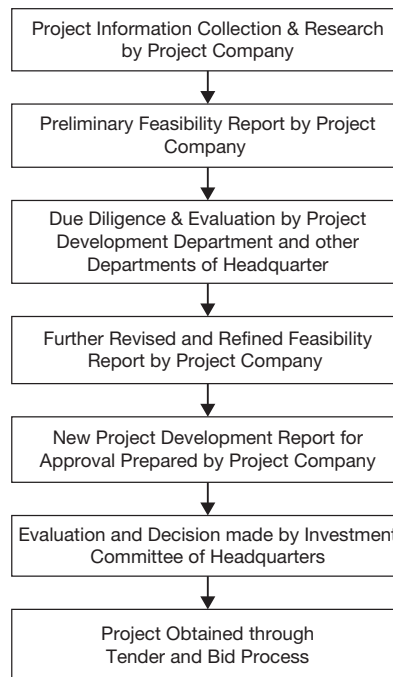


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Set forth below illustrates the procedures we carry out during the assessment and feasibility study stage for multi-functional, integrated residential community projects:



When screening for target cities among 1st and 2nd-tier cities, we consider the following major indicators:

Economic prospect indicators, including:

- macro-economic indicators, GDP growth rate, the positioning in the economic circle it belongs to, and government fiscal revenue;
- city capacity, level of urbanization, the number and the growth rate of permanent and floating population; and
- purchasing power and consumption patterns, total amount of retail sales of consumer goods, average disposable income per capita, and average salary per employee.

Industrial development potential indicators, including:

- industry overview, structure of urban industries, distribution of leading industries, functional positioning and the operation conditions of major industrial zones;
- maturity of the property market, ASP and rent, average occupancy rate, leased area for office building per annum, supply to demand ratio;
- convergence effect, the customers from Fortune Global 500 companies and top 100 leaders in every industry; and
- educational resources, renowned colleges and the number of well-educated talents.



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Real estate market indicators, including:

- level of development, real estate market at growing stage;
- operation environment, real estate investment amount per capita, house price to income ratio, land supply and turnover, planning for future land supply and resources distribution, residential property turnover and selling price, land price to housing price ratio; and
- development trend, the growth rate for real estate investment, land price growth rate, growth rate for the selling price of residential property and GFA.

Local resources indicators, including:

- government credibility and work efficiency;
- local financing environment including liquidity, banks preference and cost of financing;
- real estate control measures implemented by the national and local governments;
- financing resources for the business partners of every industry; and
- market penetration rate of leading enterprises and the proportion of land acquired by non-local real estate companies.

We select candidate cities that rate favorably among these indicators and incorporate them into our development strategies. After we have identified a city in which we would like to develop our projects, we use the following criteria in assessing different potential project sites within that city. These sites are generally within sufficient proximity to a city center to have access to ample local manufacturing, commercial and logistics support, and at the same time, they can be obtained at a reasonable cost. The criteria include:

- whether the site is, in terms of area and condition, suitable for the development of large-scale, integrated business park, including but not limited to sites in suburban area or where urban area will extend to in the next three years;
- whether the site lies within the scope of the city's urban planning and is in line with the city's overall development plans;
- whether the site can be conveniently accessed through the local transport services;
- whether the site is equipped with sufficient supporting facilities, including but not limited to sufficient municipal infrastructure and facilities for business, education and administration;
- whether a new project on the site will help bolster the economic, cultural and social development of the city and region to a higher level;
- whether the site is in line with the positioning of the industrial functions of the city; and
- the projected overall costs and schedule of a proposed project on the site.

We conduct a comprehensive feasibility study on the potential project by evaluating major indicators, such as:

- site indicators, including site location and conditions, public facilities and infrastructure and regional development plan and positioning;

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- land reserve indicators, including site area, plot ratio and planned GFA;
- market capacity indicators, including land supply and demand for residential properties and turnover, market price, rent and occupancy rate, population traffic and regional influence;
- project positioning indicators, including market positioning, product positioning, preference of target customers;
- overall operation indicators, including development cycle, composition of potential products;
- financial indicators, including shareholders' investment, source of financing, net indebtedness rate, net profit and net rental income profit margin; and
- other considerations relating to product offering, competition, environment and legal risk assessment.

### Land Acquisition

Under current PRC laws and regulations, land use rights for the purpose of commercial use, entertainment and commodity residential properties in China must be granted by the government only through public tenders, auctions or listing-for-sale. When deciding the grantee of land use rights, the government will consider not only the tender price, but also the credit history and qualifications of the tenderer and its development proposal. For more information on the regulatory approvals required for the acquisition of land use rights to our developments projects, see "Regulatory Overview – Land for Property Development." The government authority generally establishes and announces the conditions for the public tender, auction or listing-for-sale of the land use rights. Generally, this land acquisition process takes between three to six months to complete.

Set forth below illustrates the major procedures we carry out during the land acquisition stage:

- we will establish a land acquisition plan under the guidance of our relevant business departments such as the strategic planning department, the development department and the capital department as well as external experts;
- we will submit relevant bidding documents and communicate through our project companies with the local government concerning the land acquisition through public tender, auction and listing-for-sale processes;
- in terms of bidding and financing, our project companies which are primarily responsible for preparing the bid will coordinate with our headquarter for funding arrangements;
- if our bid is chosen, we will sign a land grant contract, which sets forth key terms and conditions of the grant of land use rights;
- if we acquire the land through primary land development or other forms of cooperation with the local government, our headquarters' relevant business departments such as strategic planning department, development department, legal department will work with our project company to prepare the relevant documentation, including cooperating agreements; and
- after signing the cooperating agreement, we will participate in the public tender, auction and listing-for-sale process to acquire the land.

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### Project Planning and Design

We consider strong research and development capabilities to be crucial to differentiate our products from those of our competitors and to satisfy the ever-evolving needs and expectations of our customers. Our research and development efforts focus on designing new project series and themes, standardizing designs and modular components. Our marketing department and planning design department work closely together to enhance our design capabilities.

After thorough project assessment and feasibility study, we will sign a framework agreement with the government. We will conduct thorough communications with the local government to achieve a better understanding of the government's regional development expectations and directions. In the planning and design of the business park, we will choose an internationally renowned design and planning team and work with the government to commence regulatory planning and conduct comprehensive planning over the site and finally obtain the approval for regulatory approval. For example, Dalian Software Park, Dalian BEST City, Wuhan First City, were designed by international institutions we commissioned after we have signed framework agreements with local governments and they received all required approvals from the government.

After planning is complete and the suitable site is acquired, our design department will cooperate with international leading design institutions to formulate a conceptual plan for our development project before we enter into a master investment agreement with local regulatory authorities. This plan typically sets forth the conceptual layout of the project, including the location, size estimates and major functional areas and key constituent buildings. After the conceptual plan is confirmed, we will decide on the location and proportion among business park office buildings, residential properties and supporting facilities, taking into account local market demand and yield estimates.

Once we establish the conceptual plan and enter into the master investment agreement with the regulatory authorities regarding a new development project, our design team starts to formulate a master design plan which sets out detailed information regarding the development project contemplated by the master investment agreement. Our design department works closely with the external design firms to formulate the master design plan, which must be approved by the local authorities in charge of city planning.

As we proceed with the land acquisition process, our design department, with the support of external design firms, starts to formulate the detailed design in respect of the particular portion of the development project to be covered by the parcel of lands we acquired. This detailed design sets out key architectural, landscape and external design elements of the project in accordance with the approved master design plan. Once the detailed design is further approved by the local regulatory authorities and we have obtained a construction work planning permit, our construction management department, with the support of the design department, will proceed to engage construction companies.

We adhere to the development principles that sustainable natural environment should be preserved while satisfying the needs of customers, attracting customers, creating value for enterprises and making contributions to the city and society, and the following factors will be taken into account: the positioning and functions of our business park projects and potential needs of our prospective customers with a view of satisfying the needs of customers and attracting customers; the urban planning requirements and considerations of the local government authorities, creating value for enterprises and making contributions to the city and society; economic and social environment with special attention to the composition of industry cultural customs and habits in the neighborhood and environment surrounding the site and the analysis of the positive and negative impacts on the planned business park projects; the characteristics of a site, including its location, site area, geographic nature, traffic condition, existing business, education and other public facilities; existing geological and hydrological conditions and other municipal network for the power and water supplies; the advice provided by our professional advisors, including architects, planning experts and sales and

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marketing personnel; information we receive from the strategic planning department and sales department; changes in government policies; the costs of different project designs and the estimated construction costs of the project; and energy-saving and environmental-friendly measures, their sustainability and the long-term sustainable development of the business park.

While planning and designing residential projects, our goal is to contribute to the city, improve living standard and promote environmental protection so our customers can live comfortably in a property developed by us, and the following factors will be taken into account: city and regional location of the project site; urban planning requirements and considerations of the local government authorities; characteristics of the site, including its location, site area, geographic nature; neighborhood and environment surrounding the site and the analysis of the positive and negative impact on the planned residential projects; competitive products in the region and the average unit price and the total price of the product in the region; needs of most of the customers; how to satisfy the needs of the customers through a refined product design, enhancing the added value of the product and fulfilling the target cost requirement; and through the above analysis, to conduct design positioning on planning, landscape, building exterior, unit map, interior decoration, construction standard and ancillary facilities.

The conceptual plans and designs need to go through multiple rounds of comparison before the most suitable plan is selected, and the selected plan will be undertaken with the approval from the Board. In the ensuing design execution process, we formulate a reasonable design plan after taking into account operational requirements, and set key design stages as benchmarks for the progress of the design work and for evaluation purposes. Through the design system and process, design work can be standardized and managed and thus a reasonable cycle of design work can be assured. Before the completion of each key stage of our design work, construction drawings will be reviewed jointly by our design team and the external design firm to ensure the quality of the design. Before construction commences, we utilize a model to determine the choice of materials, and we guide the construction work, prevent unnecessary changes and spot any potential problems in advance so as to guarantee the effective implementation of the design. After the residential property is delivered to our customers for their use, we will take into account the feedback from market, customers and property management companies to refine our design to enhance the quality of our residential properties. We believe that the foregoing processes are important to improve our brand image.

We generally engage reputable domestic and international design institutes in China or overseas with extensive experience in designing large-scale business park projects to assist our project planning and design process. We strive to establish long-term strategic cooperation with outstanding design teams and through the cooperation with them, we build a database with qualified designing resources suppliers after making reasonable selection. We have established principles and standards for the design and development of both business parks and residential properties. We have also accumulated extensive project experiences. The above function as the guidance in our development work. We will continue to improve ourselves in practice so as to increase development efficiency, reasonably reduce costs and expand enterprise capacity.

### **Project Construction**

We manage our projects through our construction management department and also through the construction management departments of our project companies. The construction management department at our headquarters review the key parameters for our project construction process, set the evaluation criteria and lay out the main responsibilities of the project companies. At the same time, centralized purchase and supply scope, delivery standards, construction standards and quality control specifications will also be set forth at our headquarters. The construction management department at the project company level oversees the day-to-day construction process of their respective projects. The construction management department at our headquarters coordinates with various project companies on an on-going basis through various progress meetings and reporting mechanisms.

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### ***Selection of construction companies***

We have a well-established management system for construction units and material suppliers, the “Qualified Supplier Database,” or “QSD,” utilizing online standardized management and maintenance in QSD. All the supplier units are subject to review of their qualifications such as business license and taxation documentation before being admitted to QSD. After reviewing, our tendering and procurement department, engineer department, technical department, and other related departments will collectively evaluate the units before they are admitted to the database. The evaluation includes the research and study of the quality of the construction work in progress, the working environment and the quality of the completed construction. We will evaluate the research results in various perspectives after the studies. Only the units which meet the requirement are entitled to be admitted to QSD.

All the construction units and suppliers of our construction project are selected through a fair and competitive tender process in which all the intended bidding units must have been previously admitted in QSD, and therefore the tender process will be standardized and the qualification of the bidding units can be ensured. A tendering committee will ultimately decide the bid winner based on the evaluation results of the technical and economic standard. These standards include, for example, the contractors’ construction capacity, the effectiveness of their quality control system, the management of on-site construction, progress control, equipment, human resource and information technology.

At the group level, the tendering committee is composed of an executive director, who also serves as chairman of the committee, a vice president and three general managers in charge of finance, auditing and cost control, respectively, while at the subsidiary level, the tendering committee is composed of the president of the subsidiary company, together with its deputy general managers of cost, design, construction, and finance and some procurement personnels.

After a construction company wins the bid, we will follow up and supervise closely the construction process. After completion of the construction, we will organize departments in relation to engineer, design, cost, property and other related sectors to conduct a follow-up evaluation with the construction company, analyzing its construction progress, quality and cost. Afterwards, the company will be rated. If the construction company does not satisfy our requirements, we will for the time being remove it from QSD. Such company cannot participate in the tender process and bid the project. If the company fulfills the requirements, it will be retained in our QSD. We believe that the process can optimize the quality of the qualified suppliers and contractors, and achieve the high quality of our projects while maintaining our construction costs at a low level.

Meanwhile, we have our own construction company, Dalian Yida Construction, which possess a class 1 property development enterprise’s qualification. Dalian Yida Construction will participate in the tender process for any of our projects. Through the competition, its own business quality and market competitiveness will be improved and we can achieve better bidding results through the competition. In 2011, 2012 and 2013, 92%, 91% and 84% of our construction costs were subcontracting fees paid to third-party contractors, respectively and 8%, 9% and 16% were incurred by Dalian Yida Construction, respectively.

### ***Construction contract terms***

The principal terms of the agreements with our construction contractors include the scope of work, use of materials and supplies, a timetable for construction, fees and other payment terms. In addition, our agreements with construction companies contain warranties for quality and requirements for timely completion of the construction process. Our construction agreements normally require payments based on construction progress until a specified maximum percentage of the total contract price is paid. In general, we do not make any pre-payments; instead, we make payments according to the progress on a monthly basis. We review the construction progress and make payments, generally on a monthly basis, equal to a set percentage of the construction work completed in the previous month. Following governmental inspection and approval of the completion

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of a construction project, an aggregate payment up to 95% of the total contract amount of the completed construction can be paid to the contractor. The remaining payment is withheld as a retention money to cover any compensation or any repairing work required from the contractor as a result of any construction defects or poor quality, and is normally paid, without interest, to the contractor after periods ranging from approximately two to five years from the date of governmental inspection and approval. From time to time, we may also negotiate for more favorable payment terms with our construction contractors. We generally have the contractual rights to terminate the construction contracts, with prior written notice, upon (i) mutual agreement, (ii) assignment or sub-contracting of the construction work without our prior consent, (iii) material breach of the construction contract resulting in impossibility of due performance or (iv) a force majeure event. We purchase insurance to cover risks related to construction work on our construction sites. During the Track Record Period, we have not had any serious disputes with any of the construction companies we have engaged.

We typically include five detailed criteria and procedures in the construction contracts: (i) a standard price list for each work item, (ii) strict account settlement methods, (iii) unified construction management system, (iv) stringent construction completion acceptance standards, and (v) specifications for post completion services to be provided by the construction companies.

### ***Procurement***

We select our suppliers through a fair, just and open tender procedure. We conduct centralized procurement of building materials such as paints, windows and doors and entrance doors, renovation materials such as lights, ceramic chips, cabinets and material equipment such as elevators, air conditioners and electrical meters with leading suppliers annually and we enter into framework agreements with the suppliers. We typically have two to three qualified centralized procurement suppliers for each kind of procurement to lower the risk where a single supplier does not satisfy the procurement requirement. We establish long-term strategic partnerships with well-known material suppliers in the market. We cooperate directly with the suppliers to decrease the intermediate links and payment can be made on time. Material prices can be reduced, thereby lowering costs and increasing profits. For other major construction materials such as equipment's electrical components, electric wires and cables, valves, rebars and concrete, among others, we will designate two to three qualified brands that meets our qualification requirements to ensure product quality and competitive costs. All of our suppliers have been stringently reviewed by us through prior evaluation, market research, site visit of the supplier, our internal analysis of the suppliers which may be admitted to our QSD. Through the cooperation with the suppliers, we conduct scientific assessment with their products in respect of various major aspects including the quality, degree of the appropriateness, follow-up services, among others. The assessment will be the basis of the strategic partnership. Except for the price of steel which are adjusted according to the market price, the fluctuation of prices of other materials and labor costs are borne by the construction companies.

Our construction materials are subject to market fluctuation and volatility. The table below sets out the purchasing price indices for industrial producers for China for the years indicated:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Purchasing price index for industrial producers (Building materials) <sup>(1)(2)</sup> .....	109.5	101.1	103.8	108.4	108.1

*Source: National Bureau of Statistics of China*

*Notes:*

(1) These indices reflect changes in the level and degree of prices paid by construction/development enterprises when they purchase production input such as raw materials from the material exchange market or from other construction raw material producing enterprises for a combined range of construction raw materials. General industry's understanding of building materials would include, amongst other things, cement, steel, bitumen, concrete blocks, glass, steel metal framework, timber framework, paint unplasticized PVC pipes, etc.

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(2) These indices reflect the percentage change in our purchasing price over the previous 12-month period. For example, the figure 108.1 in 2012 indicates an average price increase of 8.1% over the previous 12-month period.

### **Project Monitoring and Quality Control**

#### ***Cost control***

We set target cost for each stage of a project, including at the land acquisition stage, detailed design stage, unit expansion stage, construction documents design stage, and opening and pricing stage. Therefore, we will have five sets of target costs which are controlled on a stage-by-stage basis to ensure that a set version does not exceed the previous set and cost limit is controlled in all stages as to the product classification, product standards, construction standards, implementation standards during the process of design. The feasibility target cost, target control cost and target cost in the land acquisition stage, unit expansion stage, and opening and pricing stage are reviewed by the relevant departments at the headquarters level for their reasonableness with reference to similar projects, and then are ultimately approved by our Board of Directors. During the process of construction, a dynamic cost record is kept and reported to the headquarter on the 25th day of each month. If the actual cost is likely to exceed the target cost, approval from decision-makers having corresponding authority through transparent approval procedures must be obtained. Such approvals can be divided into two kinds: first, if the target cost under one heading in the account book can be set off with that under another heading and the overall cost does not exceed the target cost for the whole project, it is required to obtain the approval of the management of the project company, and to report to the business department of the headquarter. Second, if the overall cost exceeds the original target cost, it requires the approval of our Board and measures will be taken to ensure the profit margin, including increasing the price, raising the rent and/or lowering management fees.

During the execution process, we keep a dynamic track of the cost by adopting the following control measures:

- Develop reasonable agreement plans: all the target costs will be divided according to agreement plans to strictly control the conclusion of agreements during the process;
- Control the proportion of fixed price contracts: the name, proportion of the amount, proportion of the contract price determined through tender of the fixed price contracts shall be stipulated in the agreement plans and be carried out in a strict manner during the process;
- Approvals and confirmations: pre-approvals and subsequent confirmations are required for all design changes; and
- Settlement management: we identify the time for preparing the settlement plans, keep record of the execution results in the monthly dynamic cost report, make comparative analysis among the settlement amount, the target cost and the amount stipulated in the agreement plans so as to establish our database which can be used to review the target cost of new projects in the future.

#### ***Progress control***

To monitor construction progress, we develop a full master plan for each project, taking into account our previous project experience and the characteristics of the specific project, and setting out the scope and timing of each construction milestone. We will review the business performance of project companies based on the completion results in the master plan. In order to coordinate among the different departments, we will establish specific plans for design, development, procurement, construction and marketing based on the master plan to enable better pre-control of the projects and to refine various specialized work assignments. We will also adjust marketing plans and timetable in response to market conditions to achieve sales targets and improve capital efficiency and liquidity. In order to control the process, we have established a three-tier control system at the headquarters level, project company level and project department level. The system will: (i) implement the execution

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of the full master plan and the specific plans through monthly examination; (ii) use construction management software to monitor project progress and to release early warnings of any delays; (iii) conduct pre-control measures to minimize risks associated with the delivery of property through third party examination and (iv) put into place various measures including liability form, and progress evaluation criteria, as well as rewards and penalties to have better control over the preparation, process and results of a project, and to effectively analyze project progress in the monthly operation analysis meetings and annual meeting of the Board and effect overall control of the project progress.

### **Quality control**

Quality control is crucial to the successful development of our business parks and our multi-functional, integrated residential community projects and to the fulfillment of our customers' requirements. We have taken a number of measures to ensure that the quality of our projects complies with the applicable laws and regulations and have optimized our design and functional settings through communications with and feedbacks from our customers, in order to meet advanced domestic and world standards.

Our quality control system includes establishing design standards, quality pre-control, customer sensitivity control, materials and equipment technology standards. For business parks, we combine different project positioning and park locations and provide City series, Park series and Plaza series to create various configuration standards and products. We have formed a series of configuration standards to address to our customer concerns, such as natural lighting, comfortable air circulation, integrated information system and electrical system support. For residential properties, we combine different locations and geographical features and offer different series of products, including Santa (聖) (high-rise apartments in urban districts), County (郡) (low-rise garden apartments) and Bay (灣) (townhouses plus high-rise properties), each of which has formed configuration standards and products and created comfortable and convenient living space and high-level quality of living for the owners through the pedestrian-and-vehicle dividing system, convenient underground parking system and natural garden landscape. We conduct monthly and quarterly examination and centralized special examination and third party evaluation to establish a complete scoring examination and improvement feedback system. In addition, we assess the project quality through delivery check and user feedback to make continuous improvement and promotion. We have created a quality ranking system to encourage constructive competition. We also select suppliers through the QSD. We strive to accumulate experience from our previous projects and improve our quality control system to provide a guideline for new projects and ultimately enhance our project quality.

### **PROPERTY SALES**

Like other property developers, we pre-sell properties prior to their completion. Under PRC laws and regulations, property developers must satisfy specific conditions before they may pre-sell their properties under construction. We start our sales activities after we receive pre-sale permits from the governmental authorities. We generally require prospective purchasers to pay deposits ranging from RMB10,000 to RMB100,000 to secure the property they have selected before signing a sales contract. After we receive the deposit, we sign sales contracts with our customers generally within a period of one to three months (including the reviewing of the qualification of the purchaser). Such deposit is normally credited to the down payment from our customers. Our sales contracts normally set out customary sales terms, such as specific information of the subject property, sales price, payment arrangement, delivery plan and default provisions.

Our customers may choose to pay in lump sum or utilize mortgage loans. If customers pay in lump sum, we normally require the signing of sales contract and settlement of the remaining proceeds upon or within one month after the payment of 30% to 60% deposit. If customers utilize mortgage loans, we normally require them to pay 30% to 60% of the purchase price as down payment upon signing of the sales contract and the remaining amount when the mortgage loans are drawn down. Under our sales contract, the deposit or the down payment, once paid, is non-refundable. Before the property is delivered to our customers, our customers are generally not entitled to terminate the sales



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contract. If our customers decide not to proceed with the property purchase, the full amount of their deposit or down payment is forfeited. Although we may resell our property, we endeavor to complete the property sale with our customers and our sales representatives follow-up with our customers to avoid any cancellation of sales contract. If the buyer is in a material breach of the sales contract, such as failing to pay the remaining amount of the purchase price within the prescribed time, we are also entitled to terminate the sales contract and resell the property.

In line with market practice in China, we assist our customers with obtaining mortgage loans and provide guarantees as security for mortgage loans provided to the customers. We do not conduct independent credit checks on the purchasers but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, we are usually required by the banks to guarantee the customers' obligations to timely repay the mortgage loans on the property. The guarantee periods normally last until the earlier of: (i) registration of mortgage interest to the bank, or (ii) the mortgage loans are settled between the mortgagee banks and our customers. If a purchaser decides not to proceed with the property purchase before delivery of the property such that he/she defaults under the mortgage loan and our guarantee has not expired, we are obligated to repay all debt owed by the purchaser to the mortgagee bank under the loan, after which the mortgagee bank will assign their rights under the loan and the mortgage to us and, after registration of change of mortgagee, we will have full recourse to the property and may resell the property.

We normally deliver property to the customer after the remaining purchase price is fully settled through the mortgage loan. Once our property has been delivered to a customer, we normally have the contractual obligation to provide warranty services that cover necessary repairs related to the workmanship of the property for a period of two to five years. However, if there are serious defects in the main structure of the property, the customer is normally entitled to return the property, request a refund and claim for compensation. During the Track Record Period and as of the Latest Practicable Date, we have not experienced any property return or material warranty claims.

We endeavor to deliver our properties to our customers on a timely basis. We closely monitor the progress of construction of our property projects and conduct pre-delivery property inspections to ensure on-time delivery. Once the construction has met all the requirements of the sales contracts, we deliver the completed properties and help to obtain property ownership certificates which are required under the sales contracts to customers.

During the Track Record Period and as of the Latest Practicable Date, we have not experienced any material late delivery of properties, cancellation of sales contracts, return of properties, customer bankruptcy or other customer default.

### PROPERTY LEASES

As part of our business model and according to our strategic plan, we either retain our business park office properties for investment or sell some of our business park properties to SMEs which plan to commence actual business operations at our business parks rather than to investors who plan to hold our business park properties for investment purposes, so as to encourage the flow of people around our business parks and the development of the area. Our sales team also engages in in-depth discussions with potential purchasers and we verify the background of potential purchasers based on our sales team's interaction with them. In addition, we require prospective purchasers of our business park properties to show their businesses licenses or other proof that shows their willingness to commence active business operations at our business parks.

We have a lease team equipped with professional knowledge and rich experience and we also establish proper lease management policies, including one-on-one customer management, customer resources management, customer services management, thereby to provide one-stop-shop service system for our customers and to create the specialized operation mode for business parks. Our one-on-one customer manager provides advice on local industry policies of the industry of the major customer, and timely collects enterprises' suggestions on industry policies through participating in seminars and questionnaires, gathering and submitting such information timely to relevant

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departments of the government or industry to help customers implement policies with industry characteristics. Customer service management also provides comprehensive and administrative services, and human resources value-added services including talents recruitment, talents training and personnel dispatch, to create value for the enterprises through our services. Therefore, we have built up strong relationships with our business park's customers over time.

We focus on leasing office buildings in the landmark or flagship office buildings to global leading IT companies, such as IBM, GENPACT, Symantec, CISCO, Oracle and Softbank, to raise the profile of our business parks and attract other SME tenants. We consider them our anchor tenants, which is one of the key drivers of the success development of our business parks. In 2011, 2012 and 2013, we derived rental income of RMB219.8 million, RMB264.9 million, and RMB293.1 million, respectively.

Our tenants enter into fixed term lease agreements with us which are generally renewable upon mutual agreement. We have the right to charge the tenants a penalty or hold the tenants' properties as collateral upon the occurrence of certain default events, such as non-payment of rent or breach of covenants by the tenants. When there is absence of material breach, our lease agreements generally do not give tenants the right to terminate their tenancies prior to their scheduled expiration dates. Rental rates are subject to review and renegotiation upon renewal of leases. Lease terms are normally long-term in nature of three to five years. Upon entering into a lease, tenants are required to provide a cash deposit, which is unsecured and does not bear interest. Tenants are required to pay their rents in advance either on a monthly, quarterly, semi-annual or annual basis, or in advance of their lease term, depending on their lease agreements. Under the leases, tenants are normally responsible for payment of utilities in the business park properties and for building management fees, while we are responsible for paying utilities in the public areas. Tenants are also responsible for the costs of repair and maintenance and other expenses related to the interior of the leased properties, while we are generally responsible for maintaining the common areas and the main structures. Tenants are generally not permitted to assign or sublet the leased properties without our prior consent. Our tenants are also required to use the property for the purposes specified in the lease agreements.

### SUPPLIERS AND CUSTOMERS

Our principal suppliers are construction companies that we engage to construct our real estate projects. In 2011, 2012 and 2013, amount paid to our single largest construction contractor accounted for approximately 6.4%, 15.5% and 8.5%, respectively, of our total cost of sales. For the same periods, purchases attributable to our five largest construction contractors accounted for approximately 25.7%, 25.4% and 15.4%, respectively, of our total cost of sales. The single largest construction contractor for 2011, 2012 and 2013 is Dalian Jinguang Construction Group Company Limited.

Our principal customers are construction customers and tenants of office buildings in our business parks. In 2011, 2012 and 2013, revenue derived from our single largest customer accounted for approximately 25.0%, 4.2% and 5.4%, respectively, of our total revenue. For the same periods, revenue derived from our five largest customers accounted for approximately 30.3%, 11.9% and 6.9%, respectively, of our total revenue. The largest customer in 2011 was Richcoast Group and its subsidiaries which are our associated companies, who engaged us to provide construction services in relation to Dalian Tiandi.

Our Directors confirm that none of our Directors, their associates nor any shareholder holding more than 5% of our issued share capital has any interest in any of the five largest suppliers and customers during the Track Record Period.

### SALES AND MARKETING

As of March 31, 2014, we had a team of approximately 387 sales and marketing personnel at our headquarters and project companies, to develop marketing and brand promotional plans as well as advertising and sales plans for the properties to be sold or leased.

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Our sales and marketing activities cover four business areas of activities including sales, marketing and planning, daily supporting community services and customer services. Each area is closely related to the others and our headquarters and project companies work closely together to manage our sales and marketing efforts.

After the intent of land acquisition is reached, our marketing department and development department will establish a project feasibility study working group and complete relevant report and research together. Once the land is acquired, our marketing department will immediately organize working teams to start work on market condition analysis, customers and product positioning of the project, and will establish proper internal evaluation mechanism to ensure that the positioning result is comprehensive and is conveyed to the design department in an accurate manner. We also cooperate with professional property consulting institutions such as CRIC and WorldUnion to raise our projects to higher standards. The market research department is responsible for tracking and informing our decision-makers at our headquarter and the execution level of each project company of the macroeconomic and industry trends, in order for them to adjust our development and sales strategies accordingly in a timely manner.

We sell our properties through our own sales team and third-party real estate agency companies. Our sales team is led by senior employees with more than three years of experience working at our Company. Our sales team members on average have more than two years experience at our Company and have a thorough understanding of our products, brand and service system. They also have a thorough understanding of our regular customers and therefore can implement sales plans effectively and bring in positive sales effects. We also cooperate with other sales professionals, such as real estate agency companies, to prepare marketing studies, assist us in developing our advertising, sales and rental plans and execute our property sales plans, which can significantly increase our exposure to potential customers. We generally pay a commission representing a percentage of sales proceeds, typically 0.5% to 1.0%, based on the total sales made, as compensation to the third-party real estate agency companies we engage to assist in our property sales process.

Our planning and promotion work is conducted in a centralized manner through our headquarters. We have established long-term cooperative relationships with leading domestic real estate advertising companies such as Black Arc (黑弧), Ogilvy (奥美), Young Dragon Organization (洋正), to enhance our brand and reputation. The names we have chosen for our projects have taken into consideration the region, environment and product characteristics and also have cultural characteristics, such as Lost-in-Beauty (唯美品格), Provence Ambo Valley (普罗旺斯安博谷) and Provence Stone Valley (普罗旺斯世通谷), which have become landmarks in the cities where they are located. We arrange and organize overall promotion and sales events, such as Yida new products conference, Yida education season, Yida marriage house season and Yida winter purchase holidays, which have enhanced our Yida brand and market influence.

Since most of our business parks in the early development stage are located at places where existing urban infrastructure and supporting facilities may not be adequate, we provide supporting services for community life as a significant sales and marketing measure. From the project positioning stage, we consider providing targeted living service facilities for each stage of the development of the project to ensure we provide the convenience and diversities of life for our residents and tenants. The service facilities provided for community life consist of four parts, including living, education, culture and sports and health and pension, and are gradually implemented in each of our projects. The service facilities for living include convenience stores, supermarkets, community canteens, dry cleaning shops and banks. The service facilities for education include kindergartens, elementary schools, middle schools and high schools. We select partners of high-quality to provide services to our residents in the community. The service facilities for culture and sports include community colleges for the elderly, culture and sports centers that are operated by our company or through the introduction of experienced operational institutions. The service facilities for health and pension include community clinics, remote medical services and age care centers. With the construction of

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service facilities for community life, we accelerate the development of the business park regions, which encourages additional high-quality customers to choose our business parks, as proven in Dalian Software Park and Dalian Ascends IT Park.

In addition, word-of-mouth referrals by former and current customers are another important source of new purchasers and tenants for our properties. In light of this, we emphasize the importance of customer service. From the date our customers enter into contracts with us to the date they move into their properties, we provide different kinds of relevant services to our customers through the customer center of our marketing units. We also establish customer feedback and complaint channels to respond to advice and complaints from customers to ensure that opinions and problems from our customers can be properly addressed for on a promptly basis. We established “Club for Managers” and “Yida Home Club” to provide customer services, including purchasing promotions and allied business operators promotions. We also organize various kinds of activities for our property owners, including cultural festival, which was held three times in the past and we plan to conduct such once in every two to three months in the future, lectures on Chinese classics, lectures on culinary skills, property owners sports meeting, and property owners carnivals. Such activities have significantly improved our customers’ understanding of and affection for the Yida brand, to whom we believe will become an important source of supporters and introducers for our future projects.

As part of our sales and marketing strategies, our sales staff conduct face-to-face sales activities with prospective customers in the cities in which we have constructed or are constructing business parks. Our sales team provides these prospective customers information regarding our business parks and discusses the benefits of moving their businesses to our business parks where they can benefit from a more dynamic commercial environment and the range of services we provide. We also offer promotions to our potential customers depending on their needs and the stage of the business park’s development.

### **AFTER-SALES SERVICE, PROPERTY MANAGEMENT AND OTHER SERVICES**

Our sales and marketing departments and our construction department, together with the property management company for the project, will check the quality of the properties prior to delivery. Our customer service department is responsible for managing after-sales services. If there is any defect in the property within the warranty period, we are responsible for resolving the issue ourselves or coordinating with relevant construction contractors to rectify the defect. We also offer communication channels, including a telephone hotline and a customer service center at our headquarters, to our customers for them to provide their feedback and complaints about our products and services.

We provide property management services to our customers through our wholly owned property management companies with the aim of providing comprehensive detailed and professional services and maximizing the property and asset value of our customers.

According to the DTZ Report, approximately 10% of our residential properties were sold to our existing customers during the Track Record Period. According to the China Property Management Industry Development Report released by the China Property Management Institute in 2013, our company was ranked 28th out of the top 200 property management enterprises in China and ranked the first place in Northeast China.

Our property management team participates throughout the overall design planning stage and construction stage to give advice on management needs, reasonableness of use, management cost and expansibility of a project, which lays a solid foundation for the subsequent provision of property management services. Our business parks provide infrastructure and supporting facilities solutions to our customers, including customized properties, power supply, telecommunication services, business

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environment, operations and management, and have produced an integrated industrial value chain effort. As a result, the rents for our properties have generally increased continuously and some of our regular customers continue to expand their rent area and lease our properties. We also enhance the property management services through various measures, including arranging construction project managers to continue to provide services, selecting strategic partners, refining performance evaluation system and launching the customer center.

In addition to the property management services we directly provide, we also engage third party service providers to conduct cleaning, facilities maintenance and other supporting services and through our organization and coordination, to provide services to our customers more efficiently.

We set out the contents and quality requirements of the services provided and the management fees through contracts. Fees are typically fixed at a pre-determined rate, payable monthly. We conduct annual third party surveys on customer satisfaction in order to ensure that we continuously provide stable and high-quality management services.

Under PRC law, owners of a residential community of certain scale, upon the consents of a certain percentage of property owners, have the right to change or dismiss property management service providers pursuant to certain procedures. As of the Latest Practicable Date, we have not been terminated by the owners of properties from the management of any properties.

### **CONSTRUCTION, INTERIOR DECORATION AND LANDSCAPING SERVICES**

We own a construction company, Dalian Yida Construction, which carries a class property development enterprises qualification from MOHURD, a Third Grade electrical installation certification, a Third Grade earthwork construction certification and a Third Grade public works construction certification. Dalian Yida Construction has a construction capacity of more than 600,000 sq.m. per annum and was awarded the “Luban Award” from MOHURD, the highest award for industrial and civil architecture in the PRC.

We own an interior decoration company, Panasonic Yida, which carries a First-class National Construction, Repairs and Decoration Subcontracting Enterprise Qualification and Second-class Construction and Design Qualification, and is the first company in Northeast China to provide overall refined decoration services. Panasonic Yida also engages Japanese consultants in managing construction progress, developing design standards, construction quality standards, acceptance check standards, civilized production standards. It reduces construction costs through centralized purchasing. We also own a landscaping company, Dalian Yida Landscaping, which carries a Third Grade Landscaping Certification from MOHURD. Dalian Yida Landscaping grows saplings on land leased from third parties in Shandong Province to satisfy the needs of our project companies.

Our construction company undertakes the construction work of our projects that have a short completion time frame and considerable construction difficulty, ensuring the completion time and profit margin individual projects. Our interior decoration company is responsible for the design, construction and after-sales maintenance services of our demonstration flats and overall refined decoration to ensure the work progress, craftsmanship quality and after-sales maintenance of our refined decoration projects. Our landscaping company is responsible for the soft landscaping projects and some of the hard landscaping projects to ensure that our projects meet our landscaping requirements.

### **RISK MANAGEMENT**

We recognize that risk management is critical to the success of any business park developer and operator. Key operational risks faced by us include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for business park and integrated residential developments at commercially acceptable prices, local economic

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environment and urbanization process, expansion risks relating to entering into new geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other large-scale property developers and our ability to promote and sell our properties.

In addition, we also face various policy risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business.

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- at the board level, our Board of Directors is responsible and has general powers over the management and conduct of our business, and is in charge of our overall risk control. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to incur significant corporate finance transactions, are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body;
- at the daily corporate management level, our management team, led by our chief executive officer, is in charge of the daily business operations of our Group. Our two executive directors in charge of design and planning, sales and marketing, construction, human resources and branding, our chief financial officer and two vice presidents work closely with other executive directors and our project companies to supervise the risks relevant to their respective areas of operations on a daily basis. In addition, our chief financial officer is also responsible for the review and control the risks in connection with the supervision of financial reporting and disclosure matters;
- for major business activities, such as site selection for new projects, we adopt a centralized approach to review and approve the business plan. See “— Our Development Process.” In addition, after discussing with local governments and conducting a comprehensive analysis and research of city development plans and local market conditions, our final site selection decisions are made by our investment committee. This committee is specifically formed to review and approve such business development and consists of eleven members including our executive directors and senior management members;
- for particular operational and market risks, control measures are adopted at an operational level. For example, we control major construction risks by engaging qualified construction contractors with strict contractual requirements while maintaining daily quality control supervision. We also engage reputable financial, accounting and legal professionals to assist us in conducting significant corporate transactions, such as material investments for capital expenditure, incurrence of indebtedness or other financing activities;
- we enforce strict control and accountability policies and manuals at an individual employee level and conduct on-going on-site training. Our policies and manuals are updated regularly based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks; and
- we maintain insurance coverage in line with the customary practice in the PRC real estate industry. We also closely monitor the quality and safety measures adopted on our construction sites with the construction companies to lower the risks of damage to our property and liabilities that may be attributable to us. See “Business — Insurance.”

## COMPETITION

For large-scale business park projects, we mainly compete with local governments. In order to compete with the local government’s initiatives in business park development, we seek opportunities to establish joint ventures with the local governments, which we believe is an effective way to

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penetrate into the local market, acquire land reserves, lower upfront investment and reduce the competition. We also compete with other business park developers and operators on a number of levels, including, among others, brand and reputation, development expertise, knowledge of the local economic environment, ability to acquire quality land and obtain favorable regulatory support, funding and financing. We believe our competitive advantage lies in our planning and design ability, high quality and diversified products and effective development procedures.

We compete with other real estate developers for residential property projects and our other businesses. We believe that the major competitive factors in the residential property market include the geographic location, product design and quality management expertise, financing, access to transportation infrastructure, government support, size of land reserves, scale of the business park development project, number and type of industry sectors featured, number and quality of supporting services and facilities, brand recognition by customers, customer services and support, creditworthiness and price. There is no assurance that we will be able to continue competing effectively in our industry. See “Risk Factors — Risks Relating to Our Industry — The PRC property market is highly competitive.”

### PROPERTIES FOR OUR OWN USE

As of the Latest Practicable Date, we owned an office building with a total GFA of approximately 21,533 sq.m. in Dalian, Liaoning Province as office facilities for our headquarters. We lease office building with an aggregate GFA of approximately 8,170 sq.m. at the project company level in Shenyang, Wuhan, Chengdu and Hong Kong.

We have obtained land use right certificates and building ownership certificates for all of the land and buildings for our own use. As confirmed by our PRC legal advisor, Commerce & Finance Law Offices, we are entitled to use all of our land and we legally own all of our buildings.

### INTELLECTUAL PROPERTY RIGHTS

We have 12 trademark registrations in China covering our logos “YiDA 亿达,” “CSIO” and “DLSP” in different classes. We have also registered the trademark “YiDA 亿达” in Hong Kong. We are the owner of 23 domain names, including “yidagroup.com,” “chinaoutsourcing.net.cn” and “dl-bestcity.com.cn.” In addition, we have four registered copyrights, including the magazine cover logo design for “Dalian Software.” For further information on these intellectual property rights, see “Statutory and General Information — B. Information About the Business — 2. Intellectual property rights of the Group” in Appendix V.

As at the Latest Practicable Date, we are not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

### INSURANCE

We maintain a full insurance coverage for our investment properties, including the losses resulting from earthquakes. Our property management subsidiaries maintain car park liability insurance, elevator safety liability insurance and property enterprise liability insurance. Our construction subsidiaries maintain construction lifting equipment insurance for their equipment. With respect to the projects under development in which the banks hold mortgages, we have purchased insurance pursuant to the loan agreements. We purchased relevant insurances for the vehicles owned by us. We carry social insurance for our employees in compliance with the relevant PRC rules and regulations.

According to the agreements we entered into with the general contractors, the general contractors are responsible for construction quality and safety measures during the construction process, and to maintain casualty insurance for construction workers according to the relevant PRC laws and regulations. We believe our insurance practice is in line with the customary practice in the

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PRC real estate industry. We closely monitor the quality and safety measures adopted on our construction sites with the construction companies to lower the risks of damages to our property and liabilities that may be attributable to us. See “Risk Factors — Risks Relating to Our Business and Industry — We have limited insurance to cover our potential losses and claims.”

### EMPLOYEES

We had 3,126 employees as of March 31, 2014. The following table sets forth a breakdown of our employees by function as of March 31, 2014.

Management .....	27
Land Development .....	72
Planning and Design .....	182
Cost and Procurement .....	196
Engineering and Construction .....	318
Financing .....	150
Marketing .....	387
Comprehensive Management .....	170
Personnel Administration .....	171
Building and Installation .....	247
Property Management .....	1,006
Landscaping and Pipelines .....	42
Supporting Operation .....	79
Others .....	79
<b>Total .....</b>	<b><u>3,126</u></b>

We actively recruit skilled and qualified personnel in the local markets, including graduates from universities as well as employees with relevant working experience. For the senior management team and selected management positions, we may also seek to recruit personnel with international experience. The remuneration package of our employees includes salary, bonuses and other cash subsidies. In general, we determine employee salaries based on each employee’s qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determinations on salary raises, bonuses and promotion. We are subject to social insurance contribution plans organized by the local governments. In accordance with national and local labor and social welfare laws and regulations, we are required to pay monthly social insurance premiums covering pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing reserve funds. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business.

We believe we have maintained good relationships with our employees. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. We have not experienced significant labor disputes, which have adversely affected or are likely to have an adverse effect on our business operations.

We have established comprehensive training programs that aim to support and encourage members of our management team to continue improving their management skills, including arranging for seminars and external training opportunities. We also provide comprehensive training for our employees to improve their skills and develop their careers. We provide orientation training for newly hired employees as well as continuing training for existing employees. We organize on-the-job training on a regular basis on various topics, which are designed to improve the skills of our employees.



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### ENVIRONMENTAL AND SAFETY MATTERS

We are subject to PRC environmental protection laws and regulations. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge. We are required to engage qualified agencies to conduct a comprehensive environmental assessment on each of our projects and to submit our environmental impact study reports to the government for approval. The PRC government will not grant us a construction permit with respect to any property project absent of an acceptable environmental impact study report. We are committed to complying with these environmental protection laws and regulations. We also actively participate in the environmental assessment process and fully cooperate with accredited environmental assessment organizations.

We have taken certain measures to reduce pollution and comply with applicable environmental laws and regulations. These include energy-saving measures that reduce our electricity consumption, smoke filtering systems in the kitchens of our cafeterias and restaurants and in our backup generators, the installation of sound insulation in our backup generators and cooling machines, the rain and sewage diverting and recycling system and recycled construction materials. We encourage our construction contractors to use equipment and facilities and to adopt or develop new technologies in order to reduce the impact of our projects on the environment. In this regard, we have attempted to design our business parks to reduce their impact on the environment and reduce energy costs. Upon completion of each property project, the local government authorities will also inspect the property site to ensure that we have complied with the applicable environmental protection standards. In 2011, 2012 and 2013, our cost of compliance with applicable environmental rules and regulations for the respective periods amounted to RMB1.2 million, RMB0.2 million and RMB2.3 million, respectively. As we continue to grow our business and expand our geographic presence, we expect such costs and expenses to increase in the near future but do not expect such increase to have a material and adverse effect on our business, financial condition or results of operation.

Under PRC laws and regulations, most of the potential liabilities to the workers and visitors of our construction sites rest with the construction contractors, including our own construction company and the construction companies we engage. Under the Construction Law, the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor. Under the Environmental and Hygienic Standards of Construction Work, a contractor is required to adopt effective occupational injury control measures, to provide workers with necessary protective devices, and to offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries.

Our PRC Legal Advisor has advised that, during the Track Record Period, there was no material violation of currently applicable PRC environmental and safety laws and regulations nor were there any material employee safety issues involving our Group. During the Track Record Period, no fines or penalties for non-compliance of PRC environmental and safety laws and regulations were imposed on us.

### LEGAL PROCEEDINGS

Save as disclosed in this prospectus, we are currently not a party to, and we are not aware of any threat of, any legal, arbitral or administrative proceedings, which, in our opinion, is likely to have a material and adverse effect on our business, financial conditions or results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

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### **Non-compliance with the previous Companies Ordinance**

The table below sets out summaries of certain incidents of historical non-compliance with the previous Companies Ordinance (Chapter 32 of the Laws of Hong Kong which was in effect until March 2, 2014) during the Track Record Period.

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status
<p>Contrary to section 122 of the previous Companies Ordinance (Chapter 32) (“<b>Section 122</b>”), which continues to apply by virtue of Section 78(1) of Schedule 11 to the Companies Ordinance (Chapter 622), for certain years, certain members of our Group, namely New Culture Development, King Equity, Most Lead, Noble Joy, True Treasure and Success Path (collectively, the “<b>Relevant Companies</b>”) failed to prepare audited financial statements (“<b>Accounts</b>”) for each of its accounting years and lay their Accounts at their respective annual general meetings and/or lay their Accounts made up to date following not more than nine months before the date of the annual general meeting.</p> <p>Relevant Accounts of non-compliance:</p> <p>(1) New Culture Development (2004 to 2012)                      (2) King Equity (2005 to 2012)                      (3) Most Lead (2009 to 2012)                      (4) Noble Joy (2010 to 2012)                      (5) True Treasure (2010 to 2012)                      (6) Success Path (2010 to 2012)</p>	<p>The directors of the Relevant Companies had limited knowledge and experience of the corporate governance laws and regulations in Hong Kong as they were and are at all material times raised, educated and worked only in the PRC or other jurisdictions outside Hong Kong. Further, the directors entrusted all legal and corporate governance issues in the Relevant Companies to external professional company secretaries, but were not advised by these appointed external professional company secretaries on the statutory requirements under Section 111 and Section 122. The Relevant Companies are investment</p>	<p>A director of a company who fails to take all reasonable steps to comply with Section 122(1) and (1A) shall be liable to a fine of HK\$300,000, whilst a director of a company who “wilfully” fails to take all reasonable steps to secure compliance with Section 122 is liable to a fine of HK\$300,000 and to imprisonment of 12 months.</p> <p>Any company and every officer of the company who is in default under Section 111(1) shall be liable for a fine of HK\$50,000 and for continued default under Section 111(4), a daily default fine.</p> <p>The Relevant Companies and their directors have not received any prosecution notice or been subject to any penalty or charge for the breach of Section 111 and Section 122 during the Track Record Period and up to the Latest Practicable Date.</p> <p>Our Directors consider that such non-compliance would not have a material operational or financial impact on us.</p> <p>We have not made any provision for such</p>	<p>As advised by our special legal adviser, Hart Giles, Solicitors &amp; Notaries, a solicitors firm in Hong Kong (the “<b>Adviser</b>”), pursuant to section 351A of the previous Companies Ordinance (Chapter 32), there is no risk of the Relevant Companies or its directors being prosecuted for a breach of either Section 111 or Section 122 once three years have elapsed since the date by which they should have taken whatever steps under those two sections are relevant.</p> <p>For breaches of Section 111 and Section 122 where three years have not elapsed since the date by which they should have taken whatever steps under those two sections are relevant, the Adviser is of the view that each of the director of the Relevant Companies at the material times is potentially liable for non-compliance with Section 111 and Section 122.</p> <p>Notwithstanding the above, the Adviser is of the view that any penalty, if applicable, would in the circumstances most</p>

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<u>Historical non-compliance</u>	<u>Reason(s) for the non-compliance</u>	<u>Legal consequences and potential maximum and other financial liabilities</u>	<u>Rectification actions taken and status</u>
<p>Contrary to section 111 of the previous Companies Ordinance (Chapter 32) (“Section 111”), which continues to apply by virtue of Section 107(4) of Schedule 11 to the Companies Ordinance (Chapter 622), the 2007 annual general meeting for King Equity was not convened at all and the 2008 annual general meeting of King Equity was not convened until 21<sup>st</sup> November 2008, in breach of the time specified in Section 111(1).</p>	<p>holding companies with no actual business themselves but instead holding subsidiary companies in the PRC which are in the business of real estate investment and development, resulting in the directors’ belief that it was unnecessary for the Relevant Companies to comply with Section 111 and Section 122.</p>	<p>potential penalty as we consider that the potential penalty is not a material amount compared to the overall financial status of our Group.</p>	<p>likely only be a fine (usually in terms of several thousand Hong Kong dollars per count) for the following reasons:</p> <p>(1) The Court would not impose any sentence of imprisonment against any director unless the Court was of the opinion that the offence was committed willfully;</p> <p>(2) Based on the instructions and evidence the Adviser has seen and on the basis that the respective directors of the Relevant Companies did not choose to breach Section 111 and Section 122 deliberately or intentionally, the sanction imposed would likely be only one of a fine and not imprisonment.</p>

Our Directors believe that these incidents of non-compliance, whether individually or collectively, will not have a material operational or financial impact on us and we have not made any provision in relation to these non-compliance incidents.

We have engaged an independent internal controls consultant to review our internal control systems.

Our internal control consultant performed a series of review beginning in July 2013, focusing on various areas, including (i) entity level controls, such as control environment, risk assessment, information and communication, monitoring and IT general controls; and (ii) process level controls related to financial reporting, such as sales, fixed-assets, payroll, financial closing and reporting, treasury and tax management.

For our non-compliances with the Companies Ordinance, our internal control consultant has reviewed our rectification measures and put forward recommendations to our Company. We have implemented such rectification measures and our internal control consultant has completed its follow-up review in March 2014. In order to prevent the above non-compliance in the future, we have undertaken the following measures:

- (a) Mr. Law Siu Wo, our chief financial officer and company secretary, with the assistance of an external company secretary firm and our internal compliance unit, will oversee the

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accounting and company secretarial matters of our Group to ensure compliance with sections 431 and 610 of the Companies Ordinance (the equivalent requirements under sections 111 and 122 of the repealed Companies Ordinance) and other applicable regulatory and compliance requirements;

- (b) our audit committee will oversee our financial reporting and internal control procedures of our Group to enhance corporate governance and ensure the compliance with statutory requirements;
- (c) we intend to engage external Hong Kong legal advisors to continue to provide legal advice and on-going training on various compliance matters from time to time, as and when needed; and
- (d) we have engaged a compliance adviser to advise us on compliance with the Listing Rules and applicable laws.

The non-compliances were mainly caused by the reliance on the then company secretary of the Relevant Companies and the inadvertent omission of such company secretary and did not involve any issue in the integrity, character or competence of our Directors. Our Directors and the Sole Sponsor are of the view that:

- (i) our internal control system is adequate, effective and sufficient; and
- (ii) the above non-compliances do not affect the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules or our suitability for listing under Rule 8.04 of the Listing Rules.

### LICENSES, REGULATORY APPROVALS AND COMPLIANCE RECORD

Our Directors, as advised by our PRC legal advisor, confirm that as of the Latest Practicable Date, except as disclosed in this prospectus, we had complied with all relevant PRC laws and regulations in all material respects and have obtained all requisite licenses, approvals and permits from relevant regulatory authorities for our operations in China.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

Immediately upon completion of the Capitalization Issue and the Global Offering, Mr. Sun Yinhan will, via Right Won, indirectly and beneficially own in total 62.46% of the issued share capital of our Company taking no account Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme, and hence Mr. Sun Yinhan and Right Won are our Controlling Shareholders.

Apart from our business relating to sales of property, property investment, business park operation and management, construction, decoration and landscaping and property management in the PRC, our Controlling Shareholders and their associates are currently operating other businesses such as the development of villas, software development, cold chain logistics in the PRC (the “**Excluded Businesses**”) and such Excluded Businesses will not form part of our Group after Listing. As of the Latest Practicable Date, Mr. Sun Yinhan owned 4.26% of the issued share capital of SOCAM Development Ltd. (stock code: 983).

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

### DELINEATION OF BUSINESS

Operations of our Group are independent and separate from the businesses operated by the companies which are excluded from our Group (the “**Excluded Group**”). Our Directors are of the view that there is a clear delineation between the Excluded Businesses and our business. The Excluded Businesses were not injected into our Group as our Directors are of the view that such businesses neither form part of our core business nor are in line with our strategy to strengthen our market position in the property development, property investment, property management and property construction industries in the PRC.

Our Group is principally engaged in sales of property, property investment, business park operation and management, construction, decoration and landscaping and property management in the PRC, whereas the Excluded Businesses comprise principally the development of villas, cold chain, logistics and software development in the PRC. Given the different nature of our business and the Excluded Businesses, our Directors do not expect there to be any overlap or competition of the Excluded Businesses and our Group’s business after the Listing.

#### *The Development of Villas by the Excluded Group*

The Excluded Group is engaged in the construction and operation of villas in the PRC (the “**Villa Business**”) and intends to continue such business in the future. As advised by our PRC Legal Advisor, under the Foreign Investment Industrial Guidance Catalogue (2011 Revision) (外商投資產業指導目錄 (2011修訂稿)) which was jointly issued by NDRC and MOFCOM on December 24, 2011 and became effective on January 30, 2012 (“**Guidance Catalogue**”), the Villa Business is subject to foreign investment restrictions in which a foreign investor is prohibited from investing and engaging in the Villa Business. In light of the foreign investment restrictions under the Guidance Catalogue, we are unable to inject the Excluded Group’s Villa Business into our Group as part of our Reorganization. Given the foreign investment restriction, we do not currently engage in and are not able to engage in the Villa Business and as such, our Directors do not expect there to be any material overlap or competition of the Villa Business of the Excluded Group and our Group’s business after the Listing.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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In addition to the abovementioned legal restrictions on the Villa Business, our Directors are of the view that our business in the development and sales of residential units (such as townhouses) in our business parks and multi-functional integrated residential community projects can be clearly differentiated from the Excluded Group's Villa Business and will not be in competition due to the following reasons:

***Different business strategies*** — The business model of the Excluded Group's Villa Business is distinguishable from our Group's business model. The business model of the Excluded Group's Villa Business will focus on the development and sale of fully detached villas. The residential properties which we offer include high-rise and multi-storey apartments, low-rise garden apartments and townhouses in our business parks or in our integrated residential community projects. In addition, our integrated residential community projects consist of ancillary facilities such as sporting facilities and education resources.

***Different target customers*** — The target customers of the Excluded Group's Villa Business are entirely distinguishable from our target customers. The Excluded Group's Villa Business is targeted at the more affluent people looking for a vacation home or an alternate resident. The target customers of our residential properties are mostly first-time home buyers and home owners who are seeking for a home upgrade.

***Different expertise required*** — The Villa Business requires an entirely different set of expertise from our residential property development business. The Villa Business requires grand and luxurious designs while our designs mainly focus on comfort and practicality. Additionally, the materials needed for the construction is also different. The Villa Business requires high-end and luxurious materials while our business requires materials which are cost-efficient. For example, villas comprising the Villa Business are tailor-made based on the customer's preference and are constructed upon receiving orders from customers, whereas the residential units (such as townhouses) in our residential community projects are constructed based on our own designs and are generally sold before they are completed. Given that the villas are constructed and designed based on customer's preference, the outlook and layout of villas comprising the Villa Business are generally more unique and the outlook and layout of our residential units (such as townhouses) in the same residential community projects are generally more uniformed. Furthermore, the floor area ratio in our residential community projects are higher than the villas comprising the Villa Business as the former generally includes a combination of different types of residential properties such as multi-storey apartments and townhouses in the same residential community project with higher density, whereas the site on which the villas comprising the Villa Business are constructed on consist purely of low-rise villas.

***Different classification of property by the relevant PRC government authority*** — As advised by our PRC legal advisor, for properties on which villas are built, the land usage indicated on the relevant certificates issued by the relevant PRC government authorities (such as the land use right certificates) specifically indicates "villas" (別墅) and the land usage indicated on the relevant certificates for properties on which our integrated residential community projects (such as townhouses) are built specifically indicates "residential" (普通住宅). The land usage indicated on such certificates approved by the relevant PRC government authorities cannot be amended arbitrarily by any third party without obtaining the prior approval of the relevant PRC government authority.

In view of the foregoing, our Directors are of the view that the Excluded Group's Villa Business and our Group's business are not in competition. Pursuant to the Deed of Non-Competition, details of which are set out in the paragraph headed "— Non-Competition Undertaking" below, each of our Controlling Shareholders has undertaken not to engage in activities that compete with our core business.

As of December 31, 2013, the Villa Business consisted of one project located in Dalian City, the PRC, which is wholly and ultimately owned by Mr. Sun Yinhan, our Controlling Shareholder. As of December 31, 2013, the total saleable GFA and saleable GFA undelivered were approximately

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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21,950 sq. m. and 18,841 sq. m., respectively. The project can contain up to 28 villas of which four villas have been sold and two are under construction as of December 31, 2013. The total revenue generated by the Villa Business was approximately RMB29.5 million as of December 31, 2013.

### NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has undertaken to us in the Deed of Non-Competition that it/he will not, and will procure its/his associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business that directly or indirectly competes with our business or undertaking, or hold shares or interest in any companies or business that compete directly or indirectly with our business except where our Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the composition of the board of directors of such company.

Pursuant to the Deed of Non-competition, our Controlling Shareholders have granted us an option, pursuant to which, in the event that the foreign investment restriction on the Villa Business is lifted by the relevant PRC government authorities, we may require our Controlling Shareholders to sell to us the entire interest in the company which owns the Villa Business (the “**Option**”) in accordance with (a) commercial terms which shall have been opined upon by our independent non-executive Directors based on advice from an independent financial advisor as being, inter alia, normal commercial terms, in the ordinary course of our business, fair and reasonable and in the interest of our Company as a whole; and (b) any procedural requirements of the Listing Rules which may be required in relation to such acquisition. The Option allows us to acquire the attributable interests of our Controlling Shareholders, or any part thereof, in such companies or projects at their fair market value, provided that approval from our independent Shareholders as required under the Listing Rules for such transfer is obtained, if applicable.

The decision as to whether we should exercise the Option will be made by our independent non-executive Directors who will act in the best interests of our Company and our Shareholders as a whole at the relevant time with reference to the prevailing circumstances. In considering whether to exercise the Option, our independent non-executive Directors will take into account ordinary commercial considerations such as the business and financial condition, management efficiency, operational results, level of profitability of the Villa Business, our prevailing development strategy, and whether the terms of the acquisitions are fair and reasonable and on normal commercial terms with reference to the market prices of the Villa Business at that time. The review and exercise of the Option would be in accordance with the decision-making process and corporate governance measures set out in the paragraph headed “Corporate Governance Measures” in this section.

The exercise of the Option after the Listing would constitute a connected transaction under the Listing Rules. In addition, pursuant to Rule 14A.70(3) of the Listing Rules, the non-exercise of the Option will be treated as if the Option was exercised and would constitute a connected transaction under the Listing Rules. As required by Chapter 14A of the Listing Rules, we will comply with the relevant reporting, announcement and/or independent Shareholders’ approval requirements concerning the connected transaction constituted by the exercise of the Option. We will also make an appropriate announcement if a decision not to exercise the Option is made, or if the Option lapses without being exercised, and will comply with other relevant reporting and/or independent Shareholders’ approval requirements concerning the connected transaction constituted by the non-exercise of the Option.

Further, pursuant to the Deed of Non-competition, if the foreign investment restriction on the Villa Businesses is lifted by the relevant PRC government authorities and business opportunities involving Villa Businesses is made available to our Controlling Shareholders or any of their affiliates, our Controlling Shareholders will promptly refer such business opportunity to us. We have a right within three months thereafter to request our Controlling Shareholders or their affiliates to allow us to take up such business opportunity and in the event that we decide to take up the opportunity, our

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Controlling Shareholders will, and procure their affiliates to, use their best endeavors to assist us to obtain the opportunity. Our Controlling Shareholders shall, and procure their affiliates to, provide the details of any such business opportunity to our Board in writing within seven days after our Controlling Shareholders or their affiliates become aware of such business opportunity and our Controlling Shareholders shall, and procure their affiliates to, procure that such details be provided to our independent non-executive Directors within three business days from the date of receipt of such information. When considering whether or not to take up a new business opportunity, our independent non-executive Directors will take into account the written proposal prepared by our management regarding such business opportunity and consider whether the relevant business opportunity is expected to present a sustainable level of profitability, accords with our development strategy at that time, and whether the terms of the new business opportunity are fair and reasonable and on normal commercial terms with reference to the prevailing market prices of such business opportunity. Our independent non-executive Directors may from time to time commission the assistance of external professional advisors (including an independent financial advisor) at the cost of our Company as they consider necessary or desirable to advise them regarding the terms of any such new business opportunity or any such other matter. Our Controlling Shareholders agree, and will procure their affiliates, to provide all information reasonably required by our independent non-executive Directors and/or independent financial advisor to assist them in their assessment of the new business opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their associates cease to hold, whether directly or indirectly, 30% of our Shares or our Shares cease to be listed on the Stock Exchange.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- each of our Controlling Shareholders has undertaken to us that it/he will provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-Competition;
- we will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report; and
- in the event that each of Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei is required to absent himself from any board meeting on any matter which may give rise to a potential conflict of interest with the Excluded Group, our remaining Directors will have sufficient expertise and experience to fully consider any such matter.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective associates (other than our Group) after Listing for the following reasons:

### Management Independence

Our Board currently comprises six executive Directors and three independent non-executive Directors. Other than Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Mr. Gao Wei, none of our other Directors holds any directorship or senior management role in the Excluded Group. Mr. Sun Yinhuan is a director and legal representative of certain members of the Excluded Group while Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei are only non-executive directors with no executive function of certain members of the Excluded Group. Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei do not expect to devote substantial time in the management of the Excluded Group going forward save for attending the board meetings of members of the Excluded Group from time to time. It is expected that Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei will spend substantially all of their working time in the operation of our Group after Listing.

In the event that each of Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei is required to absent himself from any board meeting on any matter which may give rise to a potential conflict of interest with the Excluded Group, our remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the directorship of Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei in certain members of the Excluded Group, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business on a full time basis independently from the Excluded Group for the following reasons:

- (a) none of the businesses undertaken or carried on by the Excluded Group competes with our core business, and there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. Therefore, the dual roles assumed by Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei in most cases will not affect the requisite degree of impartiality of our executive Directors in discharging their fiduciary duties owed to our Company;
- (b) we have three independent non-executive Directors, and certain matters of our Company, including matters referred to in the Deed of Non-Competition, details of which are set out in the paragraph entitled “— Non-Competition Undertakings” above, must always be referred to the independent non-executive Directors for review. This helps to enhance the independence of our management from that of the Excluded Group;
- (c) in the event of a conflict of interests, Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei will abstain from voting, will not be present in the relevant Board meetings and will be excluded from deliberation by our Board. Hence Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen and Mr. Gao Wei will be unable to influence our Board in making decisions on matters in which they are, or may be, interested. We believe all of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of a conflict of interests. Please refer to the section headed “Directors and Senior Management — Board of Directors” in this prospectus for a summary of the relevant experience and qualifications of our Directors; and
- (d) save as disclosed herein, our daily operations will be managed by our senior management team, none of whom holds any senior managerial position or directorship position within the Excluded Group.

### **Operational Independence**

We are independent from our Controlling Shareholders as we do not share operational capabilities with our Controlling Shareholders, and we have independent access to suppliers and customers, as well as an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently from the Excluded Group.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### Financial Independence

All loans, advances and balances due from our Controlling Shareholders and their respective associates will be fully settled and all loans, advances and balances due to our Controlling Shareholders will be fully repaid before Listing. All share pledges and guarantees provided by/to our Controlling Shareholders and their respective associates on our Group's borrowing will also be fully released upon Listing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective associates. In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing.

### CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act as our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself from the board meetings on matters involving the Excluded Group and our Group and/or matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors, Senior Management and Employees — Directors — Independent non-executive Directors" in this prospectus; and
- (d) we have appointed Quam Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

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## CONNECTED TRANSACTIONS

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### Overview

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive officer or those of our subsidiaries, any of their associates and any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date will become a connected person of our Company upon the Listing. Upon the Listing, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Our Directors confirm that the following transactions which will continue after Listing will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

### Continuing connected transactions which are exempt from the reporting, announcement and independent shareholders' approval requirements

#### 1. Real Estate Agency Agreement with Shenyang Yida

Shenyang Yida Property and its subsidiaries currently own certain property development projects in the PRC, the properties of which are developed for sale. Construction of such development projects has been completed and the sale of the developed properties is expected to be completed by the fourth quarter of 2014. In order to minimize any potential competition with our Group, Shenyang Yida Property and its subsidiaries intend to cease all property development and property sale businesses before Listing and entrust the sale of existing properties to our Group through real estate agency arrangement. In this connection, on June 11, 2014, Dalian Yida Development entered into a real estate agency agreement (the “**Shenyang Yida Property Agency Agreement**”) with Shenyang Yida Property, pursuant to which Dalian Yida Development agreed to provide or procure its subsidiaries to provide real estate agency services including property sale services (the “**Real Estate Agency Services**”) to Shenyang Yida Property and/or its subsidiaries, for a term of one year commencing from January 1, 2014 to December 31, 2014.

There was no historical transaction of similar nature with Shenyang Yida Property and/or its subsidiaries prior to 2014. Shenyang Yida Property agreed to pay to our Group a service fee which is determined based on a fixed percentage of 1% of the total sale amount of the properties sold under the Shenyang Yida Property Agency Agreement and such fixed percentage is negotiated between our Group and Shenyang Yida Property on an arm's length basis with reference to the estimated number of properties which are available for sale in year 2014 and the prevailing market price for similar services. The Shenyang Yida Property Agency Agreement was entered into on normal commercial terms.

Our Directors estimate that the maximum annual value of the Shenyang Yida Property Agency Services provided by our Group to Shenyang Yida Property and/or its subsidiaries under the Shenyang Yida Property Agency Agreement for the year ending December 31, 2014 will not exceed RMB416,000.

Shenyang Yida Property is wholly owned by Dalian Qunying which in turn is owned as to 29.89% by Mr. Sun Yinfeng, 26.59% by Ms. Sun Qi, 13.76% by Mr. Wen Hongyu and 6.24% by Mr. Jiang Xiuwen. Each of Mr. Sun Yinfeng, Mr. Wen Hongyu and Mr. Jiang Xiuwen is our executive Director and Ms. Sun Qi is the daughter of Mr. Sun Yinhuan, one of our Controlling Shareholders and an executive Director. As such, Shenyang Yida Property is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Shenyang Yida Property Agency Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing. Shenyang Yida Property was not injected into our Group as it is not controlled by our Controlling Shareholder and will no longer engage in real estate development.

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## CONNECTED TRANSACTIONS

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Since each of the percentage ratios (other than the profits ratio) for the Shenyang Yida Property Agency Agreement is expected to be less than 5% and the total consideration is less than HK\$1,000,000 on an annual basis, the transactions under the Shenyang Yida Property Agency Agreement is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

### 2. *First Lease Agreement*

On June 11, 2014, Dalian Software Park Co. entered into a property lease agreement (the "**First Lease Agreement**") with Yida Information Technology Co., Ltd. (億達信息技術有限公司) ("**Yida Information Technology**"), pursuant to which Dalian Software Park Co. agreed to lease to Yida Information Technology properties situated at Room 602A and 602B, Building No. 17, No. 267 Wuyi Road, Dalian and Room 401, Building No. 23, No. 40 Software Park East Road, Dalian, the PRC, with a total GFA of approximately 3,531.34 sq.m for office use. The First Lease Agreement has a term of one year commencing from January 1, 2014 to December 31, 2014 at an annual rent (exclusive of water and electric charge and other utilities charges) of RMB2,729,400. Rental income from Yida Information Technology for the three years ended December 31, 2011, 2012 and 2013 was RMB1.8 million, RMB1.8 million and RMB1.8 million, respectively.

Yida Information Technology is owned as to 90% by Yida Group, which in turn is ultimately wholly owned by Mr. Sun Yinhan, one of our executive Directors and Controlling Shareholders. As such, Yida Information Technology is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transaction under the First Lease Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

The rent received from Yida Information Technology under the First Lease Agreement was determined on an arm's length basis and reflected the appraised value of the property (if applicable) and the prevailing market rent of similar properties, taken into account of actual conditions of the place where the property is located. The First Lease Agreement was entered into on normal commercial terms. The rent to be received under the First Lease Agreement is to be reviewed every three years, taking into account the market conditions and the prevailing market rent at the relevant time and no less favorable than that offered to independent third parties.

DTZ, an independent property valuer to our Group, has reviewed the rent to be received under the First Lease Agreement and confirmed that the rent payable by Yida Information Technology to Dalian Software Park Co. reflects the prevailing market rates of comparable properties and is fair and reasonable.

Since each of the percentage ratios (other than the profits ratio) for the First Lease Agreement is less than 0.1%, the transaction under the First Lease Agreement is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

### 3. *Second Lease Agreement*

On June 11, 2014, Dalian Yida Construction entered into a property lease agreement (the "**Second Lease Agreement**") with Dalian Software, pursuant to which Dalian Software agreed to lease to Dalian Yida Construction a property situated at No. 280 Xinan Road, Shahekou District, Dalian, the PRC, with a total GFA of approximately 3,882 sq.m. for office use. The Second Lease Agreement has a term of three years commencing from January 1, 2014 to December 31, 2016 at an annual rent (exclusive of property management fees and utilities charges) of RMB1.4 million for each of the three years ending December 31, 2014, 2015 and 2016. Our rental expenses in relation to this lease for the three years ended December 31, 2011, 2012 and 2013 were RMB1.1 million, RMB1.1 million and RMB1.1 million, respectively.

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## CONNECTED TRANSACTIONS

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Dalian Software is wholly owned by Yida Group, which in turn is ultimately wholly owned by Mr. Sun Yinhuan, one of our executive Directors and Controlling Shareholders. As such, Dalian Software is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transaction under the Second Lease Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

The rent paid to Dalian Software under the Second Lease Agreement was determined on an arm's length basis and reflected the appraised value of the property (if applicable) and the prevailing market rent of similar properties, taken into account of actual conditions of the place where the property is located. The Second Lease Agreement was entered into on normal commercial terms. The rent payable under the Second Lease Agreement is to be reviewed every three years, taking into account the market conditions and the prevailing market rent at the relevant time and no less favorable than that offered to independent third parties.

DTZ, an independent property valuer to our Group, has reviewed the rent payable under the Second Lease Agreement and confirmed that the rent payable by Dalian Yida Construction to Dalian Software Park Kaifa reflects the prevailing market rates of comparable properties and is fair and reasonable.

Since each of the percentage ratios (other than the profits ratio) for the Second Lease Agreement is less than 0.1%, the transaction under the Second Lease Agreement is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

#### 4. *Trademark Licensing Agreement*

On June 11, 2014, our Company entered into a trademark licensing agreement (the "**Trademark Licensing Agreement**") with Yida Group, pursuant to which Yida Group agreed to license, on a non-exclusive basis, certain trademarks (the "**Trademarks**") (as set out in the section headed "Statutory and General Information — B. Information about the business — 2. Intellectual property rights of the Group" in Appendix V to this prospectus) owned by Yida Group to our Company for the use by any member of our Group in connection with the business of our Group. The Trademarks are licensed to our Company on a royalty-free basis within the valid registration period of such Trademarks.

Yida Group is ultimately wholly owned by Mr. Sun Yinhuan, one of our executive Directors and Controlling Shareholders. As such, Yida Group is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark Licensing Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the Trademarks is granted to our Company on a royalty-free basis, the transaction under the Trademark Licensing Agreement is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

#### **DIRECTORS' CONFIRMATION**

Our Directors, including the independent non-executive Directors, consider that the continuing connected transactions in paragraphs 1 to 4 are conducted on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole and are in the ordinary and usual course of our business.

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## DIRECTORS AND SENIOR MANAGEMENT

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### BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising six executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and for the increase or reduction of our registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into service contracts with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The table below shows certain information in respect of members of our Board and senior management<sup>(1)</sup>:

#### Members of our Board

<u>Name</u>	<u>Age</u>	<u>Year of joining our Group</u>	<u>Date of appointment as Director</u>	<u>Existing Position in our Group</u>	<u>Roles and Responsibilities</u>
Mr. Sun Yinhan <sup>(2)(3)</sup> (孫蔭環)	64	1998	April 2, 2008	Chairman of our Group, executive Director and chairman of nomination committee	Responsible for the strategic development, investment strategies as well as the operation and management decision-making of the project planning and business development of our Group
Mr. Sun Yinfeng <sup>(2)(3)</sup> (孫蔭峰)	57	1998	December 16, 2013	Vice chairman of our Group and executive Director	Responsible for the planning and design of the business parks of our Group and product research and development of various projects
Mr. Sun Yansheng (孫燕生)	58	1999	December 16, 2013	Chief executive officer of our Group and executive Director	Responsible for the overall operations management of our Group

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## DIRECTORS AND SENIOR MANAGEMENT

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Name	Age	Year of joining our Group	Date of appointment as Director	Existing Position in our Group	Roles and Responsibilities
Mr. Jiang Xiuwen <sup>(3)</sup> (姜修文)	37	2000	December 16, 2013	Executive Director and member of remuneration committee	Responsible for cooperating with the chief executive officer in the overall operations management of our Group, and is responsible for the operations management of sales and marketing, construction, human resources and branding
Mr. Gao Wei (高煒)	51	1998	December 16, 2013	Executive Director	Responsible for the operations management of Dalian Software Park and the operations development of new projects in business parks in Wuhan, Shanghai and Suzhou
Mr. Wen Hongyu (閻宏宇)	51	1998	December 16, 2013	Executive Director	Responsible for the operations management of Dalian BEST City Co. and its subsidiaries
Mr. Ip Yuk Chi Eddie (葉毓池)	63	2014	June 1, 2014	Independent non-executive Director, chairman of remuneration committee, member of audit committee and nomination committee	The chairman of the remuneration committee and a member of each of the audit committee and nomination committee
Mr. Yip Wai Ming (葉偉明)	49	2014	June 1, 2014	Independent non-executive Director, chairman of audit committee and member of nomination committee	The chairman of the audit committee and a member of the nomination committee

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Year of joining our Group	Date of appointment as Director	Existing Position in our Group	Roles and Responsibilities
Mr. Guo Shaomu (郭少牧)	48	2014	June 1, 2014	Independent non-executive Director, member of audit committee and remuneration committee	A member of each of the audit committee and remuneration committee

### Members of our senior management

Name	Age	Year of joining our Group	Existing Position in our Group	Roles and Responsibilities
Mr. Law Siu Wo (羅兆和)	51	2013	Chief financial officer	Responsible for the overall financial management of our Group
Ms. Ma Lan (馬蘭)	42	2004	Vice president	Responsible for the investment, financing, land expansion and development as well as the operation of investment properties of the business parks of our Group
Mr. Qin Xuesen (秦學森)	43	2002	Vice president	Responsible for the design and planning, product positioning, cost control, construction and property management of our Group

#### Notes:

- (1) Save as disclosed in this table, none of our Directors and senior management is personally related to any of our other Directors, senior management, substantial shareholders or Controlling Shareholders.
- (2) Mr. Sun Yinhan and Mr. Sun Yinfeng are brothers.
- (3) Mr. Jiang Xiuwen is the nephew of Mr. Sun Yinhan and Mr. Sun Yinfeng.

### Executive Directors

**Mr. Sun Yinhan** (孫蔭環), aged 64 was appointed as our Director on April 2, 2008 and was re-designated as an executive Director on December 16, 2013. Mr. Sun is the founder and the chairman of our Group. He is responsible for the strategic development, investment strategies as well as the operation and management decision-making of the project planning and business development of our Group. Mr. Sun founded our Group in 1998, has over 25 years of experience in the PRC real estate development and has around 19 years of experience in the operations of business parks in the PRC. Since 1996, Mr. Sun has been the director of Dalian Yida Development. Mr. Sun was accredited as a senior engineer by the Evaluation Committee of Intermediate Level Qualifications of Town Enterprise Construction of Dalian City (大連市鄉鎮企業工程系列中級職務任職資格評審委員會) in July 1994. Mr. Sun is the brother of Mr. Sun Yinfeng and the uncle of Mr. Jiang Xiuwen.



## DIRECTORS AND SENIOR MANAGEMENT

Mr. Sun currently holds position in various organizations and associations, and has won numerous awards for his achievements, details of which are set out below:

<u>Organizations and associations</u>	<u>Position</u>
The Twelfth National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆全國委員會)	Standing committee member
The Eleventh All-China Federation of Industry & Commerce (第十一屆中華全國工商業聯合會)	Vice-chairman
China Society for Promotion of the Guangcai Program (中國光彩事業促進會)	Vice-president
China Enterprise Confederation (中國企業聯合會)	Vice-president
China Real Estate Association (中國房地產業協會)	Vice-president
The Twelfth, Thirteenth, Fourteenth and Fifteenth Dalian Municipal People's Congress Standing Committee (大連市第十二屆、第十三屆、第十四屆、第十五屆人民代表大會常務委員會)	Member
Liaoning Commercial Federation (遼寧省工商業聯合會)	Vice-chairman
Dalian Federation of Industry and Commerce (大連工商聯合會)	Vice-chairman
Dalian Charity Federation (大連慈善總會)	Honorary chairman

<u>Year</u>	<u>Award</u>	<u>Organization</u>
2005	National Model Worker (全國勞動模範)	State Council of the People's Republic of China (中華人民共和國國務院)
2008 2011	China Charity Awards (中華慈善獎)	Ministry of Civil Affairs of the People's Republic of China (中華人民共和國民政部)
2008	Outstanding Individual in Earthquake Relief (抗震救災先進個人)	All-China Federation of Industry & Commerce (中華全國工商業聯合會)
2010	Honorary title of "Outstanding National Entrepreneur" (全國"優秀企業家"榮譽稱號)	China United Enterprises Association, China Entrepreneurs Association and China Enterprise Management Science Foundation (中國企業聯合會、中國企業家協會、中國企業管理科學基金會)
2010	Top Ten Leading Figures in the Chinese Economy of 2010 (2010年中國經濟十大領軍人物)	Xinhua News Agency (新華社)
2010	Top Ten People's Livelihood Person of China of 2010 (2010年中國十大民生人物)	People.cn (人民網)
2011	National title of "Outstanding Staff Caring Private Entrepreneur" (全國"關愛員工優秀民營企業家"稱號)	All-China Federation of Industry & Commerce, All China Federation of Trade Unions (中華全國工商業聯合會、中華全國總工會)
2012	Medal for Glorious Business (光彩事業獎章)	China Society for Promotion of the Guangcai Program (中國光彩事業促進會)

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Sun Yinfeng** (孫蔭峰), aged 57, was appointed as an executive Director on December 16, 2013. Mr. Sun is the co-founder and the vice chairman of our Group. He is responsible for the planning and design of business parks of our Group and product research and development of various projects. Mr. Sun has over 25 years of experience in real estate development. Mr. Sun received his professional certificate in economics management from the Dalian Management College (大連管理幹部學院) in January 1999, now known as Dalian Vocational and Technical College (大連職業技術學院). Mr. Sun also won the “National May 1<sup>st</sup> Labor Medal” (全國五一勞動獎章) from the All China Federation of Trade Unions. Mr. Sun is the brother of Mr. Sun Yinhuan and the uncle of Mr. Jiang Xiuwen.

**Mr. Sun Yansheng** (孫燕生), aged 58, was appointed as an executive Director on December 16, 2013. He is responsible for the overall operations management of our Group. Mr. Sun joined our Group as the chief accountant of Yida Group, the former holding company of our PRC subsidiaries, in July 1999. Prior to joining us, Mr. Sun was employed by Dalian Daqi Company Limited (大連大起集團有限公司), a company principally engaged in the manufacture of cranes and other heavy machinery from January 1982 to July 1999, where he last served as the deputy factory manager and deputy general manager, and he was primarily responsible for its financial management. He was accredited as a senior engineer by the Evaluation Committee of Senior Level Qualifications in Electrical and Mechanical Engineering of Dalian City (大連市機電工程高級職務任職條件評審委員會) in October 1992. Mr. Sun received his bachelor’s degree in automation instrument from the Shanghai College of Mechanics (上海機械學院), now known as the University of Shanghai for Science and Technology, in January 1982 and a master’s degree in business and administration from the State University of New York in February 1991.

**Mr. Jiang Xiuwen** (姜修文), aged 37 was appointed as an executive Director on December 16, 2013. He is primarily responsible for cooperating with the chief executive officer in the overall operations management of our Group, and is responsible for the operations management of sales and marketing, construction, human resources and branding. Mr. Jiang joined our Group in July 2000 as an employee of the marketing department of Dalian Yida Property. Mr. Jiang received his bachelor’s degree in thermal treatment of metal from the Dalian Jiaotong University (大連交通大學) in July 2000 and an executive master’s degree in advanced business administration from the Dalian University of Technology (大連理工大學) in July 2011. Mr. Jiang also won several awards, namely the “Liaoning May 1<sup>st</sup> Labour Medal” (遼寧五一勞動獎章) of the General Labor Union of Liaoning Province in 2010 and the “Model Worker” (勞動模範) by the People’s Government of Liaoning Province in 2012. Mr. Jiang Xiuwen is the nephew of Mr. Sun Yinhuan and Mr. Sun Yinfeng.

**Mr. Gao Wei** (高煒), aged 51, was appointed as an executive Director on December 16, 2013. He is the president of Dalian Software Park Co. and is primarily responsible for the operations management of Dalian Software Park and the operations development of new business parks projects in Wuhan, Shanghai and Suzhou. Mr. Gao joined our Group in 1998 as the deputy chief economist of Yida Group. From March 1988 to December 1993, Mr. Gao was a lecturer in industrial economics at the Dalian Management College (大連管理幹部學院), now known as Dalian Vocational and Technical College (大連職業技術學院), where he taught industrial economics, business administration and economic law. Mr. Gao was accredited as a senior economist by the Liaoning Province Department of Personnel (遼寧省人事廳) in September 1996. Mr. Gao received his bachelor’s degree in applied mechanics in July 1985 and a master’s degree in industrial management engineering in May 1988 from the Beijing Institute of Technology (北京工業學院), now known as Beijing Institute of Technology (北京理工大學). Mr. Gao was awarded the “Model Worker Honorary Certificate of Liaoning Province” (遼寧省勞動模範榮譽證書) from the People’s Government of Liaoning Province in 2012.

**Mr. Wen Hongyu** (問宏宇), aged 51, was appointed as an executive Director on December 16, 2013. He is the general manager of Dalian BEST City Co. and is primarily responsible for the operations management of Dalian BEST City Co. and its subsidiaries. Mr. Wen joined our Group in 1998 as the general manager of Dalian Yida Property. Prior to joining us, Mr. Wen had held various positions within the construction department of the Shaanxi Provincial Denghe Mining Bureau

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## DIRECTORS AND SENIOR MANAGEMENT

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(陝西省澄河礦務局建安處), including head of construction department and chief engineer, where he was primarily responsible for management of construction. Mr. Wen was accredited as a senior engineer by the Shaanxi Province Department of Personnel (陝西省人事廳) in December 1996. Mr. Wen received his bachelor's degree in industrial and civil architecture from the Xi'an Metallurgy & Architecture College (西安冶金建築學院), now known as Xi'an University of Architecture and Technology (西安建築科技大學) in July 1984. Mr. Wen also won several awards, namely the "Model Worker Honorary Certificate of Liaoning Province" (遼寧省勞動模範榮譽證書) from the People's Government of Liaoning Province in 2009 and the "Outstanding Representative of the Honorary Title Certificate of the 16th People's Congress" (第16屆人民代表大會優秀代表榮譽稱號證書) from the City of Dalian Ganjingzi District People's Congress Standing Committee in 2011.

### Independent Non-executive Directors

**Mr. Ip Yuk Chi Eddie** (葉毓池), aged 63, was appointed as our independent non-executive Director on June 1, 2014. Mr. Ip has 32 years of experience working at a number of multinational banks in Hong Kong. His areas of expertise include corporate banking, emerging market debt trading and distressed asset trading and investment. From 1989 to 1998, Mr. Ip served as the manager of asset trading and head of corporation banking group at ING Bank, a bank principally engaged in providing banking services, where he was primarily responsible for asset trading and corporate banking services. From 1998 to 2003, Mr. Ip served as the managing director of distressed asset trading and investment at Bank of America, a bank principally engaged in providing banking services, where he was primarily responsible for management of corporate non-performing assets and investment. From 2004 to 2008, Mr. Ip served as the regional director of Spinnaker Capital Group, a global emerging market investment group, where he was primarily responsible for special situation investment in China. Mr. Ip received his bachelor's degree in applied mathematics and computer science from Washington University in St Louis, Missouri in May 1973 and a master's degree in business administration from the University of California, Los Angeles in December 1975.

**Mr. Yip Wai Ming** (葉偉明), aged 49, was appointed as our independent non-executive Director on June 1, 2014. Mr. Yip has over 20 years of experience in accounting, capital markets and corporate finance. From 1987 to 1996, Mr. Yip worked at Ernst & Young, an accounting firm principally engaged in providing assurance, tax, transaction and advisory services, where his last position held was senior manager and was primarily responsible for providing services in auditing, listing, due diligence and mergers and acquisitions. From 1996 to 1998, Mr. Yip served as an associate director of ING Bank N.V., a commercial bank principally engaged in providing banking and financial services, where he was principally engaged in corporate finance.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Yip has held a number of positions in the following companies listed on the Stock Exchange:

<u>Date</u>	<u>Name of listed company</u>	<u>Stock code</u>	<u>Principal business activities of listed company</u>	<u>Responsibilities</u>
1999 to 2001	China New Energy Power Group Limited, previously known as Fulbond Holdings Limited	1041	Timber business in the PRC	As the chief financial officer, he was primarily responsible for its accounting and financial management
2001 to 2003	Hi Sun Technology (China) Limited, previously known as Hi Sun Group Limited	818	Information technology business	As the vice president, he was primarily responsible for its restructuring
2004 to 2009	Haier Electronics Group Co., Ltd.	1169	Research, development, production and sale of household appliances	As the chief financial officer, he was primarily responsible for its financial accounting and corporate finance
2006 to present	Ju Teng International Holdings Limited	3336	Manufacture of notebook computer casings	As an independent non-executive director, he is a member of the audit, nomination and remuneration committees
2009 to present	BBMG Corporation (北京金隅股份有限公司)	2009	Manufacture of building materials supplemented by property development and property investment and management	As an independent non-executive director, he is a member of the audit committee
2010	Yuzhou Properties Company Limited	1628	Property development and investment in the PRC	As the deputy general manager, he was primarily responsible for its financial management and corporate finance
2010 to present	PAX Global Technology Limited	327	Development and sale of electronic funds transfer point-of-sale products and provision of related services	As an independent non-executive director, he is the chairman of the audit and remuneration committees and a member of the nomination committee

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## DIRECTORS AND SENIOR MANAGEMENT

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<u>Date</u>	<u>Name of listed company</u>	<u>Stock code</u>	<u>Principal business activities of listed company</u>	<u>Responsibilities</u>
2011 to present	Far East Horizon Limited	3360	Provision of financial leasing and advisory services	As an independent non-executive director, he is the chairman of the audit committee
2013 to present	Poly Culture Group Corporation Limited	3636	Art business and auction, performance and theater management and cinema investment and management	As an independent non-executive director, he is the chairman of remuneration and assessment committee and a member of audit committee

Mr. Yip received his bachelor's degree in social sciences from the University of Hong Kong in November 1987 and a bachelor's degree in laws from the University of London through long distance learning, in August 2001. Mr. Yip was admitted as a fellow of the Association of Chartered Certified Accountants in October 1995, an associate of the Hong Kong Institute of Certified Public Accountants in January 1996 and a member of the Chinese Institute of Certified Public Accountants in July 1996.

**Mr. Guo Shaomu** (郭少牧), aged 48, was appointed as our independent non-executive Director on June 1, 2014. Mr. Guo has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate and an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University in July 1989, a master's degree in computer engineering from the University of Southern California in May 1993 and a master's degree in business administration from the School of Management of Yale University in May 1998.

Each of our Directors has not been involved in any of the events described under Rule 13.51(2) of the Listing Rules. Save as disclosed above, none of our Directors has been a director of other listed entities for the three years immediately preceding the date of this prospectus.

### SENIOR MANAGEMENT

**Mr. Law Siu Wo** (羅兆和), aged 51, is our chief financial officer. He is primarily responsible for the overall financial management of our Group. Prior to joining us, Mr. Law served as the deputy chief financial officer of Fosun International Limited (stock code: 656), a company principally engaged in businesses including pharmaceuticals, property development, steel and mining, listed in the Main Board of the Stock Exchange, from 2005 to 2007, where he was primarily responsible for its financial management and assisted in its listing. From 2007 to 2008, Mr. Law served as the executive director

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## DIRECTORS AND SENIOR MANAGEMENT

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and chief financial officer of Star River Group (星河灣集團), a company principally engaged in real estate development and hotel business, where he was primarily responsible for its financial management. From 2008 to 2013, Mr. Law served as a vice president of KWG Property Holding Limited (stock code: 1813), a company principally engaged in real estate development, listed on the Main Board of the Stock Exchange, where he was primarily responsible for its financial management and treasury functions. Mr. Law has been admitted as member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants (香港會計師公會) since 1991. Mr. Law received his bachelor's degree in business administration at the University of Wisconsin-Whitewater in December 1985 and a master's degree in business administration from the University of California, Los Angeles in June 1994.

**Ms. Ma Lan** (馬蘭), aged 42, is a vice president of our Group. She is primarily responsible for the investment, financing, land expansion and development as well as the operation of investment properties of the business parks of our Group. Ms. Ma joined our Group as the general manager of the investment department of Yida Group, the former holding company of our PRC subsidiaries, in October 2004, where she was primarily responsible for the overall operations management. Prior to joining us, Ms. Ma was a manager at Shanghai Youlian Strategy Management Centre (上海友聯戰略管理中心), a company principally engaged in the management of financial holding companies, from April 2003 to August 2004, where she was primarily responsible for marketing activities. Ms. Ma received her bachelor's degree in industrial economic management from the Dongbei University of Finance and Economics (東北財經大學) in July 1994.

**Mr. Qin Xuesen** (秦學森), aged 43, is a vice president of our Group. He is primarily responsible for the design and planning, product positioning, cost control, construction and property management of our Group. Mr. Qin joined our Group in November 2002, as the head of quality control department of Dalian Software. Prior to joining us, Mr. Qin was the director of engineering at Dalian Jian-An Engineering Construction Supervision & Management Co., Ltd. (大連建安工程建設監理有限公司), a company principally engaged in building construction supervision, from December 1996 to January 2002, where he was primarily responsible for construction management. Mr. Qin was accredited as an engineer by the Liaoning Province Department of Personnel (遼寧省人事廳) in February 2002. Mr. Qin received his bachelor's degree in construction surveying at the Hohai University (河海大學) in July 1995.

### COMPANY SECRETARY

Mr. Law Siu Wo is our company secretary for the purposes of Rule 8.17 of the Listing Rules. For details of his background, please refer to the section headed "Directors and Senior Management – Senior Management" in this prospectus.

### BOARD OF DIRECTORS COMMITTEES

#### Audit Committee

Our Company has established an audit committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Yip Wai Ming, Mr. Ip Yuk Chi Eddie and Mr. Guo Shaomu, our independent non-executive Directors. Mr. Yip Wai Ming has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director with the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

#### Nomination Committee

Our Company has established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in

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## DIRECTORS AND SENIOR MANAGEMENT

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Appendix 14 to the Listing Rules. The Nomination Committee consists of two independent non-executive Directors, being Mr. Ip Yuk Chi Eddie and Mr. Yip Wai Ming and one executive Director, being Mr. Sun Yinhan. Mr. Sun Yinhan has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of directors of our Company.

### Remuneration Committee

Our Company has established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Remuneration Committee has three members, namely Mr. Ip Yuk Chi Eddie, Mr. Jiang Xiuwen and Mr. Guo Shaomu. Mr. Ip Yuk Chi Eddie, our independent non-executive Director, has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

### WAIVER GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the section headed “Waiver from Compliance with the Listing Rules – Waiver in relation to Management Presence in Hong Kong.”

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, allowances and other benefits in kind) paid to our Directors for the three years ended December 31, 2011, 2012 and 2013 was approximately RMB2,514,000, RMB3,350,000 and RMB50,341,000, respectively. Save as disclosed in this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors for the three years ended December 31, 2011, 2012 and 2013.

The aggregate amount of fees, salaries, contributions to pension schemes, allowances and other benefits in kind paid to our five highest paid individuals in respect of the three years ended December 31, 2011, 2012 and 2013 was approximately RMB4,038,000, RMB4,815,000 and RMB50,341,000, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended December 31, 2011, 2012 and 2013. Further, none of our Directors had waived or agreed to waive any remuneration during the same period.

Under the arrangement currently in force, the aggregate remuneration (including salaries, contributions to pension scheme, housing allowances and other allowances and benefit in kind) of our Directors for the year ending December 31, 2014 is estimated to be no more than RMB4.8 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPLIANCE ADVISOR

We have appointed Quam Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

### SHARE OPTION SCHEME

We have adopted the Share Option Scheme. For details of the Share Option Scheme, please refer to the section headed “Statutory and General Information — D. Other Information — 1. Share Option Scheme” in Appendix V to this prospectus.



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*The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2011, 2012 and 2013 and, in each case, the related notes set out in the “Accountants’ Report” included as Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those stated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” in this prospectus.*

### OVERVIEW

We are the largest business park developer in the PRC in terms of completed GFA as of December 31, 2013, according to the DTZ Report based on a survey conducted by DTZ Shanghai on 414 qualified business parks in 30 large cities in the PRC. Please refer to the section headed “Industry Overview — The Market of Business Parks in the PRC — Overview of Business Parks in the PRC” for detailed information regarding the names of those cities and the qualifications of those business parks. We believe we are also a leading business park operator in the PRC, as our internationally renowned Dalian Software Park had the highest percentage of Fortune Global 500 tenants to the total number of its tenants among the top 20 business parks in China as of December 31, 2013, according to the DTZ Report. According to the same report, we had the largest market share in terms of sales amount in Dalian, Liaoning Province in 2013. In 2013, we were ranked as the 29th-largest property developer in the PRC based on an assessment in terms of business scale, risk management, profitability, growth potential, operational performance, innovational capability and social responsibility according to the China Real Estate Development Enterprises 500 Assessment Report (中國房地產開發企業500強測評報告) issued by China Real Estate Association, China Real Estate Research Association and China Real Estate Appraisal. Our business park projects include office buildings, residential properties and other supportive facilities such as retail spaces, hotels, car parks and storage spaces. We hold as investment and lease out the core office buildings in our business parks to realize long-term property appreciation and steadily increasing rental income. We sell the residential properties in our business parks and in multi-functional, integrated residential community projects, and we also sell a small portion of non-core office buildings in the business parks in accordance with our development plan, which provides us with relatively quick capital turnover and liquidity. We will adjust the proportion between business park office buildings for sale and investment in order to balance the short- and long-term needs for capital performance and returns.

We derive our revenue primarily from:

- **Property sales.** We develop business parks and multi-functional, integrated residential community projects, and sell residential properties within those parks and projects, and certain non-core office building units within our business parks, which provide us with immediate access to capital from property sales to fund our capital expenditures.
- **Property investment.** We own and lease the business park office spaces that we have developed, which provide us with long-term returns through recurring rental income and property appreciation.
- **Business park operation and management.** We provide operation and management services to business park projects developed by local governments and other real estate developers, which provide us with recurring operation service fee income.
- **Construction, decoration and landscaping.** We derive revenue from providing construction, decoration and landscaping services for the properties developed by us and other real estate developers.

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- **Property management.** We provide management services to residential properties and office buildings developed by us and other third parties, which provide us property management fee income.

Our revenue grew from RMB3,793.0 million in 2011 to RMB6,000.7 million in 2012, representing an increase of 58.2%, while our profit for the year grew from RMB938.8 million in 2011 to RMB1,399.7 million in 2012, representing an increase of 49.1%. In 2013, our revenue and profit for the year amounted to RMB6,399.2 million and RMB857.3 million, respectively.

### BASIS OF PRESENTATION

Our Company was established in the Cayman Islands and became the holding company as a result of the Reorganization. See “History, Reorganization and Corporate Structure.” The companies now comprising our Group were under the common control of the Controlling Shareholders before and after the Reorganization. Accordingly, our consolidated financial information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period. Our consolidated financial information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from January 1, 2013, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of our consolidated financial information throughout the Track Record Period. Our consolidated financial information has been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value.

### SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We derive our revenue primarily from the sale of residential properties and leasing of our investment properties. Our results of operations and financial condition are primarily affected by the following factors:

- Growth of the industries on which our business park projects have been focusing;
- Economic growth in the cities in which we conduct our business and other first- and second-tier cities of China with growth potential in knowledge-based industries;
- GFA delivery, ASP, rental rates and occupancy rates of our properties;
- Availability, suitability and cost of land and cost of construction;
- Proportion of investment properties;
- Change in fair value of our investment properties;
- Access to and cost of financing; and
- Local and national real estate regulations.

### Growth of the industries on which our business park projects have been focusing

We currently focus on developing business parks for the ITO, BPO, Financial Services and certain other knowledge-based and high-tech industries, such as the Internet-related shared service center and R&D industries. We have been able to attract first-tier leading global companies, such as IBM, GENPACT, Symantec, CISCO, Oracle and Softbank, to reside in our business parks, which we believe

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has helped attract other small- and mid-sized companies in the relevant industry sectors to become our tenants and therefore achieved a high occupancy rate. The concentration on the ITO, BPO and R&D industries may subject us to risks affecting such industry sectors. We are, therefore, sensitive to any material change in any of these industries since it may bring an overall effect on the business operation, financial condition and results of operations of our tenants in such industries and their budgets on office spaces, and therefore affect the occupancy rates of our business parks and our revenue generated from office space leasing. A decreasing occupancy rate in our business parks will further affect the sale of our residential property projects in such business parks.

### **Economic growth in the cities in which we conduct our business and other first- and second-tier cities of China with growth potential in knowledge-based industries**

Economic growth in China has increased the demand for industrial and consumer products, and the corresponding demand for properties, including business parks and residential properties. From 2005 to 2012, China's GDP grew at a CAGR of approximately 15.9%. During the Track Record Period, we have experienced growing demand for our properties and increasing rental income and property values. Our business has benefited, and is expected to continue to benefit, from the rapid economic growth in China, the accelerating urbanization process, and the significant growth in demand for industrial and consumer products in the cities of Dalian, Wuhan, Shenyang, Chengdu and Beijing, as well as the PRC government's recent initiatives to increase domestic consumption.

Our continued growth also depends on the economic growth of other areas of China where we plan to expand our operations. We are also especially sensitive to changes in the new technology development, consumer confidence, consumer spending and consumer preferences in ITO and BPO industries on which our existing business park projects concentrate and other industries in which our business park projects may expand into.

Any economic downturn in China, change of market condition in the real estate industry, particularly in the regions where we operate, could materially and adversely affect our business, results of operations and financial position. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — Our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets, particularly in Dalian, Wuhan, Shenyang, Chengdu and Beijing where we have operations."

### **GFA Delivery, ASP, Rental Rates and Occupancy Rates of Our Properties**

Our results of operations with respect to property sales may fluctuate significantly from period to period depending on the status of our property development and the total amount and timing of GFA delivery during the period. We recognize revenue with respect to property sales upon delivery of the properties to our customers. As the development and construction schedules of our projects are not spread evenly over time, our results of operations may differ significantly from time to time. If there is any delay in the delivery of our properties for any reason, many of which are beyond our control, our results of operations during the period could be materially and adversely affected. Please refer to the section headed "Risk Factors — Risks Relating to Our Business — We may not be able to complete our development projects according to our budget or on time, or at all, which may lead to delay in revenue recognition, lower returns and claims from customers."

Our sales of properties are also affected by the selling prices achieved during the pre-sale periods. Our ASPs, which are derived by dividing revenue by the GFA sold, recognized in 2011, 2012 and 2013 were RMB13,069, RMB14,727 and RMB13,963, respectively. Our ASP and sales are affected by a number of factors, including project type, project design and quality, location and completion status of the overall development. For example, the selling price for units would be higher when the project moves to a later stage of the development cycle. The selling prices of our residential properties are also affected by factors beyond our control, including local market supply and demand, competition, general economic conditions, and government austerity policy and measure imposed by the PRC Government.

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Our revenue derived from rental of our business park projects in any given period may vary significantly depending on the rental and occupancy rates of our properties. The rental and occupancy rates of our business park properties are affected by a number of factors, including the overall attractiveness of our projects, local supply and demand of office space properties, our tenant mix, market rental rates of similar properties in the local market and general economic conditions.

### **Availability, Suitability and Cost of Land and Cost of Construction**

Our growth depends in part on our ability to continuously identify and obtain suitable sites for future development projects at reasonable prices. We plan to acquire sufficient land reserves to satisfy our development requirement for the next three to five years on a rolling basis. There is a limited supply of suitable land available for development in the areas to which we intend to expand. Further, the costs of acquiring land use rights in many such regions have increased in recent years. Land acquisition costs have been one of the most important components of our cost of sales.

In 2011, 2012 and 2013, our land acquisition costs included in costs of properties sold amounted to RMB434.2 million, RMB777.5 million and RMB928.2 million, respectively, representing 28.6%, 25.8% and 26.1% of our total costs of properties sold, respectively, and representing 19.2%, 16.2% and 17.2% of our revenue from sales of properties, respectively. Changes in the price of land may significantly affect our business, results of operations and financial condition. We expect that competition for land reserves will continue to intensify and land acquisition costs will continue to rise, which will have a significant impact on our results of operations.

Our results of operations also depend in part on our ability to control our construction costs. In 2011, 2012 and 2013, our construction costs included in costs of properties sold amounted to RMB955.4 million, RMB2,021.2 million and RMB2,332.7 million, respectively, representing 62.9%, 67.0% and 65.5% of our total costs of properties sold, respectively, and representing 42.3%, 42.0% and 43.3% of our revenue from sales of properties, respectively. The cost of construction materials, such as steel and concrete, may continue to fluctuate from time to time. Therefore, any significant increase in the labor cost and cost of construction materials, particularly steel and concrete, will adversely impact our overall cost of sales.

### **Proportion of Investment Properties**

Although we have derived, and expect to continue to derive, a majority of our revenue from the sale of properties, we hold the core office buildings in our business parks as investment properties in accordance with our development plan to enjoy the recurring rental income and capital appreciation. Currently, all of our multi-functional, integrated residential community projects and residential properties within our business parks and a small portion of our business park office buildings, car parks and commercial facilities are held for sale. Depending upon our cash flow requirements and market conditions, we may adjust the proportion of the GFA we hold as investment properties from time to time. As a result, if the proportion of properties held for sale decreases, our revenue, cash flows and gross profit margin may be affected in a certain period.

### **Change in Fair Value of Our Investment Properties**

Changes in the fair value of our investment properties have had, and are expected to continue to have, a substantial effect on our results of operations. Investment properties are initially measured at cost and subsequently stated at their fair value based on valuations performed by an independent property valuer, and subsequent gains or losses arising from changes in these fair values are recorded as fair value gains or losses on investment properties. Changes in fair value can arise from either completed investment properties or investment properties under development. Their fair values may increase or decrease based on a wide range of factors, including social and economical environment and government policies. In 2011, 2012 and 2013, we had fair value gains on our investment properties of RMB1,111.6 million, RMB635.8 million and RMB411.6 million, respectively.

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These adjustments reflected unrealized capital gains on our investment properties as of the relevant reporting dates, and did not generate cash flow. We expect the impact of valuation adjustments on our results of operations will continue to be significant as a result of market fluctuations, and have a significant impact on our results of operations. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — Investment properties are illiquid and changes in the fair value of such investment properties could affect our profit.”

### Access to and Cost of Financing

Interest-bearing bank and other borrowings are important sources of funding for our property developments. As of December 31, 2011, 2012 and 2013, our outstanding bank and other borrowings amounted to RMB7,045.5 million, RMB8,849.4 million and RMB13,426.7 million, respectively. The average effective interest rates of our bank and other borrowings in 2011, 2012 and 2013 were 9.2%, 10.0% and 10.7%, respectively. Average effective interest rates are derived by dividing the total interest costs for the relevant period by interest-bearing bank and other borrowings as at the end of that period, multiplying by 365 days and dividing by the number of days in that period. The interest rates of our bank and other borrowings are affected by the benchmark interest rates published by the PBOC and the interest spread required, which are in turn affected by the general economic conditions in China and the PRC Government’s monetary policies. Therefore, any increase in the benchmark interest rates and interest spread will increase our interest expenses. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC Government on bank lending for property developments. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may not have adequate financing to fund our future land acquisitions and property developments, and such capital resources may not be available on commercially reasonable terms, or at all.”

### Local and National Real Estate Regulations

Regulations and policies on real estate industry, including tax policies, land grant policies, pre-sale policies, financing policies and other macro-economic policies, have had and will continue to have a direct impact on our business and results of operations. The PRC Government implemented a series of measures aimed at cooling the residential market in recent years. Since a majority of our properties held for sale are residential properties, our business, results of operations and profitability have been affected by the government policies implemented to cool the residential market. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate.” On February 26, 2013, the State Council General Office of the PRC promulgated the Notice on the Further Regulation and Control of the Real Estate Market (關於繼續做好房地產市場調控工作的通知), introducing additional policy measures to control the real estate market, including measures restraining purchases of residential properties for investment and speculative purposes, raising the minimum down payment and interest rate for housing loans for the purchase of a second residential property by any person. For more details on this notice, please refer to the section headed “Regulatory Overview” in this prospectus. We believe, however, that most customers of our residential properties are first-time home buyers and buyers who seek home upgrades based on information provided by our customers to the banks when they apply for mortgage loans, which we usually assist in the process, as well as the interest rates approved by the banks for housing loans granted to our customers which are usually lower than interest rates for loans for the purchase of a second residential properties. As such, as the main impacts of such measures primarily affect purchases for investment or speculative purposes and to a less degree to first-time home buyers and buyers who seek home upgrades, we do not expect they will have a material adverse effect on our operations.

In addition, we depend on cash flows from the pre-sale of properties for our property developments. In 2011, 2012 and 2013, our cash flows from pre-sales amounted to RMB4,938.0

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million, RMB4,280.3 million and RMB5,197.8 million, respectively. If the PRC Government abolishes the practice of pre-selling uncompleted properties or implements other restrictions on property pre-sales, our cash flow position will be significantly and adversely affected and we will be required to seek alternative sources of funding to finance our project developments.

### **CRITICAL ACCOUNTING POLICIES**

We have identified certain accounting policies which involve subjective assumptions and estimates as well as complex judgments relating to certain accounting items. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our financial information. The estimates and associated assumptions are based on our historical experience and other various factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. Our significant accounting policies are set forth in detail in the Accountants' Report attached as Appendix I to this prospectus.

#### ***Revenue recognition***

Revenue is recognized when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that our Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreement, and the collectability of related receivables is reasonably assured;
- (b) from construction contracts, on the percentage of completion basis;
- (c) from the rendering of property management services, when the services are rendered and the fees are being collected;
- (d) from provision of business park operation and management services, when the services are provided;
- (e) rental income, on a time proportion basis over the lease terms;
- (f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (g) dividend income, when the shareholders' right to receive payment has been established.

#### ***Investment properties***

Investment properties are interests in land and buildings we hold to earn rental income and/or for capital appreciation, rather than for sale in the ordinary course of business, for use in the production or supply of goods or services or for administrative purposes. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the

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investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of the retirement or disposal.

When we complete the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognized in the statement of profit or loss.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the statement of profit or loss.

### ***Land held for development for sale***

The land held for future development represents parcels of land owned by our Group for the purpose of development of properties for sale. The land is stated at cost less any impairment losses and not depreciated. It is transferred to properties under development upon commencement of the related construction work in property development project.

### ***Properties under development***

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost and net realizable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to be completed beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

### ***Completed properties held for sale***

Completed properties held for sale are stated at the lower of cost and net realizable value. Cost of completed properties held for sale is determined by an apportionment of total land and building 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 the prevailing market conditions.

### ***Income tax***

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which our Group operates. Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associated companies and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associated companies and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### DESCRIPTION OF CERTAIN STATEMENT OF PROFIT OR LOSS ITEMS

#### Revenue

Our revenue during the Track Record Period was primarily derived from (i) income from the sales of properties; (ii) rental income; (iii) income from providing business park operation and management services; (iv) income from providing construction, decoration and landscaping services; and (v) income from providing property management services.



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The following table sets forth a breakdown of our revenue by sources for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in RMB millions, except percentages)					
<b>Sales of properties</b>						
— within business parks	1,324.0	35.0	2,195.5	36.6	3,556.8	55.6
— outside business parks	932.7	24.5	2,613.7	43.5	1,828.5	28.6
<b>Sub-total</b>	<u>2,256.7</u>	<u>59.5</u>	<u>4,809.2</u>	<u>80.1</u>	<u>5,385.3</u>	<u>84.2</u>
<b>Rental income</b>	219.8	5.8	264.9	4.4	293.1	4.6
<b>Business park operation and management income</b>	4.5	0.1	4.6	0.1	4.8	0.1
<b>Construction, decoration and landscaping income</b>	1,193.8	31.5	805.8	13.5	579.4	9.0
<b>Property management income</b>	118.2	3.1	116.2	1.9	136.6	2.1
<b>Total</b>	<u><u>3,793.0</u></u>	<u><u>100</u></u>	<u><u>6,000.7</u></u>	<u><u>100</u></u>	<u><u>6,399.2</u></u>	<u><u>100</u></u>

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For property sales, revenue is recognized when significant risks and rewards of ownership of the properties are transferred to our customers. We consider that the significant risks and rewards of ownership of our properties sold are transferred when the construction of relevant properties has been completed and the properties have been delivered to the customers. As we derive our revenue primarily from sales of properties, our results of operations for a given period are dependent on the total GFA and ASP of properties we delivered during such period. The table below sets forth, for the periods indicated, the GFA, ASP and revenue by project sold. The ASPs are derived by dividing revenue by the GFA sold.

	For the year ended December 31,											
	2011				2012				2013			
	GFA sold (sq.m.)	ASP (RMB/ sq.m.)	Revenue (in RMB thousands)	GFA sold (sq.m.)	ASP (RMB/ sq.m.)	Revenue (in RMB thousands)	GFA sold (sq.m.)	ASP (RMB/ sq.m.)	Revenue (in RMB thousands)	GFA sold (sq.m.)	ASP (RMB/ sq.m.)	Revenue (in RMB thousands)
<b>Dalian</b>												
Softview E-Dream (軟景E居) <sup>(1)</sup> . . . . .	76,863	12,975	997,330	16,910	22,606	382,264	2,350	14,784	34,742	110,623	14,636	1,619,124
Eastern Santaciara (東方聖克拉) <sup>(1)</sup> . . . . .	—	—	—	122,125	14,015	1,711,521	3,332	15,809	52,676	73,798	10,613	783,241
Jade Garden (翡翠園) <sup>(1)</sup> . . . . .	8,642	10,425	90,093	—	—	—	17,185	21,011	361,075	47,781	13,813	659,993
Gingko Garden (銀杏園) <sup>(1)</sup> . . . . .	—	—	—	—	—	—	2,020	22,745	45,944	—	—	—
Warm Maner (融莊) <sup>(1)</sup> . . . . .	—	—	—	3,209	23,048	73,962	—	—	—	7,973	15,852	126,387
Perfect Garden (靚園) <sup>(1)</sup> . . . . .	10,087	23,454	236,585	161	13,186	2,123	149,005	15,051	2,242,722	94,144	15,648	1,473,197
Blue Mountain(藍山) <sup>(1)</sup> . . . . .	1,519	11,425	17,354	5,743	19,442	111,653	574	9,803	5,627	44	4,750	209
Lost-in-Beauty (大連唯美品格) <sup>(2)</sup> . . . . .	12,012	22,378	268,800	149,005	15,051	2,242,722	300,325	15,176	4,557,664	359,250	14,354	5,156,588
Just (傑特) <sup>(2)</sup> . . . . .	7,179	11,481	82,423	286,717	9,803	286,717	19,333	8,236	159,219	19,975	7,198	143,774
Fifth County(第五郡) <sup>(2)</sup> . . . . .	27,156	10,558	286,717	1,979,302	15,176	4,557,664	14,291	6,461	92,328	765	12,340	9,440
Button Wood (梧桐路) <sup>(2)</sup> . . . . .	143,458	13,797	1,979,302	300,325	15,176	4,557,664	4,919	8,540	42,006	385,672	13,963	5,385,317
Sub-total . . . . .	<u>143,458</u>	<u>13,797</u>	<u>1,979,302</u>	<u>300,325</u>	<u>15,176</u>	<u>4,557,664</u>	<u>359,250</u>	<u>14,354</u>	<u>5,156,588</u>	<u>359,250</u>	<u>14,354</u>	<u>5,156,588</u>
<b>Shenyang</b>												
Brand-new World (瀋陽唯美品格) <sup>(2)</sup> . . . . .	10,570	6,341	67,029	12,471	6,633	82,723	14,291	6,461	92,328	14,291	6,461	92,328
Mountain Fairyland (唯美十方) <sup>(2)</sup> . . . . .	718	18,563	13,328	2,310	14,201	32,804	765	12,340	9,440	765	12,340	9,440
YIDA Forever (致聖) <sup>(2)</sup> . . . . .	9,259	8,942	82,797	4,552	9,598	43,692	4,919	8,540	42,006	4,919	8,540	42,006
Sub-total . . . . .	<u>20,547</u>	<u>7,941</u>	<u>163,154</u>	<u>19,333</u>	<u>8,236</u>	<u>159,219</u>	<u>19,975</u>	<u>7,198</u>	<u>143,774</u>	<u>19,975</u>	<u>7,198</u>	<u>143,774</u>
<b>Chengdu</b>												
Supreme Mansion (上善橋) <sup>(2)</sup> . . . . .	8,677	13,170	114,277	6,908	13,363	92,313	6,447	13,177	84,955	6,447	13,177	84,955
Sub-total . . . . .	<u>8,677</u>	<u>13,170</u>	<u>114,277</u>	<u>6,908</u>	<u>13,363</u>	<u>92,313</u>	<u>6,447</u>	<u>13,177</u>	<u>84,955</u>	<u>6,447</u>	<u>13,177</u>	<u>84,955</u>
<b>Total</b> . . . . .	<u><b>172,682</b></u>	<u><b>13,069</b></u>	<u><b>2,256,733</b></u>	<u><b>326,566</b></u>	<u><b>14,727</b></u>	<u><b>4,809,196</b></u>	<u><b>385,672</b></u>	<u><b>13,963</b></u>	<u><b>5,385,317</b></u>	<u><b>385,672</b></u>	<u><b>13,963</b></u>	<u><b>5,385,317</b></u>
<b>Notes:</b>												
(1) Residential properties within business parks . . . . .	95,592	13,851	1,324,008	144,842	15,158	2,195,539	257,089	13,835	3,556,795	257,089	13,835	3,556,795
(2) Residential properties outside business parks . . . . .	77,090	12,099	932,725	181,724	14,383	2,613,657	128,583	14,221	1,828,522	128,583	14,221	1,828,522
<b>Total</b> . . . . .	<u><b>172,682</b></u>	<u><b>13,069</b></u>	<u><b>2,256,733</b></u>	<u><b>326,566</b></u>	<u><b>14,727</b></u>	<u><b>4,809,196</b></u>	<u><b>385,672</b></u>	<u><b>13,963</b></u>	<u><b>5,385,317</b></u>	<u><b>385,672</b></u>	<u><b>13,963</b></u>	<u><b>5,385,317</b></u>

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Our results of operations may vary significantly from period to period depending on the development and delivery schedules of our property projects in any given period. For example, our revenue in 2011 was primarily derived from the sales of residential units of Softview E-Dream (軟景E居) in the total amount of RMB997.3 million, Button Wood (梧桐路) in the total amount of RMB286.7 million, Just (杰特) in the total amount of RMB268.8 million and Blue Mountain (藍山) in the total amount of RMB236.6 million. Our revenue in 2012 was primarily derived from the sales of residential units of Fifth County (第五郡) in the total amount of RMB2,242.7 million and Eastern Santaclara (東方聖克拉) in the total amount of RMB1,711.5 million. Our revenue in 2013 was primarily derived from the sales of residential units of Eastern Santaclara (東方聖克拉) in the total amount of RMB1,619.1 million, Fifth County (第五郡) in the total amount of RMB1,473.2 million, Gingko Garden (銀杏園) in the total amount of RMB783.2 million, Perfect Garden (馥園) in the total amount of RMB660.0 million, and Warm Maner (融莊) in the total amount of RMB361.1 million.

### *Rental Income*

Rental income represents revenue from the rental of our investment properties which include business park office spaces, car parking spaces, storage spaces and other supporting commercial facilities.

In 2011, 2012 and 2013, our revenue from the rental income amounted to RMB219.8 million, RMB264.9 million and RMB293.1 million, which accounted for 5.8%, 4.4% and 4.6% of our total revenue, respectively.

### *Business Park Operation and Management Income*

Business park operation and management income represents revenue from the operation and management services we provided to the business park projects owned by local governments and other real estate developers. During the Track Record Period, our business park operation and management income was derived from the service we provided to Suzhou Hi-tech Software Park. Operation and management service fees were charged on a fixed basis plus additional fees for each Fortune Global 500 tenant that moved into the Suzhou Hi-tech Software Park. We also provide business park operation and management services to Wuhan First City Phase I. Operation and management service fees were charged in proportion to the total investment of the project plus additional fees for the tenants we bring into the park. We operate and manage Wuhan First City Phase I through our joint venture, Wuhan New Software Park Co., in which we hold a 50% interest.

In 2011, 2012 and 2013, our revenue from the business park operation and management services amounted to RMB4.5 million, RMB4.6 million and RMB4.8 million, which accounted for 0.1%, 0.1% and 0.1% of our total revenue, respectively.

### *Construction, Decoration and Landscaping Income*

We also derive revenue for providing construction, decoration and landscaping services to the properties developed by us and other real estate developers. For the construction work, the revenue is recognized on the percentage of completion basis. For the decoration and landscaping service, the revenue is recognized when the services are rendered.

In 2011, 2012 and 2013, our construction, decoration and landscaping service income amounted to RMB1,193.8 million, RMB805.8 million and RMB579.4 million, which accounted for 31.5%, 13.5% and 9.0% of our total revenue, respectively.

### *Property Management Income*

We generate property management income from the residents of our residential properties and certain third party properties. We collect property management service fees by providing general property management service, such as security, property maintenance and other ancillary services. Property management service fees are charged on a per sq.m. basis and may be adjusted from time to time at our discretion based on the rates charged by local operators.

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In 2011, 2012 and 2013, our property management income amounted to RMB118.2 million, RMB116.2 million and RMB136.6 million, which accounted for 3.1%, 1.9% and 2.1% of our total revenue, respectively.

### Cost of Sales

Our cost of sales primarily includes costs incurred directly for our property development, including land acquisition costs, construction costs and capitalized interest. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Amount	% of cost of sales	Amount	% of cost of sales	Amount	% of cost of sales
	(in RMB thousands, except for percentages)					
Cost of properties sold . . . . .	1,518,499	54.8	3,016,536	77.1	3,562,037	82.9
Cost of investment properties . . . . .	69,729	2.5	86,038	2.2	99,478	2.3
Cost of business park operation and management services . . . . .	1,067	0.1	1,065	0.1	1,035	0.1
Cost of construction, decoration and landscaping services . . . . .	1,073,229	38.7	706,040	18.0	509,915	11.9
Cost of property management services . . . . .	109,279	3.9	103,801	2.6	121,197	2.8
<b>Total Cost of Sales</b> . . . . .	<u>2,771,803</u>	<u>100</u>	<u>3,913,480</u>	<u>100</u>	<u>4,293,662</u>	<u>100</u>

The following table sets forth a breakdown of our cost of our properties sold for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in RMB thousands, except for percentages)					
Land acquisition costs . . . . .	434,243	28.6	777,542	25.8	928,201	26.1
Construction costs . . . . .	955,364	62.9	2,021,215	67.0	2,332,701	65.5
Capitalized interest . . . . .	128,892	8.5	217,779	7.2	301,135	8.4
<b>Total Cost of Properties Sold</b> . . . . .	<u>1,518,499</u>	<u>100</u>	<u>3,016,536</u>	<u>100</u>	<u>3,562,037</u>	<u>100</u>

### Cost of Properties Sold

*Land acquisition costs.* Land acquisition costs primarily include payments to the land bureaus or government authorities for the right to occupy, use and develop a particular parcel of land. Land acquisition costs also include land-related taxes and surcharges. Land acquisition costs are recognized as part of the cost of sales upon completion and delivery of the relevant properties. Land acquisition costs are affected by the location of the property and the timing of acquisition, as well as general economic and real estate market conditions. In 2011, 2012 and 2013, our land acquisition costs represented 28.6%, 25.8% and 26.1% of our total cost of properties sold, respectively.

*Construction costs.* Construction costs consist primarily of the payments to our third party contractors and other suppliers. Our construction costs also include land leveling expenses, surveying expenses and designing fees. In 2011, 2012 and 2013, our construction costs represented 62.9%, 67.0% and 65.5% of our total cost of properties sold, respectively.

*Capitalized interest.* We capitalize a portion of our borrowing costs to the extent that such costs are directly attributable to the construction and production of a particular project. In 2011, 2012 and 2013, our capitalized interest represented 8.5%, 7.2% and 8.4% of our total cost of properties sold, respectively.

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### **Cost of Investment Properties**

Our cost of investment properties includes costs of operating personnel, utility expenses and maintenance of our investment properties.

### **Cost of Business Park Operation and Management Services**

Our cost of business park operation and management services consist primarily of costs for our personnel and business development activities.

### **Cost of Construction, Decoration and Landscaping Services**

Our cost of construction, decoration and landscaping services mainly covers labor, materials, fittings and equipment costs.

### **Cost of Property Management Services**

Our cost of property management services mainly includes labor costs and costs associated with security and maintenance services.

### **Gross Profit and Gross Profit Margin**

In 2011, 2012 and 2013, our gross profit was RMB1,021.2 million, RMB2,087.2 million and RMB2,105.5 million, respectively, representing gross profit margins of 26.9%, 34.8% and 32.9%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Gross Profit	Gross Profit margin %	Gross Profit	Gross Profit margin %	Gross Profit	Gross Profit margin %
	(in RMB thousands, except for percentages)					
Sales of properties .....	738,234	32.7	1,792,660	37.3	1,823,280	33.9
Rental income .....	150,027	68.3	178,884	67.5	193,669	66.1
Business park operation and management income .....	3,464	76.5	3,522	76.8	3,625	77.8
Construction, decoration and landscaping income .....	120,606	10.1	99,727	12.4	69,534	12.0
Property management income .....	8,881	7.5	12,394	10.7	15,409	11.3
<b>Total</b> .....	<u>1,021,212</u>	<u>26.9</u>	<u>2,087,187</u>	<u>34.8</u>	<u>2,105,517</u>	<u>32.9</u>

Gross profit margins of our sales of properties varied during the Track Record Period, primarily because of different projects delivered in each period.

Gross profit margins of our rental business were generally stable and above 60% during the Track Record Period.

Gross profit margins of our business park operation and management service income did not significantly fluctuate and the change was primarily due to the fluctuation of costs of our business development activities.

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Gross profit margins of our construction, decoration and landscaping business varied during the Track Record Period mainly due to the different property types for which we provided construction, decoration and landscaping services during the respective periods. Generally, the profit margins of construction, decoration and landscaping services for high-end properties are higher.

Gross profit margins of our property management services varied primarily due to the delayed payment of management fee by certain residential property owners. The revenue derived from our property management business are recognized upon service rendered with cash received.

### **Other Income and Gains**

Our other income and gains primarily include government subsidy income, compensation from government for its delay in transferring a certain land parcel to us, gains on the disposal of certain subsidiaries and joint ventures and interest income. Our other income and gains amounted to RMB83.8 million, RMB52.3 million and RMB256.2 million in 2011, 2012 and 2013, respectively.

### **Sales and Marketing Costs**

Our sales and marketing costs primarily include advertising and promotional expenses to promote the sales and rental of our properties, commissions to sales agents and compensations made to our sales and marketing personnel. We focus our marketing efforts on the first phase of each project to establish the reputation and profile for the project and in turn incur higher initial advertising and promotional expenses during this phase of the project. We also incur higher initial advertising and promotional expenses when expanding into new cities. As a result, our sales and marketing costs may fluctuate from time to time.

Sales and marketing costs in 2011 and 2012 were generally stable. Our sales and marketing costs increased from RMB228.5 million in 2012 to RMB304.4 million in 2013, which was in line with our expanded sales scale.

### **Administrative Expenses**

Our administrative expenses primarily include staff cost, professional fees, office expenses, entertainment expenses and depreciations and amortizations. Our administrative expenses amounted to RMB299.6 million, RMB353.2 million and RMB449.6 million in 2011, 2012 and 2013, respectively.

### **Other expenses**

Other expenses primarily include loss on disposal of subsidiaries which amounted to RMB54.6 million in 2011, donation expenses relating to donations made to charity organizations which amounted to RMB46.1 million, RMB17.9 million and RMB27.9 million in 2011, 2012 and 2013, respectively, and fair value loss on derivative financial instruments which amounted to RMB13.1 million, RMB63.2 million and RMB30.5 million in 2011, 2012 and 2013, respectively.

In April 2010 and November 2011, we granted four put options to certain offshore joint venture partners pursuant to which they may elect to sell their indirect interests in Dalian Software Park Ambo, Dalian Software Park Shitong, Dalian Yihong Property and Dalian Yize Property to us.

The put options in relation to Dalian Software Park Ambo and Dalian Software Park Shitong may be exercised at any time after the earlier of (i) expiry of the first 54 months after closing of our joint venture partners' investments in these entities or (ii) 90% and 50% of the saleable GFA of the projects owned by these entities are pre-sold and delivered, respectively, and do not have an expiration date. Projects owned by Dalian Software Park Ambo and Dalian Software Park Shitong are Provence Ambo Valley (普羅旺斯安博谷) and Provence Stone Valley (普羅旺斯世通谷) which had a total saleable GFA of approximately 242,310 sq.m. and 293,100 sq.m. as of March 31, 2014, respectively. The exercise price for the put options will be based on the adjusted net asset value of Dalian Software Park Ambo and Dalian Software Park Shitong at the time of the option exercise. Assuming these two put options

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are exercised at the end of 2014 shortly after they become exercisable, we estimate such exercise would cause a net cash outflow of approximately RMB372 million to us with reference to the joint venture partners' interests in these entities and the estimated net asset values of these two projects at the time of exercise. If our joint venture partners exercise these two put options, our interests in the two projects will be increased to 100% and we will continue the development and, as applicable, the pre-sale or sale of the projects according to the business plans for the projects.

The put options in relation to Dalian Yihong Property and Dalian Yize Property may be exercised at any time after the earlier of (i) expiry of the first 54 months after the closing of our joint venture partners' investments in these entities or (ii) 90% and 50% of the saleable GFA of the projects owned by these entities are pre-sold and delivered, respectively, and do not have an expiration date. Projects owned by Dalian Yihong Property and Dalian Yize Property are Phase I and Phase II of First County (第一郡) which had a total saleable GFA of approximately 247,573 sq.m. and 216,108 sq.m. as of March 31, 2014, respectively. Under the terms of these put options as originally granted in November 2011, the exercise price would be based on the adjusted net asset value of Dalian Yihong Property and Dalian Yize Property at the time of the option exercise. The supplemental agreement that we entered into with the offshore joint venture partners in December 2013 amended the exercise price for these two options to provide a certain level of base return (the "Base Return") to our offshore joint venture partners on their investments. In return, the supplemental agreement also gives us a call option to purchase the offshore joint venture partners' indirect interests in Dalian Yihong Property and Dalian Yize Property which will allow us to obtain the full control of these joint ventures by paying them the Base Return to enjoy greater portion of the return from these projects. The supplemental agreement did not change the other material terms of the put options as originally granted in November 2011. Based on our latest business plan, we estimate that the put options will not become exercisable until June 1, 2016. Based on our latest business plan and market conditions, we estimate the Base Return payment out of exercising the relevant options would cause a net cash outflow of approximately RMB475.5 million to us at the time of exercise. As of the Latest Practicable Date, we did not have any intention to exercise the call option granted to us under the supplemental agreement.

Such derivative financial instruments were recorded in our consolidated statements of financial position and carried at fair value with reference to a valuation performed by an independent professional valuer using the Binomial Model. Fair value of the put options was recorded as our liabilities as they were granted by us to joint venture partners and fair value of the call option was recorded as offset to our liabilities as it was granted by joint venture partners to us in relation to the put options. Change in the ending balance of fair value for each year was recognized as fair value gain or loss in the statements of profit and loss in that year. We will continue to evaluate the fair value of these options until such options are exercised. Exercise of such options will result in derecognition of relevant joint ventures which will become our subsidiaries by way of acquisitions under business combination, with the carrying amount of the relevant derivative financial instruments derecognized and treated as part of the acquisition consideration.

### **Fair Value Gains on Investment Properties**

Investment properties are interests in land and buildings held to earn recurring rental income. Investment properties are stated at their fair value as of each reporting date. Gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss in the period in which they arise. Please refer to "Appendix III – Property Valuation" to this prospectus for more details.

Changes in the fair value of both completed investment properties and investment properties under construction will affect our results of operation.

In 2011, 2012 and 2013, we had change in fair value of investment properties of RMB1,111.6 million, RMB635.8 million and RMB411.6 million, respectively. These adjustments reflected unrealized

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capital gains on our investment properties, and thus did not generate cash. See “— Critical Accounting Policies — Investment Properties.”

### Finance Costs

Our finance costs include interest expenses on bank loans and other borrowings less capitalized interest. Our finance costs amounted to RMB101.8 million, RMB92.0 million and RMB260.5 million in 2011, 2012 and 2013, respectively. We capitalize certain interest expenses based on the use of the underlying borrowing. Under HKFRSs, borrowings costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of these assets. Furthermore, interest expenses can only be capitalized during the construction period and finance costs incurred prior to and after the construction period must be expensed.

During the Track Record Period, our borrowing costs represented an average effective interest rate of 9.2%, 10.0%, and 10.7%, respectively. Average effective interest rates are derived by dividing the total interest expenses for the relevant period by total interest-bearing bank and other borrowings as at the end of that period, and multiplying by 365 days and dividing by the numbers of days in that period. The interest expenses were RMB645.8 million, RMB883.6 million and RMB1,438.3 million in 2011, 2012 and 2013.

### Share of Profits and Losses of Joint Ventures

Our share of profits and losses of joint ventures primarily include our shares of profits or losses, as applicable, from Dalian Software Park Ambo, Eagle Fit, Dalian Software Park Ascendas and Dalian Yihong Property.

### Share of Profits and Losses of Associated Companies

Our share of profits and losses of associated companies include our shares of profits or losses, as applicable, from our two associated companies, Richcoast Group and Crown Speed.

### Tax

Our tax comprises provisions for CIT, LAT and deferred tax. During the Track Record Period, the effective tax rate for our PRC subsidiaries were 36.7%, 36.4% and 48.6%. Effective tax rates are derived by dividing total tax charge for the relevant period by profit before tax for that period. The following table sets forth a breakdown of our income tax expense for the periods indicated:

	<b>For the year ended December 31,</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(in RMB thousands)</b>		
Current:			
PRC corporate income tax .....	153,551	356,335	320,622
PRC land appreciation tax .....	126,867	318,251	464,627
	280,418	674,586	785,249
Deferred:			
Current year .....	263,949	126,461	24,810
Total tax charge for the year .....	<u>544,367</u>	<u>801,047</u>	<u>810,059</u>

According to the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations on LAT of the PRC (中華人民共和國土地增值稅暫行條例實施細則), all income from the sale or transfer of state-owned land use rights on land, buildings and their attached facilities is subject to LAT.



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LAT is levied on properties developed by property developers in the PRC for sale at progressive rates generally ranging from 30% to 60% of the appreciation in land value with certain exemptions. In lieu of progressive rates, Just (杰特) and Softview E-Dream (软景E居) were subject to an LAT of 5% to 8% of their revenue in accordance with the local tax regulations. Pursuant to relevant tax notices issued by local tax authorities, which has been in effect since 2012 for Just (杰特) and 2013 for Softview E-Dream (软景E居), LAT rates of 5.0%, 6.0% and 8.0% are applicable to ordinary residential properties, non-ordinary residential properties, and non-residential properties, respectively. Such reduced LAT rates are applied to all real property developers in Dalian without any specific conditions or requirements. For our projects to which the reduced LAT rates applied pursuant to the local tax regulations, the relevant tax authorities have completed the final assessments of the projects and, therefore, any future amendment to the local tax regulations will not have any impact on our tax obligations with respect to these projects.

For real estate development companies in the PRC, CIT and LAT are pre-paid based on certain percentages of pre-sales proceeds. Pre-paid CIT and LAT are deducted in the statement of profit or loss when the properties are delivered and revenue is recognized. As of December 31, 2011, 2012 and 2013, we made LAT provisions of RMB124.4 million, RMB215.4 million and RMB406.5 million, respectively.

We are not subject to any income tax for our Company, which is incorporated in the Cayman Islands. We did not incur Hong Kong profits tax during the Track Record Period.

Deferred taxes are the taxes expected to be payable or recoverable on the differences between the carrying amounts of assets and liabilities in our financial statements and the corresponding tax basis. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized for deductible temporary differences, carried-forward unused tax credit and unused tax losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

In 2011, 2012 and 2013, our deferred tax liabilities primarily included fair value adjustments arising from investment properties. Deferred tax liabilities arising from fair value adjustments arising from investment properties was RMB1,281.2 million, RMB1,440.2 million and RMB1,543.1 million as of December 31, 2011, 2012 and 2013, respectively. The increases in deferred tax liabilities from 2011 to 2013 were primarily due to increases in fair value adjustments arising from investment properties.

Our effective tax rate is affected by the statutory CIT rates, LAT, non-deductible expenses and profits and losses attributable to joint ventures and associated companies in the PRC. Our effective tax rate, net of LAT, representing tax charges, excluding the effect of LAT (current tax of LAT and deferred tax on provision for LAT), divided by profit before tax, was 28.3%, 23.0% and 23.8% in 2011, 2012 and 2013, respectively. The lower effective tax rate in 2012 and 2013 was primarily due to the utilization of tax losses from previous periods. Under the CIT Law, a resident enterprise's income from equity investments in another resident enterprise is exempted from CIT and, therefore, our profit from investment in our joint ventures was exempted from CIT.

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### RESULTS OF OPERATION

The following table sets forth a summary of our results of operations for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(in RMB thousands)		
Revenue	3,793,015	6,000,667	6,399,179
Cost of sales	(2,771,803)	(3,913,480)	(4,293,662)
Gross profit	1,021,212	2,087,187	2,105,517
Other income and gains	83,800	52,269	256,177
Selling and marketing expenses	(239,326)	(228,476)	(304,413)
Administrative expenses	(299,644)	(353,221)	(449,562)
Other expenses	(114,719)	(87,179)	(64,314)
Fair value gains on investment properties	1,111,581	635,814	411,566
Finance costs	(101,792)	(92,010)	(260,464)
Share of profits and losses of:			
Joint ventures	4,646	146,214	1,540
Associated companies	17,367	40,124	(28,726)
Profit before tax	1,483,125	2,200,722	1,667,321
Tax	(544,367)	(801,047)	(810,059)
Profit for the year	<u>938,758</u>	<u>1,399,675</u>	<u>857,262</u>
Attributable to:			
Owners of the parent	864,096	1,310,691	827,865
Non-controlling interests	74,662	88,984	29,397
	<u>938,758</u>	<u>1,399,675</u>	<u>857,262</u>

### Year ended December 31, 2013 compared to year ended December 31, 2012

#### Revenue

Our revenue was RMB6,399.2 million in 2013, compared with RMB6,000.7 million in 2012, representing an increase of RMB398.5 million, or 6.6%, primarily due to an increase in the sale of properties of RMB576.1 million.

#### *Sales of properties*

Our revenue from the sale of properties was RMB5,385.3 million in 2013, compared with RMB4,809.2 million in 2012, representing an increase of RMB576.1 million, or 12.0%, primarily due to an increase in the GFA of properties sold and delivered.

The GFA of properties sold was 385,672 sq.m. in 2013, compared with 326,566 sq.m. in 2012, representing an increase of 59,106 sq.m., or 18.1%, primarily due to an increase in the GFA of properties delivered to our customers.

The ASP per sq.m., which are derived by dividing revenue by the GFA sold, was RMB13,963 in 2013, compared with RMB14,727 in 2012, representing a decrease of RMB764, or 5.2%, primarily due to the change of the mix of projects and property types with relatively lower average selling price.

#### *Rental income*

Our rental income was RMB293.1 million in 2013, compared with RMB264.9 million in 2012, representing an increase of RMB28.2 million, or 10.6%, primarily due to an increase in the rent and occupancy rates of the office buildings in Dalian Software Park.

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### *Business park operation and management income*

Our revenue from business park operation and management services was RMB4.8 million in 2013, compared with RMB4.6 million in 2012, representing an increase of RMB0.2 million.

### *Construction, decoration and landscaping income*

Our construction, decoration and landscaping income was RMB579.4 million in 2013, compared with RMB805.8 million in 2012, representing a decrease of RMB226.4 million, or 28.1%, primarily due to an increase in the construction work we provided to our subsidiaries, thereby reducing the work that we provided to third parties, joint ventures and associated companies.

### *Property management income*

Our property management income was RMB136.6 million in 2013, compared with RMB116.2 million in 2012, representing an increase of RMB20.4 million, or 17.6%, primarily due to an increase in the properties completed and delivered.

### **Cost of sales**

Our cost of sales was RMB4,293.7 million in 2013, compared with RMB3,913.5 million in 2012, representing an increase of RMB380.2 million, or 9.7%, which was primarily due to an increase in cost of properties sold. Our cost of properties sold was RMB3,562.0 million in 2013, compared with RMB3,016.5 million in 2012, representing an increase of RMB545.5 million, or 18.1%. The increase in cost of properties sold was primarily due to an increase in the GFA of the properties sold which resulted in (i) an increase in construction costs of RMB311.5 million and (ii) an increase in land acquisition costs of RMB150.7 million.

### **Gross profit and gross profit margin**

Our gross profit was RMB2,105.5 million in 2013, compared with RMB2,087.2 million in 2012, representing an increase of RMB18.3 million, or 0.9%. Our gross profit margin decreased to 32.9% in 2013 from 34.8% in 2012, primarily due to the decrease in gross profit margin with respect to our sale of properties which constituted the majority of our gross profit.

Gross profit margin of our properties sold decreased from 37.3% in 2012 to 33.9% in 2013, primarily due to a change of the mix of projects and property types with lower average selling price sold in the fourth quarter, which was partially offset by property types with relatively higher average selling price sold and recognized in 2013.

Gross profit margin of our rental business decreased from 67.5% in 2012 to 66.1% in 2013, primarily due to the higher cost in relation to the renovation work for our tenants in 2013.

Gross profit margin of our business park operation and management service were generally stable and was 76.8% and 77.8% in 2012 and 2013, respectively.

Gross profit margin of our construction, decoration and landscaping business were generally stable and was 12.4% and 12.0% in 2012 and 2013, respectively.

Gross profit margin of our property management business were generally stable and was 10.7% and 11.3% in 2012 and 2013, respectively.

### **Other income and gains**

Our other income and gains were RMB256.2 million in 2013, compared with RMB52.3 million in 2012, representing an increase of RMB203.9 million, or 389.9%, primarily due to (i) the compensation

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we received from the Dalian government in the amount of RMB84.7 million for its delay in transferring to us a certain land parcel in our First County (第一郡) project, (ii) the subsidy we obtained from the Dalian government in the amount of RMB64.5 million for our Gorky Road project and (iii) the gain of RMB59.0 million from the disposal of certain subsidiaries during our Reorganization in 2013.

### ***Selling and marketing expenses***

Our selling and marketing expenses were RMB304.4 million in 2013, compared with RMB228.5 million in 2012, representing an increase of RMB75.9 million, or 33.2%, mainly due to the promotional activities we engaged in 2013 for the purpose of promoting the projects of Eastern Santaclara (東方聖克拉), Butterfly Garden (蝶園), Sunny Bay (晴灣) and Fifth County (第五郡).

### ***Administrative expenses***

Our administrative expenses were RMB449.6 million in 2013, compared with RMB353.2 million in 2012, representing an increase of RMB96.4 million, or 27.3%. The increase was primarily due to (i) the increase in office expenses related to our office expansion and increase in headcount, (ii) other administrative expenses such as entertainment and other miscellaneous taxes and (iii) the increase in our staff salaries.

### ***Other expenses***

Our other expenses were RMB64.3 million in 2013, compared with RMB87.2 million in 2012, representing a decrease of RMB22.9 million, or 26.3%. The decrease was primarily due to the decrease in fair value losses on derivative financial instruments from RMB63.2 million in 2012 to RMB30.5 million in 2013.

### ***Fair value gains on investment properties***

Our fair value gains on investment properties was RMB411.6 million in 2013, compared with RMB635.8 million in 2012, representing a decrease of RMB224.2 million, or 35.3%, primarily because of decelerated appreciation of our completed investment properties, and fewer properties of our business park projects were transferred to investment properties under development upon the signing of general contracting agreements and fewer newly completed units were transferred to completed investment properties upon being initially leased out in 2013 compared with in 2012.

### ***Finance costs***

Our finance costs were RMB260.5 million in 2013, compared with RMB92.0 million in 2012, representing an increase of RMB168.5 million, or 183.2%, primarily due to (i) the increase of non-capitalized interest expense which was not directly attributable to the acquisition, construction or production of qualifying assets and (ii) an increase in the amount of our outstanding loans.

### ***Share of profits and losses of joint ventures***

Our share of profits of joint ventures was RMB1.5 million in 2013, compared with our share of profits of RMB146.2 million in 2012. This change was primarily due to our share of losses of RMB49.6 million from Dalian Software Park Ascendas mainly due to a provision made for the overdue of an accounts receivable, RMB17.6 million from Dalian Software Park Shitong and RMB17.5 million from Dalian Yihong Property. The losses of these joint ventures were also partly due to the fact that the projects developed by such joint ventures were not delivered and therefore there were no revenue recognized during the relevant period.

### ***Share of profits and losses of associated companies***

Our share of losses of associated companies was RMB28.7 million in 2013, compared with our share of profits of RMB40.1 million in 2012. This change was primarily due to (i) our share of losses of

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RMB34.8 million from Richcoast Group in 2013 compared with our share of profits of RMB30.1 million in 2012, and (ii) our share of profits of RMB6.0 million from Crown Speed in 2013 compared with our share of profits of RMB10.0 million in 2012.

### **Tax**

Our tax was RMB810.1 million in 2013, compared with RMB801.0 million in 2012, representing an increase of RMB9.1 million, or 1.1%.

### **Profit for the year**

As a result of the foregoing, our profit for the year was RMB857.3 million in 2013, compared with RMB1,399.7 million in 2012, representing a decrease of RMB542.4 million, or 38.8%.

### **Year ended December 31, 2012 compared to year ended December 31, 2011**

#### **Revenue**

Our revenue was RMB6,000.7 million in 2012, compared with RMB3,793.0 million in 2011, representing an increase of RMB2,207.7 million, or 58.2%, primarily due to an increase in the sale of properties of RMB2,552.5 million.

#### *Sale of properties*

Our revenue generated from the sale of properties was RMB4,809.2 million in 2012, compared with RMB2,256.7 million in 2011, representing an increase of RMB2,552.5 million, or 113.1%, primarily due to an increase in the GFA of properties sold and delivered.

The GFA of properties sold was 326,566 sq.m. in 2012, compared with 172,682 sq.m. in 2011, representing an increase of 153,884 sq.m., or 89.1%, primarily due to the delivery of units in projects Eastern Santaclara (東方聖克拉), Fifth County (第五郡) and Softview E-Dream (軟景E居) in Dalian in 2012.

The ASP per sq.m., which are derived by dividing revenue by the GFA sold, was RMB14,727 in 2012, compared with RMB13,069 in 2011, representing an increase of RMB1,658, or 12.7%, primarily due to the delivery of units of Eastern Santaclara (東方聖克拉), Fifth County (第五郡) and Softview E-Dream (軟景E居) in Dalian, of which the ASPs were higher.

#### *Rental income*

Our revenue generated from rental income was RMB264.9 million in 2012, compared with RMB219.8 million in 2011, representing an increase of RMB45.1 million, or 20.5%, primarily due to an increase in the occupancy rates of office buildings in Dalian Software Park.

#### *Business park operation and management income*

Our revenue generated from business park operation and management services was RMB4.6 million in 2012, compared with RMB4.5 million in 2011, representing an increase of RMB0.1 million.

#### *Construction, decoration and landscaping income*

Our revenue generated from construction, decoration and landscaping income was RMB805.8 million in 2012, compared with RMB1,193.8 million in 2011, representing a decrease of RMB388.0 million, or 32.5%, primarily due to the fact that we conducted a large amount of construction work in

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2011 and such projects were completed in 2012. Subsequent to 2012, we focus more on providing such services to the projects developed by us.

### *Property management income*

Our revenue generated from property management income was relatively stable, which amounted to RMB116.2 million in 2012, compared with RMB118.2 million in 2011.

### **Cost of sales**

Our cost of sales was RMB3,913.5 million in 2012, compared with RMB2,771.8 million in 2011, representing an increase of RMB1,141.7 million, or 41.2%, which increase was primarily attributable to an increase in our cost of properties sold. Our cost of properties sold was RMB3,016.5 million in 2012, compared with RMB1,518.5 million in 2011, representing an increase of RMB1,498.0 million, or 98.6%. The increase in cost of properties sold was primarily due to an increase in the GFA of the properties sold which resulted in (i) an increase in construction costs of RMB1,065.9 million and (ii) an increase in land acquisition costs of RMB343.3 million.

### **Gross profit and gross profit margin**

Our gross profit was RMB2,087.2 million in 2012, compared with RMB1,021.2 million in 2011, representing an increase of RMB1,066.0 million, or 104.4%. Our gross profit margin increased to 34.8% in 2012 from 26.9% in 2011, primarily due to the increase in gross profit margin with respect to our sale of properties which constituted the majority of our gross profit.

Gross profit margin of our sold properties increased from 32.7% in 2011 to 37.3% in 2012, primarily due to the different mix of properties delivered such as the higher selling prices and higher gross profit margin of certain units in Fifth County sold and delivered in 2012.

Gross profit margin of our rental business were generally stable and was 68.3% and 67.5% in 2011 and 2012, respectively.

Gross profit margin of our business park operation and management service were generally stable and was 76.5% and 76.8% in 2011 and 2012, respectively.

Gross profit margin of our construction, decoration and landscaping business increased from 10.1% in 2011 to 12.4% in 2012, mainly due to lower margins from the construction of Dalian Tiandi in 2011.

Gross profit margin of our property management business increased from 7.5% in 2011 to 10.7% in 2012, primarily due to the fact that the relevant cost was relatively fixed but certain of our customers delayed their service fee payment in 2011.

### **Other income and gains**

Our other income and gains were RMB52.3 million in 2012, compared with RMB83.8 million in 2011, representing a decrease of RMB31.5 million, primarily due to a gain of RMB47.6 million in 2011 generated from the sale of our interest in Tianjin Binhai Service Outsourcing Industry Company Limited, while we only generated a gain of RMB17.1 million in 2012 from the sale of our interest in Wuhan Optical Valley Software Park, as well as an increase in the government subsidy from the local government from RMB17.0 million in 2011 to RMB18.5 million in 2012.

### **Selling and marketing expenses**

Our selling and marketing expenses were RMB228.5 million in 2012, compared with RMB239.3 million in 2011 despite a much increased revenue. This was mainly due to the promotion activities we

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engaged in 2011 for the purpose of marketing the project of Fifth County and selling and marketing expenses are generally incurred more with pre-sale activities.

### ***Administrative expenses***

Our administrative expenses were RMB353.2 million in 2012, compared with RMB299.6 million in 2011, representing an increase of RMB53.6 million, or 17.9%. The increase was primarily due to (i) an increase in administrative staff cost, and (ii) an increase in professional fees paid to Yida Group. Please refer to “— Discussion of Certain Statement of Financial Position Items — Due from and Due to Related Parties” for more details.

### ***Other expenses***

Our other expenses were RMB87.2 million in 2012, compared with RMB114.7 million in 2011, representing a decrease of RMB27.5 million, or 24.0%. The decrease was primarily due to the net impact of (i) a decrease in the charitable donations from RMB46.1 million in 2011 to RMB17.9 million in 2012; (ii) the absence of prior year’s loss on disposal of subsidiaries in the amount of RMB54.6 million in 2012; and (iii) the increase in fair value losses on derivative financial instruments from RMB13.1 million in 2011 to RMB63.2 million in 2012.

### ***Fair value gains on investment properties***

Our fair value gains on investment properties was RMB635.8 million in 2012, compared with RMB1,111.6 million in 2011, representing a decrease of RMB475.8 million, primarily due to fewer properties of our business park projects were transferred to investment properties under development upon the signing of general contracting agreements and fewer newly completed units were transferred to completed investment properties upon being initially leased out in 2012 compared with 2011.

### ***Finance costs***

Our finance costs were RMB92.0 million in 2012, compared with RMB101.8 million in 2011, representing a decrease of RMB9.8 million, or 9.6%, primarily due to more finance cost that was directly attributable to the acquisition, construction and production of qualifying assets which were capitalized in 2012.

### ***Share of profits and losses of joint ventures***

Our share of profits of joint ventures was RMB146.2 million in 2012, compared with our share of profits of RMB4.6 million in 2011. This significant increase was primarily due to our share of profit of RMB71.2 million from Dalian Software Park Ambo and RMB54.9 million from Eagle Fit.

### ***Share of profits and losses of associated companies***

Our share of profits of associated companies was RMB40.1 million in 2012, compared with our share of profits of RMB17.4 million in 2011. The significant increase was primarily due to our share of profit of RMB30.1 million from Richcoast Group and RMB10.0 million from Crown Speed in 2012.

### ***Tax***

Our tax was RMB801.0 million in 2012, compared with RMB544.4 million in 2011, representing an increase of RMB256.6 million. This increase was primarily due to an increase in pre-tax profit and an increase in LAT due to an increase in the sale of properties in 2012.

### ***Profit for the year***

As a result of the foregoing, our profit for the year was RMB1,399.7 million in 2012, compared with RMB938.8 million in 2011, representing an increase of RMB460.9 million, or 49.1%.

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### DISCUSSION OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

#### Investment Properties

As of December 31, 2011, 2012 and 2013, the fair value of our investment properties was RMB9,026.5 million, RMB10,128.2 million and RMB10,796.6 million, respectively, based on the valuation prepared by DTZ, an independent property valuer. As of December 31, 2011, 2012 and 2013, we held investment properties with a total GFA of 1.66 million sq.m., 1.66 million sq.m. and 1.63 million sq.m., respectively.

The increase in the fair value of our investment properties from December 31, 2012 to December 31, 2013 was primarily due to increases in the fair value of Dalian BEST City of RMB229.5 million. The increase in the fair value of our investment properties from December 31, 2011 to December 31, 2012 was primarily due to (i) increases in the fair value of Dalian Software Park Phase I of RMB336.7 million, and (ii) an addition of RMB337.2 million due to continuous construction of Dalian Best City Core Area Business Park.

The following table sets forth the changes in the fair value of our investment properties as of dates indicated:

	<u>Completed</u>	<u>Under construction</u>	<u>Total</u>
	(in RMB thousands)		
<b>As of January 1, 2011</b> .....	5,720,290	568,261	6,288,551
Additions .....	67,962	837,470	905,432
Transfer from prepayments for acquisition of land .....	—	720,886	720,886
Net gains from fair value adjustments .....	<u>470,728</u>	<u>640,853</u>	<u>1,111,581</u>
<b>As of December 31, 2011 and January 1, 2012</b> .....	6,258,980	2,767,470	9,026,450
Additions .....	52,878	413,104	465,982
Transfer to completed investment properties .....	639,862	(639,862)	—
Net gains from fair value adjustments .....	<u>324,870</u>	<u>310,944</u>	<u>635,814</u>
<b>As of December 31, 2012 and January 1, 2013</b> .....	7,276,590	2,851,656	10,128,246
Additions .....	93,004	199,439	292,443
Disposals .....	(35,673)	—	(35,673)
Transfer to completed investment properties .....	574,579	(574,579)	—
Net gains from fair value adjustments .....	<u>181,370</u>	<u>230,196</u>	<u>411,566</u>
<b>As of December 31, 2013</b> .....	<u><u>8,089,870</u></u>	<u><u>2,706,712</u></u>	<u><u>10,796,582</u></u>

As of December 31, 2011, 2012 and 2013, certain of our investment properties of RMB4,552.8 million, RMB6,812.7 million and RMB5,833.3 million, respectively, were pledged to secure our bank and other borrowings.

As of December 31, 2011, 2012 and 2013, certain of our investment properties of RMB2,188.3 million, RMB1,941.0 million and RMB3,687.0 million, respectively, were pledged to banks to secure bank and other borrowings granted to the companies controlled by our Controlling Shareholders.

All the pledges provided to banks to secure the bank and other borrowings granted to the companies controlled by our Controlling Shareholders will be fully released upon Listing.

#### Properties Under Development

Our properties under development amounted to RMB7,136.8 million, RMB6,557.5 million and RMB5,528.1 million, as of December 31, 2011, 2012 and 2013, respectively. The decrease in properties under development was primarily due to an increase in amounts of completed properties



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transferred from properties under development, which was in turn due to our business expansion and property completion. The following table sets forth certain data with respect to our properties under development as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(in RMB thousands)		
Properties under development expected to be completed within normal operating cycle and recoverable:			
— Within one year .....	2,518,188	901,933	1,658,905
— After one year .....	4,618,593	5,655,560	3,869,207
<b>Total</b> .....	<b>7,136,781</b>	<b>6,557,493</b>	<b>5,528,112</b>

As of December 31, 2011, 2012 and 2013, certain of our properties under development of RMB5,040.3 million, RMB5,088.0 million and RMB5,032.1 million, respectively, were pledged to banks to secure our bank and other borrowings.

### Completed Properties Held for Sale

As of December 31, 2011, 2012 and 2013, our completed properties held for sale amounted to approximately RMB1,536.1 million, RMB2,484.5 million and RMB4,424.5 million, respectively. Our completed properties held for sale include properties with signed sales contract but not yet delivered.

The increases in completed properties held for sale were primarily due to an increase in amounts of completed properties transferred from properties under development, which was in turn due to our business expansion and property completion. Delivery of properties decreases completed properties held for sale.

### Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables amounted to RMB3,660.7 million, RMB4,648.5 million and RMB4,840.4 million as of December 31, 2011, 2012 and 2013, respectively. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(in RMB thousands)		
Prepayments .....	478,214	614,328	1,186,675
Deposits .....	23,921	21,974	23,665
Other receivables .....	3,158,522	4,012,210	3,630,016
<b>Total</b> .....	<b>3,660,657</b>	<b>4,648,512</b>	<b>4,840,356</b>

Prepayments mainly include business tax and surcharges and prepayment for construction work. The increase in prepayments from December 31, 2011 to December 31, 2013 was in line with increased construction activities in our projects.

Deposits include safety measures deposit and migrant worker salary deposit pursuant to relevant government regulations. Other receivables mainly include advances to the local governments for primary land development and amounts of bid for lands. The increases in other receivables from December 31, 2011 to December 31, 2012 were primarily due to the primary land development costs we prepaid to the Dalian government.

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The following table sets forth a breakdown of our other receivables as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(in RMB thousands)		
Advances to the local governments for primary land development			
— Dalian BEST City .....	1,660,313	1,977,815	2,038,963
Other receivables from prepaid land cost .....	966,618	1,614,627	855,547
Dividend receivables .....	—	—	40,543
Deposits for land bidding .....	429,109	219,064	40,344
Other receivables from joint ventures, associates and non-controlling shareholders .....	—	5,696	538,663
Other receivables from a joint venture partner .....	10,000	10,000	50,000
Other receivables from offshore affiliated companies .....	28,252	27,974	27,171
Other receivables from third parties .....	64,230	157,034	38,785
	<u>3,158,522</u>	<u>4,012,210</u>	<u>3,630,016</u>

The advances to the local governments for primary land development were related to the advances to the government of Ganjingzi District on the Dalian BEST City project. For details of our agreement with the local government of Ganjingzi District, please see the section headed “Business — Our Business Park Projects — Dalian BEST City Core Area Business Park.” The increase as of December 31, 2012 and 2013 was primarily due to the additional cost for the resettlement of the residents partially off set by reimbursement by the local governments. We expect to obtain the land use rights certificates in year 2015 to 2016 through the auction procedures held by the local government.

Our other receivables from prepaid land cost were mainly related to the land parcels in Dalian which we intend to acquire. The increase as of December 31, 2012 was primarily due to the additional payments made for prepaid land cost in this regard. The significant decrease in 2013 was mainly due to the transfer of the other receivables from prepaid land cost in respect of certain land parcels ultimately to an independent third party. Once the official land auction procedures are duly completed for the parcels of land concerned with results favorable to us, we will obtain the relevant land use right certificates. However, whether we will obtain the relevant parcels of land is subject to the actual result of the land auction procedures held by the local government and its timing is subject to the local government as well. As of the Latest Practicable Date, we have not received notice from the government about commencement of the land auction procedures with respect to the land for which we had prepaid land cost as of December 31, 2013 and therefore none of our other receivables from prepaid land cost as of December 31, 2013 have been reclassified.

The increase in dividend receivables as of December 31, 2013 was primarily due to dividend declared by a joint venture of our Group.

The decreases in deposits for land bidding as of December 31, 2012 and December 31, 2013 were primarily due to the net impact from the refund of deposits due to the completion of the bidding processes and new deposits made for new biddings.

Our other receivables from joint ventures, associates and non-controlling shareholders represent our account balances with these entities as a result of our business relationships with them as well as advances to our joint ventures. Our other receivables from joint ventures, associates and non-controlling shareholders increased significantly from December 31, 2012 to December 31, 2013 as some of our joint ventures started new project development towards the end of 2013 and we provided advances to these joint ventures to support their early project development needs. Our other receivables from a joint venture partner represents prepayments we made to the partner for potential new joint development projects we were exploring together with the partner. Our other receivables from offshore affiliated companies are loans to offshore companies which we hold some equity interests in but are not deemed as our joint ventures or associates. Our other receivables from third parties mainly consist of quality assurance deposits, construction deposits and utility deposits to third

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parties. Our other receivables from third parties decreased from December 31, 2012 to December 31, 2013 as our construction company provided less construction services to third parties which resulted in less quality assurance deposits.

### Trade Receivables

Trade receivables primarily include receivables from contract works of our construction, decoration and landscaping business. Our trade receivables amounted to RMB540.2 million, RMB417.4 million and RMB577.2 million as of December 31, 2011, 2012 and 2013, respectively. The decreases in trade receivables from December 31, 2011 to December 31, 2012 were primarily due to our enhanced collection efforts and our shifting back to focus more on our own projects. The increases in trade receivables between December 31, 2012 and December 31, 2013 were primarily due to increase in our contract works in the fourth quarter of 2013.

The following table sets forth the aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(in RMB thousands)		
Within one year .....	538,045	310,227	391,784
1 to 2 years .....	1,230	104,951	184,414
Over 2 years .....	876	2,217	1,014
Total .....	<u>540,151</u>	<u>417,395</u>	<u>577,212</u>

Our trade receivable turnover days for our construction, decoration and landscaping business were 110.7 days, 216.9 days and 313.3 days in 2011, 2012 and 2013, respectively. Turnover days of trade receivables for our construction, decoration and landscaping business are derived by dividing the average of the beginning and the closing balances of trade receivables for the relevant period by our revenue from construction, decoration and landscaping services for the period and multiplying by the number of days in the period. During the Track Record Period, the increases of our trade receivable turnover days were due to the delay in payment by certain of our joint venture and associated companies to which we provided construction and decoration services. As of March 31, 2014, RMB127.3 million of our trade receivables as of December 31, 2013 had been settled.

### Trade Payables

Trade payables primarily include payables to suppliers and construction contractors. Our trade payables amounted to RMB1,755.3 million, RMB2,342.2 million and RMB2,546.0 million as of December 31, 2011, 2012 and 2013, respectively. The continuing increase in trade payables during the Track Record Period was primarily due to an increase in amounts payable to contractors and suppliers as a result of increases in the number of projects and GFA under development.

The following table sets forth the aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(in RMB thousands)		
Due within 1 year or on demand .....	616,726	411,778	1,132,730
Due within 1 to 2 years .....	1,138,563	1,930,395	1,413,256
Total .....	<u>1,755,289</u>	<u>2,342,173</u>	<u>2,545,986</u>

Our trade payable turnover days were 191.7 days, 191.1 days and 207.8 days in 2011, 2012 and 2013, respectively. Turnover days of trade payables are derived by dividing the average of the beginning and the closing balances of trade payables, which are affected by the scale of our

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development activities conducted during the relevant period, by cost of sales, which is affected by our properties completed and delivered during the period, and multiplying by the number of days in the period. The fluctuation in our trade payables turnover days during the Track Record Period was primarily due to the combined effect of our properties completed and delivered and project construction started and on-going during the respective periods.

Due to the timing mismatch between recording trade payables and recognizing cost of sales, our trade payable turnover days may continue to fluctuate significantly in accordance with our property development schedules. For example, if we significantly expand the scale of our development activities in a given period, our trade payable turnover days will increase significantly.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we had not defaulted in payment of trade and non-trade payables.

### **Due from and Due to Related Parties**

As of December 31, 2011, 2012 and 2013 and April 30, 2014, amounts due from related companies was RMB4,300.8 million, RMB4,834.5 million, RMB0.04 million and nil, respectively.

As of December 31, 2011, 2012 and 2013 and April 30, 2014, amounts due to related companies was RMB8,692.2 million, RMB8,776.8 million, RMB3,817.2 million and nil, respectively.

The amounts due from and due to related parties stated above were mainly related to the amounts due from and due to Yida Group and other entities controlled by Mr. Sun Yinhuan. Yida Group was the holding company of our Group prior to the Reorganization, which was no longer part of our Group after the Reorganization. As such, the historical intra-group balances became the amounts due from and due to related parties after the Reorganization. These balances of amounts due from and to related parties are non-trade in nature, unsecured and repayable on demand. We presented the amounts due to related companies and the amounts due from related companies separately in our historical financial statements because some of the amounts were due to and from different entities within our Group and can only be set off against each other with multi-party agreements to be signed. Because all of these amounts due to and due from related companies were between entities within our Group and Yida Group after the Reorganization, on a group level, our net amounts due to related companies (all of which are within Yida Group) were RMB5,391.4 million, RMB3,942.4 million, RMB3,817.1 million and nil as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively, of which RMB3,521.8 million, RMB3,593.0 million, RMB3,052.2 million and nil, respectively, bear interests because they were incurred under financing arrangements where Yida Group acted as the borrowing entity to obtain loans from banks and then on-lent proceeds of the loans to us and charged us the same interest that the banks charged Yida Group for the loans. The remaining net amounts due to related parties, which were interest-free, mainly represented (i) the unpaid consulting fees charged by Yida Group to our subsidiaries, and (ii) the unpaid consideration for the acquisition of subsidiaries from Yida Group pursuant to the Reorganization. None of such remaining amounts due to related parties were of financing natures without charging corresponding financing costs, and therefore no adjustment to our net profits will be needed in relation to this. We have been actively settling such balances through a number of measures including, offsetting certain related party payables against receivables, changing the borrowing entity under the above-mentioned financing arrangements from Yida Group to entities within our Group so that the relevant amounts due to Yida Group became our intra-Group loans. As of the Latest Practicable Date, all amounts due from and due to related parties were fully settled or repaid.

Our Directors confirm that the transactions with respect to the amounts due from and due to related parties were conducted on an arm's length basis, and would not distort our track record results or make the historical results not reflective of our future performance, and the outstanding balances due from and due to related parties will be settled before the listing of our Company.

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### Interest-bearing Bank and Other Borrowings

As of December 31, 2011, 2012 and 2013, our current interest-bearing bank and other borrowings amounted to RMB2,834.6 million, RMB4,842.7 million and RMB5,148.3 million, respectively, and our non-current interest-bearing bank and other borrowings amounted to RMB4,210.9 million, RMB4,006.7 million and RMB8,278.4 million, respectively. The increases in interest-bearing bank and other borrowings from 2011 to 2013 were primarily due to an increased demand for capital as a result of our expanded business and property construction.

### LIQUIDITY AND CAPITAL RESOURCES

We primarily use cash to pay for construction costs and land acquisition costs, to service our indebtedness and to fund working capital requirements. To date, we have primarily financed our expenditures through internally generated cash flows, proceeds from the pre-sale and sale of properties, leasing of investment properties and our business park operation and management services and borrowings from commercial banks and trust financing companies. Going forward, we believe our liquidity requirements will be satisfied by the above-mentioned sources, the Global Offering, and additional offerings of equity securities or other capital market instruments.

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(in RMB thousands)		
Net cash from/(used in) operating activities . . . . .	(116,545)	278,145	1,975,768
Net cash used in investing activities . . . . .	(1,382,859)	(1,118,116)	(791,501)
Net cash from/(used in) financing activities . . . . .	1,710,018	(266,861)	400,635
Net increase/(decrease) in cash and cash equivalents . . . . .	210,614	(1,106,832)	1,584,902
Cash and cash equivalents at beginning of year . . . . .	1,427,717	1,638,331	531,499
Cash and cash equivalents at the end of year . . . . .	<u>1,638,331</u>	<u>531,499</u>	<u>2,116,401</u>

### Operating Activities

We generate cash flow from operating activities primarily from property sales, rental income and construction, decorating and landscaping service income. Cash used in operating activities including primarily investment in property developments and payments of income taxes.

In 2013, our net cash generated from operating activities was RMB1,975.8 million, primarily attributable to a decrease in properties under development of RMB956.7 million, an increase in other payables and accruals of RMB814.9 million as a result of the increases in payables to our contractors and suppliers for our expanded business, an increase in trade payables of RMB262.6 million and a decrease in prepayments, deposits and other receivables of RMB271.3 million, partially offset by an increase in land acquisition prepayments of RMB732.1 million.

In 2012, our net cash generated from operating activities was RMB278.1 million, primarily attributable to a decrease in completed properties held for sale of RMB1,571.7 million, and an increase in trade payables of RMB586.9 million and an increase in other payables and accruals of RMB440.5 million, as a result of the increases in payables to our contractors and suppliers for our expanded business, partially offset by (i) an increase in properties under development of RMB1,149.2 million relating to land acquisition costs and construction costs, (ii) an increase in land acquisition prepayments of RMB918.7 million, (iii) a decrease in amounts from pre-sold properties of RMB528.8 million, and (iv) an increase in prepayments, deposits and other receivables of RMB987.0 million.

In 2011, our net cash used in operating activities was RMB116.5 million, primarily attributable to (i) an increase in properties under development of RMB2,781.6 million and land held for development

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for sale of RMB33.5 million relating to land acquisition costs and construction costs, (ii) an increase in land acquisition prepayments of RMB89.3 million, (iii) an increase in prepayments, deposits and other receivables of RMB1,481.9 million, partially offset by (i) a decrease in completed properties held for sale of RMB490.2 million, (ii) an increase in trade payables of RMB599.4 million, (iii) an increase in other payables and accruals of RMB569.6 million, and (iv) an increase in amounts from pre-sold properties of RMB2,681.2 million.

### Investing Activities

In 2013, our net cash used in investing activities was RMB791.5 million, primarily attributable to (i) a decrease in receivables from related parties of RMB453.8 million and (ii) the amounts from the sale of certain subsidiaries and assets in the amount of RMB167.6 million, partially offset by an increase in amounts due from joint ventures and associates of RMB578.6 million and an increase in restricted cash of RMB426.8 million.

In 2012, our net cash used in investing activities was RMB1,118.1 million, primarily attributable to (i) an increase in receivables from related parties of RMB533.6 million, (ii) an increase in properties held for investment of RMB466.0 million, and (iii) an increase in the amount of restricted cash of RMB190.4 million, partially offset by the amounts generated from the sale of equity in the joint venture, Wuhan Optical Valley Software Park Company Limited, of RMB48.1 million.

In 2011, our net cash used in investing activities was RMB1,382.9 million, primarily attributable to (i) an increase in properties held for investment of RMB905.4 million and (ii) an increase in the amount of restricted cash of RMB472.9 million, partially offset by the amounts generated from the sale of equity in the joint venture, Tianjin Binhai Service Outsourcing Industry Company Limited, of RMB98.0 million.

### Financing Activities

We generate our cash flow from financing activities mainly from bank and other borrowings, contributions by equity holders and cash advances from related parties. Our cash inflow from financing activities is mainly offset by repayments of bank and other borrowings and repayments of cash advances made to related parties.

In 2013, our net cash generated from financing activities was RMB400.6 million, primarily attributable to (i) a decrease in the amounts due to related parties of RMB2,983.4 million, (ii) a repayment of bank and other borrowings of RMB6,055.9 million, and (iii) a dividend payment of RMB757.2 million, partially offset by proceeds from bank and other borrowings of RMB10,633.1 million and proceeds from issue of shares of RMB1,102.0 million.

In 2012, our net cash used in financing activities was RMB266.9 million, primarily attributable to (i) a repayment of bank and other borrowings of RMB3,614.6 million, (ii) a payment of interest of RMB904.7 million, and (iii) a decrease in payables to related parties of RMB890.5 million, partially offset by proceeds from bank and other borrowings of RMB5,418.6 million.

In 2011, our net cash generated from financing activities was RMB1,710.0 million, primarily attributable to (i) proceeds from bank and other borrowings of RMB3,919.0 million and (ii) an increase in payables to related parties of RMB1,404.5 million, partially offset by a repayment of bank and other borrowings of RMB2,795.4 million.

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### INDEBTEDNESS, NET CURRENT ASSETS AND CONTINGENT LIABILITIES

#### Indebtedness

The following table sets forth a breakdown of our secured bank and other borrowings as of the dates indicated:

	As of December 31,			As of
	2011	2012	2013	April 30, 2014
	(in RMB thousands)			
<b>Current</b>				
Bank borrowings-secured . . . . .	1,984,603	3,079,197	2,674,002	2,805,950
Bank borrowings-unsecured . . . . .	550,000	1,088,500	585,000	450,000
Other borrowings-secured . . . . .	300,000	625,000	1,889,300	1,404,400
Other borrowings-unsecured . . . . .	—	50,000	—	—
Subtotal . . . . .	<u>2,834,603</u>	<u>4,842,697</u>	<u>5,148,302</u>	<u>4,660,350</u>
<b>Non-current</b>				
Bank borrowings-secured . . . . .	2,603,932	2,481,289	5,957,045	8,331,317
Bank borrowings-unsecured . . . . .	242,000	59,000	—	—
Other borrowings-secured . . . . .	765,000	866,455	1,121,316	2,486,187
Other borrowings-unsecured . . . . .	600,000	600,000	1,200,000	1,200,000
Subtotal . . . . .	<u>4,210,932</u>	<u>4,006,744</u>	<u>8,278,361</u>	<u>12,017,504</u>
<b>Total</b> . . . . .	<u><u>7,045,535</u></u>	<u><u>8,849,441</u></u>	<u><u>13,426,663</u></u>	<u><u>16,677,854</u></u>

Our bank borrowings consist of long-term and short-term loans borrowed by our subsidiaries from banks in the PRC. Our Directors confirm that we had not encountered difficulty in any material respect in obtaining banking facilities during the Track Record Period and up to the Latest Practicable Date.

Borrowings provided under certain of our loan agreements are not allowed to be used for purposes other than for project development as specified therein. Our subsidiaries may also be subject to certain financial ratios as provided in the loan agreements, such as debt to asset ratio not higher than a certain percentage.

Our other borrowings mainly consist of the Bonds (as defined below), trust financing arrangements with trust companies and construction loans from other non-banking institutions in China.

In November 2012, Gang Xin issued US\$65 million aggregate principal amount of Zero Coupon Guaranteed Bonds due 2015 (the “Bonds”) to Standard Chartered Private Equity (Singapore) Pte. Ltd. (“Standard Chartered”). The Bonds were originally guaranteed by Everhigh Investments, Success Path and True Treasure, and King Equity subsequently replaced Everhigh Investments as a guarantor. The Bonds are also secured by share charges over the shares of Success Path and True Treasure and a floating charge over all other assets of Gang Xin. Gang Xin will be required to redeem the Bonds upon their maturity on November 5, 2015 and may elect to redeem all or some of the Bonds prior to such date. Upon redemption, Gang Xin will be required to redeem at a price equal to 100% of the principal amounts of the Bonds being redeemed plus a redemption premium equal to an internal rate of return of 18% on the principal amounts of the Bonds being redeemed, provided that if all of the Bonds outstanding are redeemed, the redemption price shall not be less than 150% of the aggregate principal amount of the Bonds minus any principal and redemption premium actually received by Standard Chartered prior to such redemption. Standard Chartered has the right to require King Equity to purchase all of the Bonds upon the occurrence and during the continuance of any event of default under the Bonds. In addition, Gang Xin is required to pay Standard Chartered, at the

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time when all of the Bonds are redeemed or ten business days after first event of default notice, an additional amount (the “Additional Premium”) if the ASP of properties developed or planned to be developed by Dalian San Ann Real Estate and Dalian San Yan Real Estate, which include Warm Maner (融莊), Perfect Garden (馥園) and Sunny Bay (晴灣) (collectively, the “San Ann and San Yan Projects”), exceeds certain threshold amounts and the Additional Premium to be paid by Gang Xin will be calculated according to a formula based on the difference between the ASP and such threshold amounts and the corresponding GFA of these projects. As of the Latest Practicable Date, we have started sale of properties in each of the San Ann and San Yan Projects, and based on the ASP of properties we have sold in these projects and the expected ASP of the remaining portion, we believe we are unlikely to be required to pay the Additional Premium when the Bonds are fully redeemed. The Bonds cannot be transferred to parties other than Standard Chartered’s affiliates without Gang Xin’s prior written consent.

As of the Latest Practicable Date, we had redeemed the Bonds in an aggregate amount of US\$16.1 million, consisting of the principal amount of US\$13.0 million and the redemption premium of US\$3.1 million. As of the Latest Practicable Date, the aggregate principal amount of the Bonds outstanding was US\$52.0 million.

In connection with issuance of the Bonds, Gang Xin and King Equity agreed to various additional covenants and undertakings to Standard Chartered. For example, Gang Xin’s board shall consist of three directors, one of which shall be appointed by Standard Chartered and such director has a veto right over a wide range of matters. Standard Chartered has information rights, the right to control Gang Xin’s bank accounts as well as the veto right over its annual business plan and budget.

We also use trust financing in the ordinary course of business. The provision of trust loans by trust financing providers for property development projects is regulated by circulars and notices promulgated by the CBRC from time to time. Trust financing loans typically bear a higher interest rate than commercial bank loans, in part because commercial banks usually require more guarantees and/or pledges from borrowers as compared to trust financing companies. In addition, commercial banks are generally subject to more stringent internal policies where banks may be prohibited from financing those developers for the provision of services entrusted by local governments as well as funding for compensation and resettlement of residents in the affected area of a potential project development project, destruction of existing structures and clearing of the land, construction of infrastructure and public facilities, and overall zoning and design of the redeveloped area. Despite the higher interest rates, we chose to include trust financing loans as part of our funding sources during the Track Record Period to leverage on, among other things, their flexible terms and structures, more favorable timing of funding and repayment requirements as compared to those offered by commercial bank loans, particularly during the tightened banking credit environment. For example, time required by a trust financing provider for internal review and approval for each loan application is typically shorter than that of a commercial bank. In addition, while drawdowns on bank borrowings generally depend on actual construction progress, drawdowns on trust financings may be made in full in one or multiple installments as agreed with the relevant trust financing providers. Furthermore, trust financing arrangements normally require a one-time repayment of principal at the expiry of their terms. Unlike customary bank loans which may require principal repayments in installments from time to time prior to the completion of the project, trust financing arrangements generally offer us better flexibility in managing our cash flows. As confirmed by our PRC Legal Adviser, all the trust financing arrangements we entered into are in compliance with the relevant PRC rules and regulations.

Set forth below are the material terms of the trust financing arrangements we entered into with the trust companies:

### *Control over the borrowing subsidiaries*

We retain the rights and control in respect of the daily operation and management of our project companies and borrowing subsidiaries. The lending trust financing providers usually do not actively



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participate in the operation and management of the relevant project companies or borrowing subsidiaries. We are generally not required to obtain the prior consent from the trust financing providers in respect of operational activities during our ordinary course of business.

### *Board representation*

The trust financing providers are not entitled to appoint the directors on the board of our project companies or borrowing subsidiaries. We retain all the board seats in the relevant subsidiaries.

### *Restrictive Covenants*

Borrowings provided under all our trust financing agreements are not allowed to be used for purposes other than the purpose as provided in the relevant agreement. Some of our operating subsidiaries are subject to covenants that restrict them from carrying out merger, restructuring, spin-off, reduction of registered share capital, material asset transfer, liquidation, change in shareholding or management structure, or establishment of any joint venture without trust financing providers' written consent. Certain of our trust financing agreements contain covenants that restrict our project companies from mortgaging or pledging the project properties without trust financing providers' written consent.

### *Repayment*

The terms of our trust financing arrangements range from 21 to 24 months. During the Track Record Period, we had not defaulted on any of our repayments or other obligations in any material respect under the trust financing arrangements. We expect that we will continue to satisfy our repayment obligations under our trust financing arrangements. We are obliged to make the full repayment of the trust loans under our trust financing arrangements in order to discharge the pledged land use rights and/or equity interests. We will be subject to penalties for any late payment based on the calculation methods agreed in the relevant agreements.

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As of December 31, 2013, we had three outstanding trust financing arrangements. The following table sets forth details of our outstanding trust financing arrangements as of December 31, 2013.

Entities Obtaining Trust Financing	Trust Financing Provider	Effective Date and Term	Principal Amount of Trust Loan	Annual Interest Rate	Collateral Pledge/ Guarantee	Outstanding Balance as at December 31, 2013
Dalian Service Outsourcing . . .	Northern International Trust Co., Ltd.	Nov 13, 2013 - Nov 11, 2016	RMB300 million	9.0%	1. Guaranteed by Dalian Yida Property Company Limited	RMB300.0 million
		Nov 13, 2013 - Nov 10, 2017	RMB200 million			RMB200.0 million
Dalian Service Outsourcing . . .	Sichuan Trust Co., Ltd.	Dec 25, 2012 – Dec 24, 2014	RMB775 million	14.5%	1. 100% equity interest in Dalian Changhe Property held by Dalian Yida Property 2. 100% equity interest in Dalian Yitong Property held by Dalian Yida Property 3. Pledge of land use rights provided by Dalian Changhe Property 4. Pledge of land use rights provided by Dalian Yitong Property 5. Guaranteed by Yida Group <sup>(1)</sup> 6. Guaranteed by Mr. Sun Yinhan <sup>(1)</sup> 7. Guaranteed by Dalian Software Park Company Limited <sup>(1)</sup> 8. Guaranteed by Dalian Yida Development Limited <sup>(1)</sup>	RMB774.8 million
Dalian Service Outsourcing . . .	China Resources Sztic Trust Co., Ltd.	Jan. 29, 2013 – Oct. 29, 2014	RMB950.0 million	14%	1. Pledge of properties provided by Dalian Software Park Company Limited 2. Guaranteed by Dalian Yida Development Limited <sup>(2)</sup> 3. Guaranteed by Dalian Software Park Company Limited 4. Guaranteed by Yida Group <sup>(2)</sup> 5. Guaranteed by Mr. Sun Yinhan <sup>(2)</sup>	RMB950.0 million

**Notes:**

(1) In September 2013, Sichuan Trust Co., Ltd. agreed to release the guarantee by Yida Group and Mr. Sun Yinhan once certain conditions are met before Listing, and further guarantees are provided by Dalian Yida Development Limited and Dalian Software Park Company Limited.

(2) In September 2013, China Resources Sztic Trust Co., Ltd. agreed to release the guarantee by Yida Group and Mr. Sun Yinhan once certain conditions are met before Listing, and further guarantee is provided by Dalian Yida Development Limited.

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Except as disclosed in this prospectus, there are no material restrictive covenants relating to any of our outstanding debts. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we had not breached any of the restrictive covenants.

The following table sets forth the effective interest rates of bank and other borrowings:

<u>Type of financing</u>	<u>For the year ended December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
	(%)		
Bank borrowings .....	5.4 – 8.5	5.9 – 9.9	6.5 – 13.5
Other borrowings .....	6.4 – 14.8	5.9 – 18.3	6.4 – 15.0

Other than the Bonds with carrying amount of approximately RMB416.4 million and RMB475.8 million denominated in United States dollars as of December 31, 2012 and 2013, respectively, all of our bank and other borrowings as of December 31, 2011, 2012 and 2013 were denominated in Renminbi.

The following table sets forth a breakdown of our bank and other borrowings by maturity date as of the dates indicated:

	<u>As of December 31,</u>			<u>As of April 30,</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
	(in RMB thousands)			
<b>Bank borrowings payable:</b>				
Within one year or on demand .....	2,534,603	4,167,697	3,259,002	3,255,950
In the second year .....	1,980,184	1,518,985	2,704,508	3,135,890
In the third to fifth years, inclusive .....	767,800	812,020	2,575,622	3,960,577
Beyond five years .....	97,948	209,284	676,915	1,234,850
Subtotal .....	<u>5,380,535</u>	<u>6,707,986</u>	<u>9,216,047</u>	<u>11,587,267</u>
<b>Other borrowings payable:</b>				
Within one year or on demand .....	300,000	675,000	1,889,300	1,404,400
In the second year .....	1,225,000	930,100	1,721,316	2,586,187
In the third to fifth years, inclusive .....	60,000	476,355	560,000	1,060,000
Beyond five years .....	80,000	60,000	40,000	40,000
Subtotal .....	<u>1,665,000</u>	<u>2,141,455</u>	<u>4,210,616</u>	<u>5,090,587</u>
<b>Total</b> .....	<u><u>7,045,535</u></u>	<u><u>8,849,441</u></u>	<u><u>13,426,663</u></u>	<u><u>16,677,854</u></u>

Certain of our bank and other borrowings are secured or guaranteed by:

- (i) mortgages over properties under development with an aggregate carrying value of approximately RMB5,040.3 million, RMB5,088.0 million, RMB5,032.1 million and RMB5,933.9 million as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively;
- (ii) pledges of investment properties with an aggregate carrying value of approximately RMB4,552.8 million, RMB6,812.7 million, RMB5,833.3 million and RMB7,813.9 million as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively;
- (iii) pledges of land held for development for sale with an aggregate carrying value of approximately nil, RMB577.8 million, RMB577.8 million and RMB1,170.6 million as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively;
- (iv) pledges of restricted cash of approximately RMB240.0 million, RMB200.0 million, RMB775.5 million and RMB786.1 million as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively;

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- (v) corporate guarantees executed by certain of our subsidiaries to the extent of approximately RMB430.0 million, RMB222.0 million, RMB6,964.6 million and RMB10,015.3 million as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively;
- (vi) corporate guarantees executed by companies controlled by our Controlling Shareholders to the extent of approximately RMB3,667.6 million, RMB5,699.0 million, RMB5,970.6 million and RMB2,860.9 million as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively;
- (vii) personal guarantees executed by our Director, Mr. Sun Yinhan, to the extent of RMB1,200.0 million, RMB1,010.1 million, RMB2,824.8 million and RMB700.0 million as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively; and
- (viii) pledge of certain equity interests of our subsidiaries as of December 31, 2011, 2012 and 2013 and April 30, 2014, respectively.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we had not defaulted on our repayments or other obligations in any material aspects under our loan agreements and the Bonds. All the guarantees provided by companies controlled by our Controlling Shareholders and our Director as listed in (v) and (vi) above on our Group's borrowings will be fully released upon Listing.

### Contingent Liabilities

We enter into arrangements with PRC commercial banks to provide mortgage facilities to our customers to purchase our properties. In accordance with industry practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) registration of mortgage interest to the bank, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. In addition, we are required by the banks to place a security deposit to secure our guarantee obligations. If a purchaser defaults on the mortgage loan, we are typically required to purchase the underlying property by paying off the mortgage loan with any accrued and unpaid interest and penalty based on the loan agreement. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. Such amount may also be settled through withholding the security deposit we place with the banks. In line with the industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2011, 2012 and 2013 and April 30, 2014, the latest practicable date for discussing such information, our maximum amount of guarantees provided to banks for mortgage facilities granted to our customers amounted to RMB492.2 million, RMB674.1 million, RMB632.2 million and RMB500.7 million, respectively. During the Track Record Period, we did not encounter any incident of default by purchasers and did not record any loss in this regard.

In addition to guarantees we provided in respect of the mortgage facilities to our customers, as of December 31, 2011, 2012 and 2013 and April 30, 2014, we provided a guarantee in the amount of not exceeding RMB150.0 million to the shareholders of Richcoast Group. This guarantee was provided in respect of the payment obligations of Richcoast to a joint venture and the joint venture partner in accordance with our shareholding percentage. In addition, as of December 31, 2011, 2012 and 2013 and April 30, 2014, we provided a counter guarantee and indemnity to the shareholder of Eagle Fit which is our joint venture in the amount of not exceeding RMB208.2 million, RMB221.6 million, nil and nil, respectively in respect of the payment obligations of a subsidiary of Eagle Fit.

As of December 31, 2011, 2012 and 2013 and April 30, 2014, we provided guarantees to the extent of RMB273.5 million, RMB413.5 million, RMB490.0 million and RMB490.0 million, respectively,

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to banks in respect of bank borrowings granted to the joint ventures. As of December 31, 2011, 2012 and 2013 and April 30, 2014, we provided guarantees to the extent of nil, RMB37.0 million, nil and nil, respectively, to banks in respect of bank borrowings granted to our associated company.

As of December 31, 2011, 2012 and 2013 and April 30, 2014, we provided guarantees to the extent of RMB999.0 million, RMB600.0 million, RMB1,350.0 million and nil, respectively, to banks in respect of bank and other borrowings granted to the companies controlled by the Controlling Shareholders. We expect that the guarantees provided by us to banks in respect of bank and other loans granted to the companies controlled by the Controlling Shareholders will be terminated prior to the listing of our Company.

As of the Latest Practicable Date, for the purpose of this confirmation, there was no material change in our contingent liability since December 31, 2013 other than disclosed in this section. Save as otherwise disclosed, we had no material outstanding debt securities, term loans, bank drafts, liabilities under acceptances, acceptance credits, hire purchase commitments, mortgages, charges, contingent liabilities or guarantees as of the Latest Practicable Date for purposes of confirming such information in this prospectus. The Directors confirm that there has been no material adverse change in the Group's indebtedness and contingent liabilities since April 30, 2014.

### Net Current Assets/Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2011	2012	2013	April 30, 2014
	(in RMB thousands)			
<b>CURRENT ASSETS</b>				
Inventories	18,280	8,009	13,642	55,801
Land held for development for sale	—	—	617,728	619,438
Properties under development	7,136,781	6,557,493	5,528,112	6,066,538
Completed properties held for sale	1,536,104	2,484,521	4,424,458	3,792,052
Prepayments for acquisition of land	—	778,916	733,685	823,510
Gross amount due from contract customers	213,747	82,474	129,606	124,147
Trade receivables	540,151	417,395	577,212	342,803
Prepayments, deposits and other receivables	3,660,657	4,648,512	4,840,356	5,343,635
Due from related parties	4,300,822	4,834,455	43	—
Prepaid corporate income tax	94,536	67,353	99,667	128,044
Prepaid land appreciation tax	166,453	199,360	194,458	201,893
Restricted cash	793,471	983,861	1,410,636	1,273,630
Cash and cash equivalents	1,638,331	531,499	2,116,401	1,392,906
<b>Total current assets</b>	<b>20,099,333</b>	<b>21,593,848</b>	<b>20,686,004</b>	<b>20,164,397</b>
<b>CURRENT LIABILITIES</b>				
Gross amount due to contract customers	612,721	530,823	557,676	462,553
Receipts in advance	5,842,298	5,313,465	5,125,930	5,649,060
Trade payables	1,755,289	2,342,173	2,545,986	2,380,154
Other payables and accruals	389,240	645,685	746,813	816,778
Derivative financial instruments	—	—	164,367	167,349
Interest-bearing bank and other borrowings	2,834,603	4,842,697	5,148,302	4,660,350
Due to related parties	9,692,241	8,776,820	3,817,171	—
Tax payable	95,681	211,633	223,628	223,035
Provision for land appreciation tax	124,432	215,430	406,471	438,185
<b>Total current liabilities</b>	<b>21,346,505</b>	<b>22,878,726</b>	<b>18,736,344</b>	<b>14,797,464</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>(1,247,172)</b>	<b>(1,284,878)</b>	<b>1,949,660</b>	<b>5,366,933</b>

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As of December 31, 2011, 2012 and 2013 and April 30, 2014, we had net current liabilities of approximately RMB1,247.2 million, RMB1,284.9 million, net current assets of RMB1,949.7 million and net current assets of RMB5,366.9 million, respectively, representing in part amounts due to related parties, receipts in advances from pre-sold properties, interest-bearing bank and other borrowings and trade payables. Receipts in advances from pre-sold properties constitute mostly non-refundable deposit or down payment that we receive from customers and the remainder of purchase price paid by the mortgagee banks upon signing of sales contract with our customers but before delivery of our properties.

### Capital Expenditures

Our capital expenditures during the Track Record Period primarily represented expenditures incurred in relation to the development of our investment properties, purchase of property, plant and equipment and acquisition of intangible assets such as certain software. In 2011, 2012 and 2013, we incurred capital expenditures of RMB970.8 million, RMB478.5 million and RMB322.7 million, respectively. Our Directors estimate that our capital expenditure for the year ending December 31, 2014 and the six months ending June 30, 2015 will be approximately RMB2,472.8 million and RMB1,180.6 million, respectively. Such estimate represents the total project development costs and other capital expenditure that we expect to incur in the relevant period based on our existing business plans given the current market conditions. We may adjust our business plans from time to time depending on the actual construction progress of our property projects as well as market conditions. The estimated total capital expenditure may also change when there are changes in the planning and design of our projects.

### Commitments

During the Track Record Period, our contractual commitments consisted primarily of capital commitments we made in relation to land acquisitions and construction costs for our investment properties under construction and properties under development.

### Operating Lease Arrangements

We lease certain of the office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

The following table sets forth our future minimum lease payments under non-cancellable operating leases as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(in RMB thousands)		
Within one year .....	1,052	1,075	6,002
In the second to fifth years, inclusive .....	2,150	1,075	8,227
<b>Total</b> .....	<b>3,202</b>	<b>2,150</b>	<b>14,229</b>

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### Capital Commitments

Our capital commitments primarily relate to development costs. We had the following capital commitments as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(in RMB thousands)		
Contracted but not provided for:			
Capital expenditure for investment properties under construction and properties under development .....	2,395,286	1,500,128	1,648,020
Acquisition of land use rights .....	470,740	348,850	106,280
<b>Total</b> .....	<u>2,866,026</u>	<u>1,848,978</u>	<u>1,754,300</u>

As of December 31, 2013, the above capital commitments contracted but not provided for included capital commitments of RMB983.8 million, in relation to the development of our Dalian BEST City project.

### Working Capital Sufficiency

We need working capital to service our debts when due and pay construction costs and all applicable taxes for projects developed by our subsidiaries.

We believe our liquidity requirements will be satisfied by (i) our existing cash and cash equivalents and restricted cash, (ii) cash flows from our operations, including proceeds from the pre-sale and sale of properties, leasing of investment properties and our business park operation and management services, (iii) new borrowings, and (iv) proceeds from the Global Offering.

As of April 30, 2014, we had cash and cash equivalents of RMB1,392.9 million and restricted cash of RMB1,273.6 million.

As of April 30, 2014, we had obtained credit facilities up to the amount of RMB10,695 million, including approved undrawn banks loans of RMB180 million, commitment letters from banks for granting to us loans in an aggregate amount of up to RMB1,800 million, letters of intent from banks for granting to us loans in an aggregate amount of up to RMB7,390 million, and letters of intent from certain asset management companies for granting to us credit facility of up to RMB1,325 million. Our approved undrawn bank loans and approved undrawn credit facility are covered by legally binding and enforceable loan agreements which we have entered into with the banks and there are no other conditions to be fulfilled before we can draw down these loans. To enhance our liquidity position, we had also obtained commitment letters and letters of intent from Bank of China Liaoning Branch, The Export-Import Bank of China Liaoning Branch, Minsheng Bank Dalian Branch, Industrial and Commercial Bank of China Dalian Branch and Bank of East Asia (China) Dalian Branch for granting to us banking facilities for an aggregate amount of up to RMB9,190 million as of April 30, 2014, in each case subject to their final internal approvals. These commitment letters and letters of intent are legally binding and enforceable because the relevant banks' issuances of these letters are legally binding civil acts recognized under PRC laws, the letters do not include any disclaimer of binding effect, and the banks are required to act in good faith in determining whether they should grant us their final internal approvals. In granting such final internal approvals, the banks will check whether the project company has obtained land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit for the relevant project because, under PRC laws, banks are not allowed to grant loans for a project before such certificate and permits have been obtained. See "Regulatory Overview – Transfer and Sale of Property – Financing property development and acquisition." In addition, the banks will need to confirm there has been no material adverse change in our business or financial conditions since issuance of the commitment letters or

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letters of intent. Furthermore, we are required to provide pledges of land use rights or mortgages over project properties to the banks before drawing down the loans. Our Directors are of the view that these are general requirements to be fulfilled by property developers within the industry when drawing down facilities. Our Directors do not expect any material impediment for us to satisfy all the requirements and obtain the banks' final internal approvals when we want to utilize the loans. In addition, as of April 30, 2014 and the Latest Practicable Date, we had obtained letters of intent from an asset management company, China Great Wall Asset Management Corporation Dalian Office, providing that the asset management company intends to acquire from certain trust companies loans in the principal amount of RMB1,325 million granted by such trust companies to us. These loans were included in our current liabilities as of April 30, 2014. After acquiring the loans and becoming our creditors, the asset management company intends to restructure such loans with us after obtaining its final internal approval. While no written agreement has been signed to specify the details of such loan restructuring yet, based on our discussions with the asset management company, we expect the restructuring will include extension of the loans and revisions to the terms of the loans. We understand the asset management company's final internal approvals will be conditional upon the absence of any material adverse change in our business or financial conditions since issuance of the letters of intent. Our Directors do not expect any material impediment for us to obtain the asset management company's final internal approval. Other than as disclosed in this prospectus, we have no other external financing plans.

We intend to use approximately 45%, or HK\$641.5 million, of the net proceeds of the Global Offering for the development of our existing projects. For details of our intended use of proceeds, see "Future Plans and Use of Proceeds." Depending on our cash needs, we may allocate additional net proceeds of the Global Offering for the development of our existing projects instead of new land acquisitions.

Taking into account available banking facilities, cash flows from our operations and proceeds from the Global Offering, our Directors confirm that our current cash and cash equivalents, anticipated cash flow from operations and proceeds from the Global Offering will be sufficient to meet our anticipated cash needs, including our working capital and capital expenditure requirements for at least the next 12 months from the date of this prospectus. The Sole Sponsor concurs with the Directors' view.

### **Liquidity Management**

We centrally manage our working capital to ensure proper and efficient collection and deployment of our funds.

We carefully consider our cash position and ability to obtain further financing when making significant capital commitments, such as new land acquisitions and commencement of new project development. Given suitable opportunities, we also intend to access the capital markets through further equity or equity-linked capital-raising or debt-related capital-raising.

When we formulate development plans for large scale development such as business park projects, we usually divide it into multiple phases to even out capital expenditure requirement, allow the region to mature and appreciate in value so as to achieve a balance of cash flow and profitability. We will also continuously review the sale to lease ratio of our existing and future property development projects, taking into consideration a number of factors including property market conditions and trends for different segments, our internal resources available for long-term investments and availability and costs of external financings.

In addition, we seek to manage our future cash flows and reduce our exposure to unexpected adverse changes in economic conditions through a number of alternative plans, including adjusting



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our development schedule to ensure that we have available resources to finance our projects, implementing cost control measures, disposing selected investment properties and/or our interest in selected projects at commercially desirable prices, and renegotiating payment terms with counterparties in certain contractual land acquisition arrangements, as necessary. For example, we may postpone the commencement of construction of projects which we do not expect to generate cash inflow in the near term. We may engage in more aggressive sales and marketing campaigns to accelerate the pre-sale and sale of our properties. We may also sell selected office buildings with stable occupancy rate as a whole at reasonable prices.

As a result of the foregoing, our Directors believe that we will continue to have sufficient financial resources to satisfy our working capital and capital expenditure requirements and maintain a stable liquidity condition.

### Off-balance Sheet Arrangements

Except for the contingent liabilities disclosed, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

### Key Financial Ratios

The following tables set forth our key financial ratios as of the dates or for the periods indicated:

	As of December 31,		
	2011	2012	2013
Current ratio <sup>(1)</sup> .....	94.2%	94.4%	110.4%
Quick ratio <sup>(2)</sup> .....	53.4%	54.8%	53.9%

Notes:

- (1) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the respective year.
- (2) Quick ratio is calculated based on total current assets less inventories, properties under development, completed properties held for sale and land held for development for sale in current assets, divided by total current liabilities as of the end of the respective year.

During the Track Record Period, we expanded the scale of our project development, which led to increases in properties under development and completed properties held for sale, as well as increases in current liabilities, resulting in decreases in quick ratio. The increase in current ratio was mainly due to our increasing use of long-term bank and other borrowings.

	For the year ended December 31,		
	2011	2012	2013
Return on equity <sup>(1)</sup> .....	14.7%	19.0%	11.8%
Return on assets <sup>(2)</sup> .....	2.8%	3.9%	2.3%

Notes:

- (1) Return on equity is calculated by dividing profit for the year attributable to owners of the parent by equity attributable to owners of the parent as of the end of the respective year.
- (2) Return on assets is calculated by dividing profit for the year by total assets as of the end of the respective year.

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During the Track Record Period, the number of properties we delivered increased and our net profit also increased, which in turn led to increases in return on equity and return on assets.

	<u>As of December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Gearing ratio <sup>(1)</sup> .....	1.2	1.2	1.9
Net gearing ratio <sup>(2)</sup> .....	0.8	1.0	1.4
Total debt/total debt capitalization ratio <sup>(3)</sup> .....	0.7	0.6	0.8
Interest coverage <sup>(4)</sup> .....	2.5	2.6	1.3

*Notes:*

- (1) Gearing ratio is calculated based on total debt (including interest-bearing bank and other borrowings) divided by total equity as of the end of the respective year.
- (2) Net gearing ratio is calculated based on the net debt (including interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective year.
- (3) Total debt/total debt capitalization ratio is calculated based on total debt divided by total capital (including equity attributable to owners of the parent) plus net debt as of the end of the respective year.
- (4) Interest coverage is calculated based on profit before interest and tax divided by total interest for the respective year.

During the Track Record Period, we mainly used bank and other borrowings to finance our project development, which resulted in increases in gearing ratio and net gearing ratio. In addition, an increase in debt during the Track Record Period also resulted in an increase in total interest and consequently, a decrease in interest coverage.

### QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks, including credit risk, foreign exchange risk, interest rate risk, liquidity risk, commodity risk and inflation in the normal course of our business.

#### Interest Rate Risk

Our interest rate risk relates primarily to our interest-bearing bank and other interest-bearing borrowings. The interest rates of our bank borrowings were denominated and adjusted according to the respective benchmark interest rate announced by the PBOC. The one-year benchmark interest rate was 6.6%, 6.0% and 6.0% as of the end of 2011, 2012 and 2013, respectively. We currently have not entered into interest rate swaps to hedge against our exposure to changes in fair values of our borrowings. It is our policy to maintain an appropriate level between our fixed-rate and variable rate borrowings so as to balance the fair value and cash flow interest rate risk.

In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debts. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations.

We currently do not use any derivative instruments to manage our interest rate. To the extent we decide to do so in the future, there can be no assurance that any future hedging activities will protect us from fluctuations in interest rates.

#### Liquidity Risk

We review our liquidity position on an on-going basis, including expected cash flows, sale/pre-sale results of our respective property projects, maturity of loans and the progress of planned property development projects.

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### DIVIDEND POLICY

Subject to the Cayman Companies Law, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized for other purposes, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law.

Except insofar as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid.

Our Directors may deduct from any dividend or money payable to any member or in respect of any Shares all sums of money (if any) presently payable by him to us on account of calls or otherwise. In addition, the declaration of dividends is subject to the direction of our Directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our Shareholders; and
- any other factors which the Board may deem relevant.

Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from HKFRSs. PRC laws also require enterprise located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net profit. These statutory reserves are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

Our Company did not declare or distribute any dividends to our shareholders during the Track Record Period. Some of our subsidiaries declared dividends in an aggregate amount of RMB343.3 million, RMB275.6 million and RMB757.2 million in 2011, 2012 and 2013, respectively, to their respective shareholders. After the Global Offering, we currently intend, subject to the above limitations, and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to pay dividends to our Shareholders of no less than 20% of any net distributable profits derived during each fiscal year, excluding any fair value gain or loss in the relevant period. However, we will re-evaluate our dividend policy annually and we cannot assure you that dividends of any amount will be declared or distributed in any given year. Any final dividend for a fiscal year will be subject to our Shareholders' approval.

### DISTRIBUTABLE RESERVES

As of December 31, 2013, our reserves available for distribution to our equity holders amounted to approximately RMB5,088.4 million.

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## FINANCIAL INFORMATION

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### DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2013, and there is no event since December 31, 2013 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

### PROPERTY VALUATION RECONCILIATION

The statement below shows the reconciliation of aggregate amounts of certain assets as reflected in the audited consolidated financial information as of December 31, 2013 as set out in Appendix I to this prospectus with the valuation of the properties as of March 31, 2014 as set out in Appendix III to this prospectus.

	<u>(in RMB thousands)</u> (unaudited)
Net book value of the following assets of the Group as of December 31, 2013	
— Properties under development . . . . .	5,528,112
— Completed properties held for sale . . . . .	4,424,458
— Investment properties . . . . .	10,796,582
— Property, plant and equipment (only including land and buildings) . . . . .	66,084
— Land held for development for sale . . . . .	1,210,589
— Prepayments for acquisition of land . . . . .	1,868,745
Add: Additions during the period from January 1, 2014 to March 31, 2014 . . . . .	610,199
Less: Depreciation of land and buildings held for own use during the period from January 1, 2014 to March 31, 2014 . . . . .	(1,353)
Less: Sale of completed properties held for sale . . . . .	(508,675)
Less: Properties expected to be sold and not included in the property valuation report in Appendix III to this prospectus . . . . .	(134,570)
Less: Properties with no commercial value in Appendix III to this prospectus . . . . .	<u>(1,111,578)</u>
Net book value of the assets of the Group as of March 31, 2014 subject to valuation as set out in the property valuation report in Appendix III to this prospectus. . . . .	22,748,593
Valuation surplus, before tax . . . . .	<u>7,434,077</u>
Valuation of properties of the Group as of March 31, 2014 as set out in the property valuation report in Appendix III to this prospectus . . . . .	<u>30,182,670</u>
Valuation of properties as of March 31, 2014 as set out in the property valuation report in Appendix III to this prospectus . . . . .	38,822,703
Less: Valuation of properties held by the Group's joint ventures and associated companies . . . . .	<u>(8,640,033)</u>
Valuation of properties of the Group as of March 31, 2014 as set out in the property valuation report in Appendix III to this prospectus . . . . .	<u>30,182,670</u>

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## FINANCIAL INFORMATION

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### LISTING EXPENSES

In 2013, we incurred listing expenses of RMB20.5 million of which RMB15.8 million have been charged to our administrative expenses and RMB4.7 million have been recorded in prepayments, deposits and other receivables which will be charged against share premium upon Listing. We currently expect to incur further listing expenses of RMB65.3 million, calculated based on the mid-point of the Offer Price range stated in this prospectus, subsequent to the end of the Track Record Period. In relation to such further listing expenses of RMB65.3 million, RMB25.5 million is expected to be charged to our administrative expenses and RMB39.8 million is expected to be charged against share premium upon the Listing. We do not expect such expenses to have a material adverse impact to our financial results for the year ending December 31, 2014.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

See the section headed “Business — Our Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$2.60 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$1,425.5 million, after deduction of estimated underwriting commission, the Sole Sponsor’s fee and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$2.60 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$226.2 million.

If the Offer Price is fixed at HK\$2.90 per Offer Share (being the high end of the Offer Price range stated in this prospectus), we will receive (i) additional net proceeds of approximately HK\$174.0 million, assuming the Over-allotment Option is not exercised; and (ii) additional net proceeds of approximately HK\$200.1 million, assuming the Over-allotment Option is exercised in full.

If the Offer Price is fixed at HK\$2.30 per Offer Share (being the low end of the Offer Price range stated in this prospectus), the net proceeds we receive will be (i) reduced by approximately HK\$174.0 million, assuming the Over-allotment Option is not exercised; and (ii) reduced by approximately HK\$200.1 million, assuming the Over-allotment Option is exercised in full.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 45%, or HK\$641.5 million, will be used for new land acquisitions. As at the Latest Practicable Date, we had not identified or committed to any acquisition targets for our use of net proceeds from the Global Offering;
- approximately 45%, or HK\$641.5 million, will be used for the development of our existing projects, among which, approximately 8%, or HK\$114.0 million, will be used for each of ButterFly Garden (蝶園) and Grand Manor (留莊), respectively, approximately 4%, or HK\$57.0 million, will be used for each of Fifth County Phase 5 and Eastern Santaclara (東方聖克拉), respectively, and the remaining 21%, or HK\$299.5 million, will be used for Qingyun Sky (青雲天下). For details of our project selection process, please refer to the section headed “Business — Our Development Process — Project Assessment and Feasibility Study” in this prospectus; and
- the remaining amount of approximately HK\$142.5 million, representing not more than 10% of the net proceeds, will be used to provide funding for our working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the proposed Offer Price range.

In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

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## SUBSTANTIAL SHAREHOLDERS

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So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering and the Capitalization Issue taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, have beneficial interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

<u>Name of Shareholder</u>	<u>Nature of Interest</u>	<u>Shares held immediately prior to the Capitalization Issue and Global Offering</u>		<u>Shares held immediately following the completion of the Capitalization Issue and the Global Offering</u>	
		<u>Number</u>	<u>Percentage</u>	<u>Number<sup>(1)</sup></u>	<u>Percentage</u>
Mr. Sun Yinhuan <sup>(2)</sup> . . .	Interest of a controlled corporation	8,057	80.57%	1,611,400,000(L)	62.46%
Right Won <sup>(2)</sup> . . . . .	Beneficial owner	8,057	80.57%	1,611,400,000(L)	62.46%

*Notes:*

(1) The letter "L" denotes the person's long position in the Shares.

(2) Right Won is beneficially and wholly owned by Mr. Sun Yinhuan. By virtue of the SFO, Mr. Sun Yinhuan is deemed to be interested in the Shares held by Right Won.

If the Over-allotment Option is fully exercised, the beneficial interests of each of Mr. Sun Yinhuan and Right Won will be approximately 60.42%.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and no Shares are to be issued upon the exercise of any options which may be granted under the Share Option Scheme, have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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## SHARE CAPITAL

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The following is a description of the authorized and issued Share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme) and the Capitalization Issue (assuming the Over-allotment Option is not exercised):

	<u>Nominal value US\$</u>
<b>Authorized share capital:</b>	
<u>50,000,000,000</u> Shares of US\$0.01 each .....	<u>500,000,000</u>
	<u>Nominal value US\$</u>
<b>Issued and to be issued, fully paid or credited as fully paid:</b>	
1,000,000 Shares in issue as of the date of this prospectus .....	10,000
1,999,000,000 Shares to be issued pursuant to the Capitalization Issue .....	19,990,000
<u>580,000,000</u> Shares to be issued under the Global Offering .....	<u>5,800,000</u>
<u>2,580,000,000</u> Total .....	<u>25,800,000</u>

### ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and the Capitalization Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalization Issue.

### GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total nominal value of not more than the sum of:

- (1) 20% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and
- (2) the total nominal amount of share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option which may be granted under the Share Option Scheme.



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## SHARE CAPITAL

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This general mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in writing of our Shareholders Passed on June 1, 2014" in Appendix V to this prospectus.

### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total nominal amount of not more than 10% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about Our Group — 6. Repurchases of our Shares" in Appendix V to this prospectus.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in writing of our Shareholders Passed on June 1, 2014" in Appendix V to this prospectus.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary shareholders' resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by shareholders' special resolution. For more details, please see the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (c) Alternation of capital" in Appendix IV to this prospectus.

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## SHARE CAPITAL

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Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see “Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (d) Variation of rights of existing shares or classes of shares” in Appendix IV to this prospectus.

### SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders dated June 1, 2014, we conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the section entitled “Statutory and General Information — Share Option Scheme” in Appendix V to this prospectus.

## CORNERSTONE INVESTORS

### THE CORNERSTONE PLACING

We have entered into cornerstone placing agreements with six investors (the “**Cornerstone Investors**”), who have agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be subscribed with an aggregate amount of approximately HK\$824.3 million. Assuming an Offer Price of HK\$2.60, the mid-point of the Offer Price range set forth in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 317,034,000 Shares, representing approximately 12.29% of our issued share capital after the Global Offering (assuming the Over-allotment Option is not exercised) or 54.66% of the number of Offer Shares initially offered under the Global Offering. Save for Shui On Holdings Limited’s, Panasonic Corporation’s and Sumitomo Realty & Development Co., Ltd.’s interests in certain of our joint ventures and associates, as disclosed in the section headed “History, Reorganization and Corporate Structure” in this prospectus, each of the Cornerstone Investors is independent from our Company. The Cornerstone Investors will not subscribe for any Shares under the Global Offering other than pursuant to the relevant cornerstone placing agreements. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial shareholder of our Company. The shareholdings of the Cornerstone Investors will be counted towards the public float of our Shares.

The cornerstone placing agreements with the Cornerstone Investors form part of the International Offering. The total number of Shares to be purchased by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation.” Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on June 26, 2014. The following table sets forth certain information regarding the anticipated holding of Offer Shares of the Cornerstone Investors.

Cornerstone Investors	Maximum Investment Amount (HK\$)	Number of Offer Shares subscribed <sup>(1)</sup>	Approximate percentage of total number of Offer Shares initially offered under the Global Offering (%)	Approximate percentage of total issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (%)	
				(assuming the Over-allotment Option is not exercised)	(assuming the Over-allotment Option is exercised in full)
China Cinda (HK) Asset Management Co., Limited . . .	310,092,000 <sup>(2)</sup>	119,266,000	20.56	4.62	4.47
Huarong (HK) International Holdings Limited . . . . .	232,569,000 <sup>(3)</sup>	89,448,000	15.42	3.47	3.35
CIG Trustees Limited — IPO Trust Fund . . . . .	155,046,000 <sup>(4)</sup>	59,632,000	10.28	2.31	2.24
Doreturn Limited . . . . .	50,000,000	19,228,000	3.32	0.75	0.72
Panasonic Corporation . . . . .	38,761,500 <sup>(5)</sup>	14,908,000	2.57	0.58	0.56
Sumitomo Realty & Development Co., Ltd. . . . .	37,821,483 <sup>(6)</sup>	14,546,000	2.51	0.56	0.55
<b>Total</b> . . . . .	<b>824,289,983</b>	<b>317,034,000</b>	<b>54.66</b>	<b>12.29</b>	<b>11.89</b>

*Notes:*

- (1) Rounded down to the nearest whole board lot of 2,000 Shares and assuming an Offer Price of HK\$2.60 (being the mid-point of the Offering Price range stated in this prospectus).
- (2) The committed investment amount of China Cinda (HK) Asset Management Co., Limited is US\$40 million (or approximately HK\$310.1 million based on an exchange rate of HK\$7.7523 = US\$1.0000).

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## CORNERSTONE INVESTORS

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- (3) The committed investment amount of Huarong (HK) International Holdings Limited is US\$30 million (or approximately HK\$232.6 million based on an exchange rate of HK\$7.7523 = US\$1.0000).
- (4) The committed investment amount of CIG Trustees Limited – IPO Trust Fund is US\$20 million (or approximately HK\$155.0 million based on an exchange rate of HK\$7.7523 = US\$1.0000).
- (5) The committed investment amount of Panasonic Corporation is US\$5 million (or approximately HK\$38.8 million based on an exchange rate of HK\$7.7523 = US\$1.0000).
- (6) The committed investment amount of Sumitomo Realty & Development Co., Ltd. is ¥500 million (or approximately HK\$37.8 million based on an assumed exchange rate of ¥13.22 = HK\$1.0000. The exchange rate for purposes of such committed investment amount shall be at the TTB exchange rate of Japanese Yen against HK dollar quoted on the website of the Hong Kong and Shanghai Banking Corporation Limited at around 11:15 a.m. Hong Kong time on the date immediately before the Price Determination Date.

### OUR CORNERSTONE INVESTORS

Our Cornerstone Investors are set out below:

#### **1. China Cinda (HK) Asset Management Co., Limited (“China Cinda”)**

China Cinda has agreed to subscribe for such number of Shares (rounded to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of US\$40 million (or approximately HK\$310.1 million based on an exchange rate of HK\$7.7523 = US\$1.0000) at the Offer Price. Assuming an Offer Price of HK\$2.60 being the mid-point of the Offer Price range set forth in this prospectus, China Cinda will subscribe for approximately 119,266,000 Shares, representing approximately 4.62% of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

China Cinda is acting for itself and as agent for and on behalf of Victory Fame Investment Limited to enter into the cornerstone placing agreement. China Cinda is a company incorporated in Hong Kong whose principal businesses include investment holdings. China Cinda is a wholly owned subsidiary of China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the H-shares of which are listed on the Stock Exchange (stock code: 1359). Victory Fame Investment Limited is a company incorporated in Hong Kong whose principal businesses include investment holdings. Victory Fame Investment Limited is beneficially owned as to 50% by Mr. Wong Yuet Leung alias Wong Yuet Leung Frankie (黃月良) and 50% by Ms. Wong Choi Har Vicki (黃彩霞), both financial investors. Each of Mr. Wong Yuet Leung alias Wong Yuet Leung Frankie and Mr. Wong Choi Har Vicki is an Independent Third Party.

#### **2. Huarong (HK) International Holdings Limited (“Huarong”)**

Huarong has agreed to subscribe for such number of Shares (rounded to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of US\$30 million (or approximately HK\$232.6 million based on an exchange rate of HK\$7.7523 = US\$1.0000) at the Offer Price. Assuming an Offer Price of HK\$2.60 being the mid-point of the Offer Price range set forth in this prospectus, Huarong will subscribe for approximately 89,448,000 Shares, representing approximately 3.47% of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

China Huarong is a large state-owned non-bank financial company, co-sponsored by the Ministry of Finance which holds 98.06% of its shares, and is one of China’s largest state-owned asset management companies, holding over RMB400 billion in assets. It provides comprehensive financial services including asset management, banking, securities, trust, investment and real estate.

#### **3. CIG Trustees Limited – IPO Trust Fund (“CIG Fund”)**

CIG Fund has agreed to subscribe for such number of Shares (rounded to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of US\$20 million (or

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## CORNERSTONE INVESTORS

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approximately HK\$155.0 million based on an exchange rate of HK\$7.7523 = US\$1.0000) at the Offer Price. Assuming an Offer Price of HK\$2.60 being the mid-point of the Offer Price range set forth in this prospectus, CIG Fund will subscribe for approximately 59,632,000 Shares, representing approximately 2.31% of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

CIG Fund is a fund established by CIG Trustees Limited, a company ultimately controlled by China Taiping Insurance Group Limited (“**China Taiping**”). China Taiping is a PRC state-owned financial and insurance group, and is currently the longest standing national brand in China’s insurance industry. Its business covers life insurance, general insurance, pension plans, reinsurance, securities brokerage, asset management and non-financial investment, and its operations has presence in many countries and regions including the PRC, Hong Kong, Macau, Europe, Oceania, East Asia and Southeast Asia.

#### **4. Doreturn Limited (“Doreturn”)**

Doreturn has agreed to subscribe for such number of Shares (rounded to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of HK\$50 million at the Offer Price. Assuming an Offer Price of HK\$2.60 being the mid-point of the Offer Price range set forth in this prospectus, Shui On will subscribe for approximately 19,228,000 Shares, representing approximately 0.75% of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Doreturn is a company incorporated with limited liability in the Cayman Islands and is ultimately controlled by Shui On Holdings Limited. Shui On Holdings Limited is the private holding company of the Shui On Group and has property investment with interest in Hong Kong and the PRC. The Shui On Group, founded in 1971 by its chairman Mr. Vincent H. S. Lo, is principally engaged in property development, construction and construction materials with interests in Hong Kong and the PRC. The Shui On Group’s corporate culture and long term objectives are based on its commitment to quality, innovation and excellence.

#### **5. Panasonic Corporation (“Panasonic”)**

Panasonic Corporation has agreed to subscribe for such number of Shares (rounded to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of US\$5 million (or approximately HK\$38.8 million based on an exchange rate of HK\$7.7523 = US\$1.0000) at the Offer Price. Assuming an Offer Price of HK\$2.60 being the mid-point of the Offer Price range set forth in this prospectus, Panasonic will subscribe for approximately 14,908,000 Shares, representing approximately 0.58% of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Panasonic is a global leading manufacturing company of electronics products incorporated in Japan in 1918. As a comprehensive electronics manufacturer, Panasonic specializes in the production, sales, and services for products ranging from electronic components to home electronic equipment, electrical appliances, factory automation equipment, information/communications equipment, and housing equipment, as well as providing advanced technologies and solutions to customers in residential, non-residential, mobile and automotive and consumer areas. Since its establishment in 1918, Panasonic’s business has expanded around the world, and currently has more than 500 subsidiaries in Asia, America and Europe, etc. Panasonic is committed to creating a better life and a better world, continuously contributing to the evolution of society and to the happiness of people around the globe.

#### **6. Sumitomo Realty & Development Co., Ltd. (“Sumitomo”)**

Sumitomo has agreed to subscribe for such number of Shares (rounded to the nearest whole board lot of 2,000 Shares) which may be purchased with an aggregate amount of ¥500 million (or approximately HK\$37.8 million based on an assumed exchange rate of ¥13.22 = HK\$1.00) at the Offer

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## CORNERSTONE INVESTORS

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Price. Assuming an Offer Price of HK\$2.60 being the mid-point of the Offer Price range set forth in this prospectus, Sumitomo will subscribe for approximately 14,546,000 Shares, representing approximately 0.56% of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Sumitomo is a company incorporated in Japan in 1949 and listed on the Tokyo Stock Exchange and Osaka Securities Exchange. It is a core member of the Sumitomo Group. Sumitomo is one of Japan's leading real estate companies, and is a developer and supplier of office buildings and condominiums.

### CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors to subscribe for the Share's is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional (in accordance with their respective original terms, as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties) by no later than the time and date as specified in such agreements;
- (2) the Listing Committee of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked;
- (3) neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated; and
- (4) no law having been enacted or promulgated by any governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of Hong Kong, Bermuda, the Cayman Islands, the British Virgin Island, the United Kingdom, the United States or any other relevant jurisdiction, which prohibit the consummation of the subscription and no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of the subscription.

### RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the relevant cornerstone placing agreements) any of the Shares subscribed for by it pursuant to the relevant cornerstone placing agreement, other than transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that such wholly-owned subsidiary undertakes to, and such Cornerstone Investor undertakes to procure that such wholly-owned subsidiary will, abide by the restrictions on disposals imposed on such Cornerstone Investor.

We have undertaken with each of the Joint Global Coordinators and Sole Sponsor that unless we have obtained prior written consent of the Joint Global Coordinators and the Sole Sponsor, we will not consent to the release of the Cornerstone Investors' lock-up undertakings.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

#### *Joint Lead Managers*

Deutsche Bank AG, Hong Kong Branch

Citigroup Global Markets Asia Limited

Morgan Stanley Asia Limited

CMB International Capital Limited

CCB International Capital Limited

GF Securities (Hong Kong) Brokerage Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### The Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

The Hong Kong Underwriting Agreement was entered into on June 16, 2014 among our Company, our Controlling Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the abovementioned Hong Kong Underwriters. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares to be offered pursuant to the Global Offering as mentioned herein (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

##### *Grounds for Termination*

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by notice (orally or in writing) from the Joint Global Coordinators, for themselves and on behalf of the Hong Kong Underwriters, if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
  - (i) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or

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## UNDERWRITING

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- (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands, the United Kingdom, the European Union (or any member thereof), Japan or any other jurisdiction relevant to any member of the Group; or
- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Singapore Stock Exchange or the Tokyo Stock Exchange; or
- (iv) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of the Company or of any other member of the Group listed or quoted on a stock exchange or an over-the-counter market; or
- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the Cayman Islands, the British Virgin Islands, the European Union (or any member thereof), Japan or any other jurisdiction relevant to any member of the Group, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (vi) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands, the United Kingdom, the European Union (or any member thereof), Japan or any other jurisdiction relevant to any member of the Group; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (or any member thereof) on the PRC or any other jurisdiction relevant to any member of the Group; or
- (viii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations, or the implementation of any exchange control, in Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands, the United Kingdom, the European Union (or any member thereof), Japan or any other jurisdiction relevant to any member of the Group; or
- (ix) any litigation or claim of any third party being threatened or instigated against any member of the Group or Joint Venture; or
- (x) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or



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## UNDERWRITING

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- (xi) Mr. Sun Yinhan vacating any of his offices in the Company; or
- (xii) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (xiii) a contravention by any member of the Group of the Listing Rules or applicable laws; or
- (xiv) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares that may be issued under the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xvi) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or Joint Venture or in respect of which any member of the Group or Joint Venture is liable prior to its stated maturity; or
- (xviii) an order or petition for the winding-up of any member of the Group or Joint Venture or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or Joint Venture or any resolution for the winding-up of any member of the Group or Joint Venture or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or Joint Venture or anything analogous thereto occurring in respect of any member of the Group or Joint Venture,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators, (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Joint Global Coordinators:
  - (i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the "**Hong Kong Public Offering Documents**") was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion,

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## UNDERWRITING

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intention or expectation contained in any of the Hong Kong Public Offering Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

- (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents (including any supplement or amendment thereto); or
- (iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
- (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the Company or the Controlling Shareholders (as indemnifying parties) pursuant to the Hong Kong Underwriting Agreement; or
- (v) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Extended Group; or
- (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings given by any of the Company or the Controlling Shareholders under the Hong Kong Underwriting Agreement; or
- (vii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

### ***Undertakings to the Stock Exchange pursuant to the Listing Rules***

#### **(A) Undertakings by our Company**

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except any of the circumstances provided under Rule 10.08 of the Listing Rules or pursuant to the Capitalization Issue, the Global Offering (including pursuant to the exercise of the Over-allotment Option) and the grant and the exercise of the options under the Share Option Scheme.

#### **(B) Undertakings by our Controlling Shareholders**

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that except pursuant to the Global Offering (including

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## UNDERWRITING

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pursuant to the exercise of the Over-allotment Option and any transaction as contemplated under the Stock Borrowing Agreement), he/it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be the controlling shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

- (i) when he/it pledges or charges any Shares beneficially owned by him/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when he/it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of any of the above matters (if any) by our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by our Controlling Shareholders.

### ***Undertakings to the Hong Kong Underwriters***

#### **(A) Undertakings by our Company**

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Global Coordinators, Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor not to, and to procure each other member of the Group not to, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, except for the Capitalization Issue, the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the grant and exercise of the options under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”):

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an

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## UNDERWRITING

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encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), the Company enters into any of the transactions specified in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company. Each Controlling Shareholder undertakes to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor to procure the Company to comply with the above undertakings.

### **(B) Undertakings by our Controlling Shareholders**

Each of the Controlling Shareholders has undertaken to each of the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor that, save as pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules (including without limitation Note (2) to Rule 10.07 of the Listing Rules):

- (a) at any time during the First Six-Month Period he/it will not and procure that none of his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it or pursuant to any trust of which he/it is the settlor, will:
  - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, (other than any pledge or charge of the Company’s issued share capital after the consummation of the Global Offering (assuming the Over-allotment Option is not exercised) in favour of an authorized institution as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) for a bona fide commercial loan), hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance

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## UNDERWRITING

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over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts; or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
  - (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (a)(i) or (ii) above; or
  - (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (a)(i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);
- (b) he/it will not, during the Second Six-Month Period, enter into any of the transactions specified in sub-paragraph (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of the Company; and
- (c) until the expiry of the Second Six-Month period, in the event that he/it enters into any of the transactions specified in sub-paragraph (a)(i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, he/it will take reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of the Company.

Each of Mr. Sun Tongmin, Ms. Sun Qi and Keen Everlasting Harmony has entered into a lock-up agreement in favor of the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), on or around June 16, 2014, pursuant to which each of them severally undertakes to each of the Joint Global Coordinators and the other Underwriters that each of them shall be subject to the same lock-up restrictions to which our Controlling Shareholders have undertaken as set out above.

Each of the Controlling Shareholders has further undertaken to each of the Joint Global Coordinators and the Hong Kong Underwriters that, if at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is twelve months after the Listing Date, he/it will:

- (i) if and when he/it pledges or charges any securities or interests in the securities of our Company beneficially owned by it, immediately inform our Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of securities of our Company which are so pledged or charged; and
- (ii) if an when he/it receives indication, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be disposed of, immediately inform our Company and the Joint Global Coordinators in writing of such indications.

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## UNDERWRITING

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### ***Undertaking by the Pre-IPO Investors***

Each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony and their respective ultimate beneficial owners has entered into a lock-up agreement in favor of the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), on or around June 16, 2014, pursuant to which each of them severally undertakes to each of the Joint Global Coordinators and the other Underwriters that each of them will not, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Underwriters), during the First Six-Month Period:

- (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company, any shares or other securities of each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony (as the case may be) or any interest respectively therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or shares of each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony (as the case may be)), or deposit any Shares or other securities of the Company or any shares or other securities of each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony (as the case may be) with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any shares or other securities of each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony (as the case may be) or any interest respectively therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or shares of each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony (as the case may be)); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or shares or other securities of each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony (as the case may be) or in cash or otherwise (whether or not the issue of such Shares or other securities of the Company or shares or other securities of each of Keen Harmony, Keen Sky Grace, Keen High Keen Source and Grace Sky Harmony (as the case may be) will be completed within the First Six-Month Period).

### ***Indemnity***

We and our Controlling Shareholders have agreed to indemnify the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

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## UNDERWRITING

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### ***Hong Kong Underwriters' Interests in our Company***

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in us or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

### **The International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, it is expected that we and our Controlling Shareholders will enter into the International Underwriting Agreement with, among others, the International Underwriters on or about June 20, 2014. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally agree to procure subscribers to subscribe for the International Offer Shares being offered pursuant to the International Offering, or failing which to subscribe for themselves, their respective applicable proportions of such International Offer Shares which are not taken up under the International Offering.

#### ***Over-allotment Option***

We will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until July 20, 2014, being the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 87,000,000 additional Shares, together representing 15% of the number of Shares initially being offered under the Global Offering, at the Offer Price to, cover over-allocations in the International Offering, if any.

### **Commission and Expenses**

According to the terms and conditions of the Underwriting Agreements, the Hong Kong Underwriters will receive an underwriting commission in the aggregate amount of HK\$3,000,000 for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will reduce the amount of underwriting commission to Hong Kong Underwriters proportionally and such amount deducted from the underwriting commission to Hong Kong Underwriters will be paid to the relevant International Underwriters.

The aggregate estimated underwriting commission and the Sole Sponsor's fee, together with the Stock Exchange listing fees, SFC transaction levy, the Stock Exchange trading fee and other expenses relating to the Global Offering to be borne by our Company are estimated to amount to approximately HK\$108.2 million in aggregate.

### **SPONSOR'S INDEPENDENCE**

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

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## UNDERWRITING

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### ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.



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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to adjustment and the Over-allotment Option):

- (a) the Hong Kong Public Offering of 58,000,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below under “The Hong Kong Public Offering;” and
- (b) the International Offering of an aggregate of 522,000,000 Shares (subject to adjustment as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A.

Investors may apply for the Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Shares under the International Offering, but may not do both.

The number of Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the subsection headed “The Hong Kong Public Offering — Reallocation” below.

### THE HONG KONG PUBLIC OFFERING

#### Number of Shares Initially Offered

We are initially offering 58,000,000 Shares at the Offer Price, representing approximately 10% of the Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Shares initially offered under the Hong Kong Public Offering will represent approximately 2.248% of our Company’s enlarged issued share capital immediately after completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the subsection below headed “Conditions of the Global Offering.”

#### Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will initially be divided equally into two pools for allocation purposes as follows:

- Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million

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## STRUCTURE OF THE GLOBAL OFFERING

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(excluding brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. Any odd board lots will be allocated to Pool A; and

- Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the value of Pool B.

For the purpose of this paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 29,000,000 Offer Shares are liable to be rejected.

### Reallocation

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 58,000,000 Offer Shares, representing 10% of the total number of the Offer Shares initially available under the Global Offering;
- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 174,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 232,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be

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## STRUCTURE OF THE GLOBAL OFFERING

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increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 290,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Subject to the foregoing paragraph, the Joint Global Coordinators may in its discretion reallocate Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any under-subscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

### THE INTERNATIONAL OFFERING

#### Number of Shares Initially Offered

Subject to the reallocation as described above, the number of Shares to be initially offered under the International Offering will be 522,000,000 Shares, representing 90% of the Offer Shares under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Shares initially offered under the International Offering will represent approximately 20.2% of our Company's enlarged issued share capital immediately after completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.

#### Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. International Offer Shares will be selectively placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong, Europe and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, Shares after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of Shares on a basis which would lead to the establishment of a solid shareholder base which would be to our benefit and to that of the shareholders as a whole.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

### **Over-allotment Option**

In connection with the Global Offering, it is expected that our Company will grant the Over-allotment Option to the International Underwriters, which is exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters has the right, exercisable by the Joint Global Coordinators at any time from the Listing Date to July 20, 2014, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to sell up to 87,000,000 Shares, representing 15% of the initial Offer Shares, at the same price per Share under the International Offering, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional International Offer Shares will represent approximately 3.3% of our enlarged total issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

### **STABILIZATION**

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

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## STRUCTURE OF THE GLOBAL OFFERING

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Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in our Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on Sunday, July 20, 2014, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, acquiring the Offer Shares.

### Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may cover such over-allocation by, among other methods, using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 87,000,000 Shares, representing not more than 15% of the Offer Shares initially available under the Global Offering.

### STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow up to 87,000,000 Shares from Right Won pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Listing Rule 10.07(3).

### PRICING AND ALLOCATION

#### Determining the Offer Price

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around June 20, 2014 and in any event on or before June 24, 2014, by agreement between the Joint Global Coordinators, on behalf of the Underwriters, and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

### **Offer Price Range**

The Offer Price will be not more than HK\$2.90 per Share and is expected to be not less than HK\$2.30 per Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

### **Price Payable on Application**

Applicants for Hong Kong Offer Shares under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$2.90 for each Hong Kong Offer Share (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%). If the Offer Price is less than HK\$2.90, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Global Coordinators (on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before June 24, 2014, the Global Offering will not proceed and will lapse.

### **Reduction in Indicative Offer Price Range and/or Number of Offer Shares**

The Joint Global Coordinators, on behalf of the Underwriters, may where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, reduce the indicative offer price range and/or the number of Offer Shares below those stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and posted on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of our Company ([www.yidachina.com.cn](http://www.yidachina.com.cn)) notices of the reduction. Upon issue of such a notice, the revised indicative offer price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and our Company, will be fixed within such revised range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of such reduction.

Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative offer price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus. Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the

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## STRUCTURE OF THE GLOBAL OFFERING

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Hong Kong Public Offering will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

### **Announcement of Offer Price and Basis of Allocations**

The final Offer Price, the level of indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on June 26, 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and to be posted on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of our Company ([www.yidachina.com.cn](http://www.yidachina.com.cn)).

### **UNDERWRITING**

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

### **CONDITIONS OF THE GLOBAL OFFERING**

Acceptance of all applications for the Offer Shares will be conditional on:

- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including the additional Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Hong Kong Stock Exchange;
- the Offer Price having been duly agreed between us and the Joint Global Coordinators (on behalf of the Underwriters);
- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

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## STRUCTURE OF THE GLOBAL OFFERING

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**If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before June 24, 2014, the Global Offering will not proceed and will lapse.**

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the subsection headed “How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates will only become valid at 8:00 a.m. on June 27, 2014, provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting—Underwriting Arrangements and Expenses—The Hong Kong Public Offering—Grounds for Termination” in this prospectus has not been exercised.

### **ADMISSION OF THE SHARES INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into the Central Clearing and Settlement System, or CCASS.

### **DEALING ARRANGEMENTS**

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on June 27, 2014, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on June 27, 2014.

The Shares will be traded in board lots of 2,000 Shares each.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above you must also (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at its discretion, and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- an associate of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through [www.eipo.com.hk](http://www.eipo.com.hk).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, June 17, 2014 until 12:00 noon on Friday, June 20, 2014 from:

(1) any of the following address of the Hong Kong Underwriters:

Deutsche Bank AG, Hong Kong Branch	Level 52, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Citigroup Global Markets Asia Limited	50th Floor, Citibank Tower Citibank Plaza, 3 Garden Road, Central Hong Kong
Morgan Stanley Asia Limited	Level 46, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
CMB International Capital Limited	Units 1803-4, 18th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong
CCB International Capital Limited	12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
GF Securities (Hong Kong) Brokerage Limited	29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(2) or any of the following branches of The Bank of East Asia, Limited and Wing Lung Bank Limited:

(i) The Bank of East Asia, Limited

	Branch Name	Address
<b>Hong Kong Island</b>	88 Des Voeux Road West Branch	Shop 2-3, G/F, Princeton Tower, 88 Des Voeux Road West, Sheung Wan
	399 Hennessy Road Branch	G/F, Eastern Commercial Centre, 399 Hennessy Road, Wanchai
	North Point Branch	326-328 King's Road, North Point
	Shaukiwan Branch	G/F, Ka Fook Building, 289-293 Shau Kei Wan Road, Shau Kei Wan
<b>Kowloon</b>	Prince Edward Branch	G/F, Hanley House, 776-778 Nathan Road, Prince Edward
	Tsim Sha Tsui Branch	Shop A & B, Milton Mansion, 96 Nathan Road, Tsim Sha Tsui
	Yaumatei Branch	G/F, 526 Nathan Road, Yaumatei
<b>New Territories</b>	Tai Wai Branch	Cheung Fung Mansion, 16-18 Tai Wai Road, Shatin
	East Point City Branch	Shop 217B, Level 2, East Point City, 8 Chung Wa Road, Tseung Kwan O
	Tsuen Wan Branch	239-243 Sha Tsui Road, Tsuen Wan

(ii) Wing Lung Bank Limited

	Branch Name	Address
<b>Hong Kong Island</b>	Head Office	45 Des Voeux Road Central
	North Point Branch	361 King's Road
<b>Kowloon</b>	Mongkok Branch	B/F Wing Lung Bank Centre, 636 Nathan Road
	Tsim Sha Tsui Branch	4 Carnarvon Road
<b>New Territories</b>	Yuen Long Branch	37 On Ning Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, June 17, 2014 until 12:00 noon on Friday, June 20, 2014 from:

- the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to The Bank of East Asia (Nominees) Limited — Yida China Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Tuesday, June 17, 2014 — 9:00 a.m. to 5:00 p.m.
- Wednesday, June 18, 2014 — 9:00 a.m. to 5:00 p.m.
- Thursday, June 19, 2014 — 9:00 a.m. to 5:00 p.m.
- Friday, June 20, 2014 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, June 20, 2014, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Applications Lists” in this section.

### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (viii) agree to disclose to the Company, the Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

### 5. APPLYING THROUGH WHITE FORM eIPO SERVICE

#### General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

#### Time for Submitting Applications under the White Form eIPO

You may submit your application to the White Form eIPO Service Provider at [www.eipo.com.hk](http://www.eipo.com.hk) (24 hours daily, except on the last application day) from 9:00 a.m. Tuesday, June 17, 2014 until 11:30 a.m. on Friday, June 20, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, June 20, 2014 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

#### No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

#### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

#### Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the **White Form eIPO** Service Provider, will contribute HK\$2.00 for each “YIDA CHINA HOLDINGS LIMITED” **White Form eIPO** application submitted via [www.eipo.com.hk](http://www.eipo.com.hk) to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Center  
2/F, Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

#### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
  - (if the application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
  - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;

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- confirm that you understand that the Company, the Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, the Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving electronic application instructions to apply for Hong Kong Offer Shares;



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- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- **Tuesday, June 17, 2014 – 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>**
- **Wednesday, June 18, 2014 – 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>**
- **Thursday, June 19, 2014 – 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>**
- **Friday, June 20, 2014 – 8:00 a.m.<sup>(1)</sup> to 12:00 noon**

*Note:*

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

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CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Tuesday, June 17, 2014 until 12:00 noon on Friday, June 20, 2014 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, June 20, 2014, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

### No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Friday, June 20, 2014.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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For further details on the Offer Price, see the section headed “Structure of the Global Offering Pricing and Allocation.”

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

- (i) The application lists will not open if there is:
- a tropical cyclone warning signal number 8 or above; or
  - a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, June 20, 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, June 20, 2014 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable,” an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, June 26, 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company’s website at [www.yidachina.com.cn](http://www.yidachina.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at [www.yidachina.com.cn](http://www.yidachina.com.cn) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 8:00 a.m. on Thursday, June 26, 2014;
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, June 26, 2014 to 12:00 midnight on Wednesday, July 2, 2014;
- by telephone enquiry line by calling 28628669 between 9:00 a.m. and 10:00 p.m. from Thursday, June 26, 2014 to Sunday, June 29, 2014;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, June 26, 2014 to Saturday, June 28, 2014 at all the receiving bank branches and sub-branches .

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering.”

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If the Company or its agents exercise their discretion to reject your application:**

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

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- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$2.90 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, June 26, 2014.

### 14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Thursday, June 26, 2014. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, June 27, 2014 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

### Personal Collection

#### (i) If you apply using a **WHITE** Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, June 26, 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Thursday, June 26, 2014, by ordinary post and at your own risk.

#### (ii) If you apply using a **YELLOW** Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, June 26, 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, June 26, 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 26, 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

### **(iii) If you apply through the White Form eIPO service**

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, June 26, 2014, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, June 26, 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

### **(iv) If you apply via Electronic Application Instructions to HKSCC**

#### ***Allocation of Hong Kong Offer Shares***

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

#### ***Deposit of Share Certificates into CCASS and Refund of Application Monies***

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, June 26, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in “Publication of Results” above on Thursday, June 26, 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 26, 2014 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Thursday, June 26, 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, June 26, 2014.

### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.*



22nd Floor  
CITIC Tower  
1 Tim Mei Avenue, Central  
Hong Kong

June 17, 2014

The Directors  
Yida China Holdings Limited  
Deutsche Securities Asia Limited

Dear Sirs,

We set out below our report on the financial information of Yida China Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) comprising the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended December 31, 2011, 2012 and 2013 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2011, 2012 and 2013, together with the notes thereto (the “Financial Information”), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated June 17, 2014 (the “Prospectus”) in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on November 26, 2007. Pursuant to a group reorganisation (the “Reorganisation”) as set out in note 2.1 of Section II below, the Company became the holding company of the other subsidiaries comprising the Group on November 23, 2013. The Company has been an investment holding company since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the end of the Relevant Periods, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted December 31, as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the “Directors”) have prepared the consolidated financial statements of the Group (the “Underlying Financial Statements”) in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The Underlying Financial Statements for each of the years ended December 31, 2011, 2012 and 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

**Directors' responsibility**

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

**Opinion in respect of the Financial Information**

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at December 31, 2011, 2012 and 2013 and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

## I. FINANCIAL INFORMATION

## (a) Consolidated statements of profit or loss

	Notes	Year ended December 31,		
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
REVENUE .....	6	3,793,015	6,000,667	6,399,179
Cost of sales .....		(2,771,803)	(3,913,480)	(4,293,662)
Gross profit .....		1,021,212	2,087,187	2,105,517
Other income and gains .....	6	83,800	52,269	256,177
Selling and marketing expenses .....		(239,326)	(228,476)	(304,413)
Administrative expenses .....		(299,644)	(353,221)	(449,562)
Other expenses .....		(114,719)	(87,179)	(64,314)
Fair value gains on investment properties .....	16	1,111,581	635,814	411,566
Finance costs .....	8	(101,792)	(92,010)	(260,464)
Share of profits and losses of:				
Joint ventures .....		4,646	146,214	1,540
Associates .....		17,367	40,124	(28,726)
PROFIT BEFORE TAX .....	7	1,483,125	2,200,722	1,667,321
Tax .....	11	(544,367)	(801,047)	(810,059)
PROFIT FOR THE YEAR .....		<u>938,758</u>	<u>1,399,675</u>	<u>857,262</u>
Attributable to:				
Owners of the parent .....	13	864,096	1,310,691	827,865
Non-controlling interests .....		74,662	88,984	29,397
		<u>938,758</u>	<u>1,399,675</u>	<u>857,262</u>

Details of the dividends payable and proposed for the Relevant Periods are disclosed in note 12 to the Financial Information.

## (b) Consolidated statements of comprehensive income

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR .....	938,758	1,399,675	857,262
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations .....	32,621	3,868	14,168
TOTAL COMPREHENSIVE INCOME FOR THE YEAR .....	<u>971,379</u>	<u>1,403,543</u>	<u>871,430</u>
Attributable to:			
Owners of the parent .....	896,147	1,314,800	841,814
Non-controlling interests .....	75,232	88,743	29,616
	<u>971,379</u>	<u>1,403,543</u>	<u>871,430</u>

## (c) Consolidated statements of financial position

	Notes	As at December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	15	132,756	122,139	120,746
Investment properties	16	9,026,450	10,128,246	10,796,582
Investments in joint ventures	19	1,416,065	1,659,766	2,395,679
Investments in associates	20	256,251	295,658	748,806
Prepayments for acquisition of land		918,187	1,057,990	1,135,060
Land held for development for sale	17	1,116,345	1,116,345	592,861
Intangible assets	18	44,012	43,572	9,006
Available-for-sale investments	21	24,540	28,540	24,540
Deferred tax assets	35	46,659	79,151	153,214
Total non-current assets		<u>12,981,265</u>	<u>14,531,407</u>	<u>15,976,494</u>
<b>CURRENT ASSETS</b>				
Inventories	25	18,280	8,009	13,642
Land held for development for sale	17	—	—	617,728
Properties under development	22	7,136,781	6,557,493	5,528,112
Completed properties held for sale	23	1,536,104	2,484,521	4,424,458
Prepayments for acquisition of land		—	778,916	733,685
Gross amount due from contract customers	24	213,747	82,474	129,606
Trade receivables	26	540,151	417,395	577,212
Prepayments, deposits and other receivables	27	3,660,657	4,648,512	4,840,356
Due from related parties	28	4,300,822	4,834,455	43
Prepaid corporate income tax		94,536	67,353	99,667
Prepaid land appreciation tax		166,453	199,360	194,458
Restricted cash	29	793,471	983,861	1,410,636
Cash and cash equivalents	29	1,638,331	531,499	2,116,401
Total current assets		<u>20,099,333</u>	<u>21,593,848</u>	<u>20,686,004</u>
<b>CURRENT LIABILITIES</b>				
Gross amount due to contract customers	24	612,721	530,823	557,676
Receipts in advance	30	5,842,298	5,313,465	5,125,930
Trade payables	31	1,755,289	2,342,173	2,545,986
Other payables and accruals	32	389,240	645,685	746,813
Derivative financial instruments	36	—	—	164,367
Interest-bearing bank and other borrowings	33	2,834,603	4,842,697	5,148,302
Due to related parties	28	9,692,241	8,776,820	3,817,171
Tax payable		95,681	211,633	223,628
Provision for land appreciation tax	34	124,432	215,430	406,471
Total current liabilities		<u>21,346,505</u>	<u>22,878,726</u>	<u>18,736,344</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(1,247,172)</u>	<u>(1,284,878)</u>	<u>1,949,660</u>

## (c) Consolidated statements of financial position (continued)

	Notes	As at December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES .....		11,734,093	13,246,529	17,926,154
NON-CURRENT LIABILITIES				
Derivative financial instruments .....	36	162,960	226,119	92,235
Interest-bearing bank and other borrowings .....	33	4,210,932	4,006,744	8,278,361
Other payables .....	32	—	384,358	1,021,493
Deferred tax liabilities .....	35	1,281,220	1,440,173	1,543,064
Total non-current liabilities .....		5,655,112	6,057,394	10,935,153
Net assets .....		6,078,981	7,189,135	6,991,001
EQUITY				
<b>Equity attributable to owners of the parent</b>				
Issued capital .....	37	—	—	61
Reserves .....	38(a)	5,864,758	6,903,969	6,989,514
		5,864,758	6,903,969	6,989,575
<b>Non-controlling interests</b> .....		214,223	285,166	1,426
Total equity .....		6,078,981	7,189,135	6,991,001

## (d) Consolidated statements of changes in equity

	Notes	Attributable to owners of the parent							Non-controlling interests RMB'000	Total equity RMB'000
		Issued capital RMB'000 (Note 37)	Statutory surplus reserve RMB'000 (Note 38(c))	Merger reserve RMB'000 (Note 38(b))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000			
At January 1, 2011		—	161,358	1,354,673	(7,045)	3,622,638	5,131,624	148,256	5,279,880	
Profit for the year		—	—	—	—	864,096	864,096	74,662	938,758	
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		—	—	—	32,051	—	32,051	570	32,621	
Total comprehensive income for the year		—	—	—	32,051	864,096	896,147	75,232	971,379	
Capital contribution from the then equity owners		—	—	190,300	—	—	190,300	—	190,300	
Capital contribution from non-controlling shareholders		—	—	—	—	—	—	6,700	6,700	
Deemed distribution to the then equity owners	38(d)	—	—	(10,000)	—	—	(10,000)	—	(10,000)	
Transfer from retained profits		—	65,766	—	—	(65,766)	—	—	—	
Dividends paid to non-controlling shareholders		—	—	—	—	—	—	(15,965)	(15,965)	
Dividends	12	—	—	—	—	(343,313)	(343,313)	—	(343,313)	
At December 31, 2011 and January 1, 2012		—	227,124*	1,534,973*	25,006*	4,077,655*	5,864,758	214,223	6,078,981	
Profit for the year		—	—	—	—	1,310,691	1,310,691	88,984	1,399,675	
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		—	—	—	4,109	—	4,109	(241)	3,868	
Total comprehensive income for the year		—	—	—	4,109	1,310,691	1,314,800	88,743	1,403,543	
Transfer from retained profits		—	37,269	—	—	(37,269)	—	—	—	
Dividends payable to non-controlling shareholders		—	—	—	—	—	—	(17,800)	(17,800)	
Dividends	12	—	—	—	—	(275,589)	(275,589)	—	(275,589)	
At December 31, 2012		—	264,393*	1,534,973*	29,115*	5,075,488*	6,903,969	285,166	7,189,135	

## (d) Consolidated statements of changes in equity (continued)

	Attributable to owners of the parent									
	Issued capital RMB'000 (Note 37)	Share premium account RMB'000	Statutory surplus reserve RMB'000 (Note 38(c))	Merger reserve RMB'000 (Note 38(b))	Share- based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At January 1, 2013	—	—	264,393	1,534,973	—	29,115	5,075,488	6,903,969	285,166	7,189,135
Profit for the year	—	—	—	—	—	—	827,865	827,865	29,397	857,262
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	13,949	—	13,949	219	14,168
Total comprehensive income for the year	—	—	—	—	—	13,949	827,865	841,814	29,616	871,430
Capital contribution from the then equity owners	—	—	—	109,386	—	—	—	109,386	—	109,386
Deemed distribution to the then equity owners	—	—	—	(1,475,136)	—	—	—	(1,475,136)	—	(1,475,136)
Transfer from retained profits	—	—	57,712	—	—	—	(57,712)	—	—	—
Acquisition of non- controlling interests	—	—	—	183,756	—	—	—	183,756	(264,756)	(81,000)
Dividends paid to non- controlling shareholders	—	—	—	—	—	—	—	—	(48,600)	(48,600)
Issue of shares	61	1,101,968	—	—	81,000	—	—	1,183,029	—	1,183,029
Dividends	—	—	—	—	—	—	(757,243)	(757,243)	—	(757,243)
At December 31, 2013	61	1,101,968*	322,105*	352,979*	81,000*	43,064*	5,088,398*	6,989,575	1,426	6,991,001

\* These reserve accounts comprise the consolidated reserves of RMB5,864,758,000, RMB6,903,969,000 and RMB6,989,514,000 in the consolidated statements of financial position as at December 31, 2011, 2012 and 2013, respectively.



## (e) Consolidated statements of cash flows

	Notes	Year ended December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		1,483,125	2,200,722	1,667,321
Adjustments for:				
Depreciation	7	20,011	21,697	23,068
Amortization of intangible assets	7	476	440	565
Share-based payment expense	7	—	—	81,000
Gain on disposal of joint ventures	6	(47,560)	(17,110)	—
Gain on disposal of the Disposal Businesses and the Disposal Assets	7	—	—	(58,964)
Loss on disposal of subsidiaries	7	54,578	—	—
Loss on disposal/write-off of items of property, plant and equipment		1,528	1,395	1,463
Fair value gains on investment properties	16	(1,111,581)	(635,814)	(411,566)
Fair value loss on derivative financial instruments	7	13,074	63,159	30,483
Share of profits and losses of joint ventures		(4,646)	(146,214)	(1,540)
Share of profits and losses of associates		(22,390)	(32,500)	28,726
Provision for/(reversal of) impairment of associates	7	5,023	(7,624)	—
Finance costs	8	101,792	92,010	260,464
Interest income	6	(10,725)	(11,571)	(13,787)
Dividend income	6	(3,316)	(836)	(836)
		479,389	1,527,754	1,606,397
(Increase)/decrease in inventories		(9,942)	10,271	(5,633)
(Increase)/decrease in properties under development		(2,781,551)	(1,149,230)	956,675
(Increase)/decrease in completed properties held for sale		490,177	1,571,716	(145,863)
Increase in land held for development for sale		(33,497)	—	(136,674)
Increase in prepayments for acquisition of land		(89,349)	(918,719)	(732,141)
(Increase)/decrease in the gross amount due from contract customers		85,302	131,273	(47,132)
(Increase)/decrease in trade receivables		(356,049)	122,756	(161,745)
Increase in prepayments, deposits and other receivables		(1,481,944)	(986,964)	271,346
Increase in trade payables		599,360	586,884	262,640
Increase in other payables and accruals		569,609	440,483	814,884
Increase/(decrease) in receipts in advance		2,681,221	(528,833)	(171,842)
Increase/(decrease) in the gross amount due to contract customers		173,491	(81,898)	26,853
Increase in deferred income		—	14,441	2,298
Cash generated from operations		326,217	739,934	2,540,063
Interest received		10,725	11,571	13,787
PRC corporate income tax paid		(177,752)	(213,200)	(334,658)
PRC land appreciation tax paid		(275,735)	(260,160)	(243,424)
Net cash from/(used in) operating activities		(116,545)	278,145	1,975,768

## (e) Consolidated statements of cash flows (continued)

	Notes	Year ended December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Disposal of subsidiaries	40	—	(5,040)	—
Disposal of the Disposal Businesses and Disposal Assets	41	—	—	167,607
Capital contributions to joint ventures		—	(140,000)	(60,000)
Proceeds from disposal of joint ventures		98,000	48,120	—
Repayment from joint ventures		22,059	1,211	14,773
Repayment from associates		3,787	717	2,116
Decrease/(increase) in amounts due from related parties		(76,116)	(533,633)	453,819
Increase in amounts due from joint ventures and associates		—	—	(578,615)
Purchases of items of property, plant and equipment		(26,207)	(12,475)	(25,832)
Purchases of intangible assets	18	(39,112)	—	(4,467)
Purchase of available-for-sale investments		—	(4,000)	—
Additions to investment properties	16	(905,432)	(465,982)	(292,443)
Increase in prepayments for acquisition of land		—	—	(42,520)
Increase in restricted cash		(472,934)	(190,390)	(426,775)
Dividends received		3,316	836	836
Receipt of government grants		9,780	182,520	—
Net cash used in investing activities		<u>(1,382,859)</u>	<u>(1,118,116)</u>	<u>(791,501)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Acquisition of non-controlling interests		—	—	(81,000)
Issue of shares	37	—	—	1,102,029
Deemed distribution to then equity owners		(10,000)	—	—
Capital contribution from then equity owners		190,300	—	30,000
Capital contribution from non-controlling shareholders		6,700	—	—
Interest paid		(645,846)	(904,726)	(1,438,330)
Dividends paid	12	(343,313)	(275,589)	(757,243)
Dividends paid to non-controlling shareholders		(15,965)	—	(48,600)
Increase/(decrease) in amounts due to related parties		1,404,521	(890,452)	(2,983,443)
New bank and other borrowings		3,919,000	5,418,555	10,633,111
Repayment of bank and other borrowings		<u>(2,795,379)</u>	<u>(3,614,649)</u>	<u>(6,055,889)</u>
Net cash from/(used in) financing activities		<u>1,710,018</u>	<u>(266,861)</u>	<u>400,635</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		210,614	(1,106,832)	1,584,902
Cash and cash equivalents at beginning of year		<u>1,427,717</u>	<u>1,638,331</u>	<u>531,499</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>1,638,331</u></u>	<u><u>531,499</u></u>	<u><u>2,116,401</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances	29	<u>1,638,331</u>	<u>531,499</u>	<u>2,116,401</u>

## (f) Statements of financial position

	Notes	As at December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
<b>NON-CURRENT ASSET</b>				
Investment in a subsidiary .....	(i)	—*	—*	—*
<b>CURRENT ASSETS</b>				
Due from subsidiaries .....	(ii)	—	—	512,310
Restricted cash .....	29	—	—	600,856
Cash and cash equivalents .....	29	—	—	58
Total current assets .....		—	—	1,113,224
Net assets .....		—	—	1,113,224
<b>EQUITY</b>				
Issued capital .....	37	—	—	61
Reserves .....	38(e)	—	—	1,113,163
Total equity .....		—	—	1,113,224

\* Less than RMB1,000

## Notes:

(i) The investment in a subsidiary is an unlisted share at cost. Details of the subsidiary are disclosed in note 1 to the Financial Information.

(ii) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

## II. NOTES TO THE FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on November 26, 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Pursuant to special resolutions dated September 21, 2009 and July 17, 2013, the name of the Company was changed from Profit Ever Investments Limited to Yida Property Limited, and further changed to Yida Group (China) Limited, respectively. The name of the Company was subsequently further changed to Yida China Holdings Limited on February 11, 2014.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were principally involved in property development, property investment, property management, construction, decoration and landscaping in Dalian, Wuhan, Chengdu and Shenyang, the People's Republic of China (the "PRC" or "Mainland China") (collectively the "Relevant Businesses").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus. The Company became the holding company of the subsidiaries now comprising the Group on November 23, 2013.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Service Outsourcing Base Development Company Limited (大連服務外包基地發展有限公司)*	The PRC May 13, 2008	RMB200,000,000	—	100	Property development
Dalian BEST City Development Company Limited (大連科技城發展有限公司)*	The PRC January 27, 2010	RMB10,000,000	—	100	Investment holding
Dalian BEST City Taifeng Development Company Limited (大連科技城泰楓開發有限公司)*	The PRC June 25, 2010	RMB10,000,000	—	100	Property investment
Dalian BEST City Changyuan Development Company Limited (大連科技城常源開發有限公司)*	The PRC June 25, 2010	RMB10,000,000	—	100	Property investment
Dalian BEST City Xintong Development Company Limited (大連科技城欣同開發有限公司)*	The PRC June 25, 2010	RMB10,000,000	—	100	Property investment

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## ACCOUNTANTS' REPORT

Company name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian BEST City Xinyuan Development Company Limited (大連科技城欣原開發有限公司)*	The PRC June 25, 2010	RMB10,000,000	—	100	Property investment
Dalian BEST City Xinrui Development Company Limited (大連科技城欣銳開發有限公司)*	The PRC June 25, 2010	RMB10,000,000	—	100	Property investment
Dalian BEST City Tairui Development Company Limited (大連科技城泰銳開發有限公司)*	The PRC June 25, 2010	RMB10,000,000	—	100	Property investment
Dalian BEST City Changde Development Company Limited (大連科技城昌得開發有限公司)*	The PRC June 25, 2010	RMB10,000,000	—	100	Property investment
Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司)*	The PRC June 25, 2010	RMB10,000,000	—	100	Property development
Dalian Changhe Property Development Company Limited (大連昌和房地產開發有限公司)*	The PRC August 25, 2010	RMB10,000,000	—	100	Property development
Dalian Yitong Property Development Company Limited (大連益通房地產開發有限公司)*	The PRC August 25, 2010	RMB10,000,000	—	100	Property development
Dalian San Ann Real Estate Development Co., Ltd. (大連聖安房地產開發有限公司)@	The PRC October 8, 2010	RMB563,000,000	—	100	Property development
Dalian San Yan Real Estate Development Co., Ltd. (大連聖仁房地產開發有限公司)@	The PRC October 8, 2010	RMB257,700,000	—	100	Property development
Dalian Software Park Development Company Limited (大連軟件園發展有限公司)*	The PRC September 5, 2008	RMB200,000,000	—	100	Property development
Dalian Software Park Hengrui Development Company Limited (大連軟件園恒瑞開發有限公司)*	The PRC April 6, 2010	RMB10,000,000	—	100	Property investment

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## ACCOUNTANTS' REPORT

Company name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Software Park Hengrong Development Company Limited (大連軟件園恒榮開發有限公司)*	The PRC April 6, 2010	RMB10,000,000	—	100	Property development
Dalian Yida Information Consulting Company Limited (大連億達信息諮詢有限公司)*	The PRC April 6, 2010	RMB10,000,000	—	100	Property investment
Dalian Software Park Company Limited (大連軟件園股份有限公司)*##	The PRC June 20, 1995	RMB660,000,000	—	100##	Property investment
Dalian Yida Construction Engineering Company Limited (大連億達建設工程有限公司)*	The PRC September 10, 1992	RMB200,000,000	—	100	Construction
Dalian Yida Property Management Company Limited (大連億達物業管理有限公司)*	The PRC June 26, 2000	RMB5,000,000	—	100	Property management
Dalian Yida Landscaping Engineering Company Limited (大連億達園林綠化工程有限公司)*	The PRC March 23, 1999	RMB2,000,000	—	100	Landscaping
Dalian Yida Electrical Installation Company Limited (大連億達電氣安裝有限公司)*	The PRC January 31, 1997	RMB2,000,000	—	100	Construction
Dalian Yida Development Company Limited (大連億達發展有限公司)#@	The PRC November 27, 1992	RMB50,000,000	—	100	Property development
Dalian Yida Jincheng Development Company Limited (大連億達金城開發有限公司)*	The PRC May 18, 2011	RMB10,000,000	—	100	Property development
Dalian Yida Management Consulting Co., Ltd. (大連億達管理諮詢有限公司)*	The PRC July 12, 2013	RMB10,000,000	—	100	Investment holding
Dalian Yida Service Consulting Co., Ltd. (大連億達服務諮詢有限公司)*	The PRC July 9, 2013	RMB10,000,000	—	100	Investment holding
Sichuan Yixing Real Estate Development Company Limited (四川億興置業發展有限公司)*	The PRC April 28, 2003	RMB30,000,000	—	100	Property development
Chengdu Yixing Property Management Company Limited (成都億興物業管理有限公司)*	The PRC April 28, 2007	RMB500,000	—	100	Property management

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## ACCOUNTANTS' REPORT

Company name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Gaoji Property Development Company Limited (大連高基房地產開發有限公司)*	The PRC March 20, 2006	RMB561,000,000	—	100	Property development
Culture Xintiandi (Chengdu) Property Development Company Limited (文化新天地(成都)房地產開發有限公司)@	The PRC March 2, 2007	RMB11,159,400	—	80	Property development
Dalian Shengbei Development Company Limited (大連聖北開發有限公司)*	The PRC January 31, 2013	RMB10,000,000	—	100	Property development
Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司)*	The PRC April 21, 2006	RMB120,000,000	—	100	Property development
Dalian Lanwan Property Company Limited (大連藍灣房地產有限公司)*	The PRC March 14, 2008	RMB250,000,000	—	100	Property development
Dalian Lvshun Yida Sports Centre Company Limited (大連旅順億達文體中心有限公司)*	The PRC July 26, 2011	RMB1,000,000	—	100	Property development
Dalian Shenghe Property Development Company Limited (大連聖和房地產開發有限公司)*	The PRC July 8, 2009	RMB10,000,000	—	100	Property development
Liaoning Jiaye Real Estate Development Company Limited (遼寧佳業地產開發有限公司)*	The PRC August 5, 2005	RMB20,000,000	—	100	Property development
Shenyang Yida Property Management Company Limited (瀋陽億達物業管理有限公司)*	The PRC August 2, 2004	RMB500,000	—	100	Property management
Dalian Ruanjing Gongyu Development Company Limited (大連軟景公寓開發有限公司)*	The PRC August 15, 2008	RMB30,000,000	—	100	Property development
Dalian Yida Property Company Limited (大連億達房地產股份有限公司)*##	The PRC May 14, 1988	RMB150,000,000	—	100##	Property development
New Culture Development Company Limited	Hong Kong November 3, 2004	HK\$1	—	66.7	Investment holding

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**ACCOUNTANTS' REPORT**

Company name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
True Treasure Holdings Limited	Hong Kong May 19, 2010	HK\$1	—	100	Investment holding
Success Path Holdings Limited	Hong Kong June 8, 2010	HK\$1	—	100	Investment holding
Gang Xin Limited	British Virgin Islands June 1, 2010	US\$1	—	100	Investment holding
Famous Profit International Limited	British Virgin Islands November 21, 2007	US\$2	100	—	Investment holding
King Equity Holdings Limited	Hong Kong November 10, 2005	HK\$2	—	100	Investment holding
Elite City Limited	British Virgin Islands August 8, 2005	US\$1	—	66.7	Investment holding
Many Gain International Limited	British Virgin Islands January 8, 2007	US\$1	—	100	Investment holding
Keen Hero International Limited	British Virgin Islands July 20, 2009	US\$1	—	100	Investment holding
Most Lead Investments Limited	Hong Kong June 22, 2009	HK\$1	—	100	Investment holding
Central Build Investments Limited	British Virgin Islands August 6, 2009	US\$1	—	100	Investment holding
Domain Creation Limited	British Virgin Islands July 16, 2009	US\$1	—	100	Investment holding
Jolly Creation Limited	British Virgin Islands July 30, 2009	US\$1	—	100	Investment holding
Noble Joy Holdings Limited	Hong Kong May 3, 2010	HK\$1	—	100	Investment holding

# The name of the company was changed from Dalian Fuhua Property Company Limited to Dalian Fuhua Commercial Management Limited on May 3, 2013 and subsequently further changed to Dalian Yida Development Limited on July 2, 2013.

\* Registered as domestic limited liability companies under PRC law.

@ Registered as sino-foreign equity entities under PRC law.

## Pursuant to the Reorganization, 10% equity interests of each of Dalian Yida Property Company Limited and Dalian Software Park Company Limited were acquired by the Group from non-controlling shareholders at a consideration determined based on the paid-up capital of Dalian Yida Property Company Limited and Dalian Software Park Company Limited on August 9, 2013 and August 27, 2013, respectively. Upon completion of the acquisition, Dalian Yida Property Company Limited and Dalian Software Park Company Limited became wholly-owned subsidiaries of the Group.



During the Relevant Periods, the Company had indirect interests in certain subsidiaries, all of which are private limited liability companies and were disposed of during the year ended December 31, 2013 pursuant to the Reorganization, the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary share capital/paid-up registered capital	Percentage of indirect interests of equity attributable to the Company	Principal activities
Dalian Shengmei Real Estate Development Co., Ltd. (大連聖美房地產有限公司)	The PRC August 26, 2010	RMB10,000,000	100	Property development
Dalian Shengbei Development Co., Ltd. (大連聖北發展有限公司)	The PRC August 20, 2010	RMB10,000,000	100	Property development
Dalian Longmen Travel Resort Development Co., Ltd. (大連龍門旅遊度假區開發建設有限公司)	The PRC June 13, 2011	RMB4,000,000	100	Property development
Dalian Yida Puwan Development Co., Ltd. (大連億達普灣發展有限公司)	The PRC July 6, 2011	RMB10,000,000	100	Property development
Dalian Shengyuan Real Estate Development Co., Ltd. (大連聖元房地產開發有限公司)	The PRC December 4, 2007	RMB10,000,000	100	Property development
Shenyang Yida Property Co., Ltd. (瀋陽億達房地產有限公司)	The PRC June 17, 2002	RMB4,000,000	100	Property development
Dalian Shengtong Information Consulting Co., Ltd. (大連聖通信息諮詢有限公司)	The PRC September 9, 2010	RMB1,000,000	100	Information technology consulting
Dalian Shengjing Development Co., Ltd. (大連聖璟開發有限公司)	The PRC June 26, 2012	RMB10,000,000	100	Property development
Dalian Rubber Tree Bay Hotel Co., Ltd. (大連橡樹灣酒店有限公司)	The PRC September 21, 2010	RMB10,000	100	Property development
Dalian Lanwan Spa Co., Ltd. (大連藍灣浴場有限公司)	The PRC May 24, 2011	RMB1,000,000	100	Property management
Dalian Tongren Development Co., Ltd. (大連桐仁發展有限公司)	The PRC January 22, 2010	RMB20,000,000	100	Investment holding
Dalian Software Park Foundation Construction Co., Ltd. (大連軟件園基礎設施建設有限公司)	The PRC July 5, 2007	RMB500,000	100	Construction
Dalian BEST City Foundation Construction Co., Ltd. (大連科技城基礎配套設施建設有限公司)	The PRC June 3, 2010	RMB10,000,000	100	Construction

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**ACCOUNTANTS' REPORT**

<b>Company name</b>	<b>Place and date of incorporation/ registration and place of business</b>	<b>Nominal value of issued ordinary share capital/paid-up registered capital</b>	<b>Percentage of indirect interests of equity attributable to the Company</b>	<b>Principal activities</b>
Dalian Ruanjing Hotel Development Co., Ltd. (大連軟景酒店開發有限公司)	The PRC September 4, 2009	RMB10,000,000	100	Property development
Dalian Zhida Software Technology Co., Ltd. (大連志達軟件技術有限公司)^	The PRC December 21, 2006	RMB3,000,000	100	Information technology consulting
Dalian Huigu Information System Co., Ltd. (大連慧谷信息系統有限公司)^^	The PRC March 29, 2002	RMB180,000	100	Information technology consulting

^ On August 20, 2013, the name of the company was changed from Dalian Software Park Software Technology Center Co., Ltd. to Dalian Zhida Software Technology Co., Ltd.

^^ On August 20, 2013, the name of the company was changed from Dalian Software Information System Co., Ltd. to Dalian Huigu Information System Co., Ltd.

Details of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Dalian Yida Property Company Limited and its subsidiaries ("Dalian Yida Property Group")	10%	10%	N/A
Dalian Software Park Company Limited and its subsidiaries ("Dalian Software Park Group")	10%	10%	N/A

Accumulated balances of non-controlling interests:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Dalian Yida Property Group	23,344	62,312	N/A
Dalian Software Park Group	186,542	215,019	N/A

Profits allocated to non-controlling interests:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Dalian Yida Property Group	10,716	57,034	N/A
Dalian Software Park Group	61,541	31,977	N/A

Summarized consolidated financial information of Dalian Yida Property Group that has material non-controlling interests before intragroup eliminations is set out below:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Current assets	9,037,352	9,482,311	N/A
Non-current assets	4,248,517	4,506,529	N/A
Current liabilities	(11,407,144)	(12,406,607)	N/A
Non-current liabilities	(1,645,282)	(959,109)	N/A
Total equity	233,443	623,124	N/A

**APPENDIX I**
**ACCOUNTANTS' REPORT**

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Revenue .....	1,321,156	2,821,555	N/A
Cost of sales and operating expenses .....	(1,213,996)	(2,251,215)	N/A
Profit and total comprehensive income .....	<u>107,160</u>	<u>570,340</u>	<u>N/A</u>

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Net cash from/(used in) operating activities .....	1,352,193	(180,357)	N/A
Net cash from/(used in) investing activities .....	(180,428)	106,685	N/A
Net cash used in financing activities .....	(774,493)	(327,983)	N/A
Net increase/(decrease) in cash and cash equivalents .....	397,272	(401,655)	N/A
Cash and cash equivalents at beginning of year .....	<u>352,439</u>	<u>749,711</u>	<u>N/A</u>
Cash and cash equivalents at end of the year .....	<u>749,711</u>	<u>348,056</u>	<u>N/A</u>

Summarized consolidated financial information of Dalian Software Park Group that has material non-controlling interests before intragroup eliminations is set out below:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Current assets .....	1,556,424	1,775,801	N/A
Non-current assets .....	7,224,776	7,759,090	N/A
Current liabilities .....	(1,691,958)	(2,171,637)	N/A
Non-current liabilities .....	(1,995,081)	(1,980,035)	N/A
Total equity .....	<u>5,094,161</u>	<u>5,383,219</u>	<u>N/A</u>

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Revenue .....	950,919	663,263	N/A
Cost of sales and operating expenses .....	(335,506)	(343,492)	N/A
Profit and total comprehensive income .....	<u>615,413</u>	<u>319,771</u>	<u>N/A</u>

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Net cash from operating activities .....	212,128	246,898	N/A
Net cash used in investing activities .....	(17,489)	(287,536)	N/A
Net cash used in financing activities .....	(289,412)	(30,330)	N/A
Net decrease in cash and cash equivalents .....	(94,773)	(70,968)	N/A
Cash and cash equivalents at beginning of year .....	<u>239,197</u>	<u>144,424</u>	<u>N/A</u>
Cash and cash equivalents at end of the year .....	<u>144,424</u>	<u>73,456</u>	<u>N/A</u>

The statutory financial statements of the following subsidiaries of the Company for each of the years ended December 31, 2011 and 2012 or since their respective dates of establishment, whichever is shorter, were audited by certified public accountants registered in the PRC or Hong Kong, as shown below:

<u>Company name</u>	<u>Financial period</u>	<u>Auditors</u>
Dalian Service Outsourcing Base Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Grant Thornton LLP Liaoning Branch
Dalian BEST City Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian BEST City Taifeng Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian BEST City Changyuan Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian BEST City Xintong Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian BEST City Xinyuan Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian BEST City Xinrui Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian BEST City Tairui Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian BEST City Changde Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Shengyue Property Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Zonzun Certified Public Accountants Co Ltd
Dalian Changhe Property Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yitong Property Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd

**APPENDIX I****ACCOUNTANTS' REPORT**

<u>Company name</u>	<u>Financial period</u>	<u>Auditors</u>
Dalian San Ann Real Estate Development Co., Ltd	Year ended December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Zonzun Certified Public Accountants Co Ltd
Dalian San Yan Real Estate Development Co., Ltd	Year ended December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Zonzun Certified Public Accountants Co Ltd
Dalian Software Park Development Company Limited	Year ended December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Dalian Zheng An Certified Public Accountants Co Ltd
Dalian Software Park Hengrui Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Software Park Hengrong Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yida Information Consulting Company Limited	Year ended December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Dalian Zheng An Certified Public Accountants Co Ltd
Dalian Software Park Company Limited	Year ended December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yida Construction Engineering Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yida Property Management Company Limited	Year ended December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yida Landscaping Engineering Company Limited	Year ended December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yida Electrical Installation Company Limited	Years ended December 31, 2011 and 2012	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Year ended December 31, 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yida Development Company Limited	Year ended December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Dalian Zheng An Certified Public Accountants Co Ltd
Dalian Yida Jincheng Development Company Limited	Period from May 18, 2011 (date of incorporation) to December 31, 2011	Liaoning Yu Ming Certified Public Accountants Co Ltd
	Years ended December 31, 2012 and 2013	Dalian Zheng An Certified Public Accountants Co Ltd

**APPENDIX I****ACCOUNTANTS' REPORT**

<u>Company name</u>	<u>Financial period</u>	<u>Auditors</u>
Sichuan Yixing Real Estate Development Company Limited	Years ended December 31, 2011 and 2012	Sichuan Hua Li Certified Public Accountants Co Ltd
Chengdu Yixing Property Management Company Limited	Years ended December 31, 2011 and 2012	Sichuan Hua Li Certified Public Accountants Co Ltd
Culture Xintiandi (Chengdu) Property Development Company Limited	Years ended December 31, 2011 and 2012	Sichuan Hua Li Certified Public Accountants Co Ltd
Dalian Gaoji Property Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Zonzun Certified Public Accountants Co Ltd
Dalian Yida Meijia Property Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Dalian Zheng An Certified Public Accountants Co Ltd
Dalian Lanwan Property Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Lvshun Yida Sports Centre Company Limited	Period from July 26, 2011 (date of incorporation) to December 31, 2011, years ended December 31, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Shenghe Property Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Liaoning Hai Tian Certified Public Accountants Co Ltd
Liaoning Jiaye Real Estate Development Company Limited	Years ended December 31, 2011, 2012 and 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Shenyang Yida Property Management Company Limited	Years ended December 31, 2012 and 2013 (note 1)	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Ruanjing Gongyu Development Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yida Property Company Limited	Year ended December 31, 2011 Years ended December 31, 2012 and 2013	Liaoning Yu Ming Certified Public Accountants Co Ltd Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Shengbei Development Company Limited	Period from January 31, 2013 (date of incorporation) to December 31, 2013	Zonzun Certified Public Accountants Co Ltd

**APPENDIX I****ACCOUNTANTS' REPORT**

<u>Company name</u>	<u>Financial period</u>	<u>Auditors</u>
Dalian Yida Management Consulting Company Limited	Period from July 12, 2013 (date of incorporation) to December 31, 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
Dalian Yida Services Consulting Company Limited	Period from July 9, 2013 (date of incorporation) to December 31, 2013	Liaoning Hai Tian Certified Public Accountants Co Ltd
New Culture Development Company Limited	Years ended December 31, 2011 and 2012	Oscar S.P. Cheung & Co. Certified Public Accountants
True Treasure Holdings Limited	Year ended December 31, 2011	PricewaterhouseCoopers, Hong Kong
Success Path Holdings Limited	Year ended December 31, 2011	PricewaterhouseCoopers, Hong Kong
King Equity Holdings Limited	Years ended December 31, 2011 and 2012	Ernst & Young, Hong Kong
Noble Joy Holdings Limited	Years ended December 31, 2011, 2012 and 2013	SBC CPA Limited

**Notes:**

1. No audited financial statements have been prepared for this entity for the year ended December 31, 2011, as it was not subject to any statutory audit requirements under the relevant rules and regulations in the PRC.
2. No statutory financial statements have been prepared for those companies which were incorporated in the British Virgin Islands as they were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

**2.1 BASIS OF PRESENTATION**

Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganization” in the section headed “History, Reorganization and Corporate Structure” in the Prospectus, the Company became the holding company of the companies now comprising the Group on November 23, 2013. The companies now comprising the Group were under the common control of the Controlling Shareholder(s) (as defined in the Prospectus) before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the Group using the existing book values from the Controlling Shareholders’ perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on combination.

For the purpose of this report, deemed distribution to then equity owners represents the costs paid by the Group to the equity owners in respect of the acquisition of subsidiaries pursuant to the Reorganisation.

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from January 1, 2013, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. The Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Pursuant to the Reorganisation, certain subsidiaries which are principally engaged in property development (holding only limited unsold flats of their projects and becoming dormant after all the flats are sold), investment holding and information technology consulting services (the “Disposal Businesses”), were disposed of to the companies controlled by the non-controlling shareholders of certain subsidiaries. In addition, the Group disposed of certain other assets (the “Disposal Assets”) to a company controlled by Yida Group Co., Ltd. (“Yida Group”) (a company controlled by the Controlling Shareholder), to the companies controlled by the non-controlling shareholders of certain subsidiaries and to an independent third party. The Group completed the disposal of the Disposal Businesses and the Disposal Assets in 2013. The results of the disposal of the Disposal Businesses and the Disposal Assets were disclosed in note 41 to the Financial Information.

## 2.2 IMPACT OF ISSUED BUT NOT EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments HKAS 32 Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i> <sup>1</sup> Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> <sup>1</sup>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets</i> <sup>1</sup>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i> <sup>1</sup>
HK(IFRIC)-Int 21 HKFRS 9 HKFRS 9, HKAS 7 and HKAS 39 Amendments HKAS 19 Amendments	<i>Levies</i> <sup>1</sup> <i>Financial Instruments</i> <sup>2</sup> <i>Hedge Accounting</i> and Amendments to HKFRS 9, HKAS 7 and HKAS 39 <sup>2</sup> Amendments to HKAS 19 <i>Employee Benefits — Defined Benefit Plans: Employee Contributions</i> <sup>3</sup>
HKFRS 14 Annual Improvement 2010 - 2012 Cycle	Regulatory Deferral Accounts <sup>4</sup> Amendments to a number of HKFRSs issued in January 2014 <sup>3</sup>
Annual Improvement 2011 - 2013 Cycle	Amendments to a number of HKFRSs issued in January 2014 <sup>3</sup>



- 1 Effective for annual periods beginning on or after January 1, 2014
- 2 No mandatory effective date but available for adoption
- 3 Effective for annual periods beginning on or after July 1, 2014
- 4 Effective for annual periods beginning on or after January 1, 2016

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKAS 36 amendments remove the unintended consequences of HKFRS 13 on the disclosures required under HKAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognized or reversed during the Relevant Periods. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided HKFRS 13 is also applied. The amendments will impact the disclosure of impaired assets and will not have any impact on the Group's results of the operations and financial position.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of combination*

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using merger accounting.

Merger accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book value from the Controlling Shareholders' perspective. No amount is recognized in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated on combination.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Non-controlling interests in this Financial Information represent the equity in a subsidiary not attributable, directly or indirectly, to the Controlling Shareholders or the Company after November 23, 2013. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

*Subsidiaries*

Subsidiaries are entities (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity (i.e. existing rights that give the Group the current ability to direct the relevant activities of the entity).

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

*Investments in associates and joint ventures*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as "Share of profit of an associate and a joint venture" in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value and this amount is regarded as the fair value on initial recognition of a financial asset. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

*Current versus non-current classification*

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (a) Expected to be realized or intended to be sold or consumed in normal operating cycle,
- (b) Held primarily for the purpose of trading,
- (c) Expected to be realized within twelve months after the reporting period; or
- (d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- (a) It is expected to be settled in normal operating cycle,
- (b) It is held primarily for the purpose of trading,
- (c) It is due to be settled within twelve months after the reporting period; or
- (d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

*Fair value measurement*

The Group measures financial instruments such as derivatives, and investment properties, at fair value at the end of each of the Relevant Periods. Also, fair values of financial instruments measured at amortized cost are disclosed in note 48.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties and derivatives. The finance department comprises of the head of the investment properties segment, head of the Group's investment team, chief finance officer and the managers of each property.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as derivative financial liabilities. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The finance department and the Group's external valuers present the valuation results to the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

*Related parties*

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

*Impairment of non-financial assets*

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to

determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

*Property, plant and equipment and depreciation*

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings .....	Over the shorter of lease terms and 20 years
Plant and machinery .....	5 to 10 years
Motor vehicles .....	3 to 10 years
Furniture, fixtures and office equipment .....	3 to 20 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

*Investment properties*

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of the retirement or disposal.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognized in the statement of profit or loss.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the statement of profit or loss.

#### *Operating leases*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

#### *Land held for development for sale*

The land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and not depreciated. It is transferred to properties under development upon commencement of the related construction work in property development project.

#### *Properties under development*

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realizable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

#### *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

### Licences

Purchased licences are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 10 to 15 years.

### Forest concessions

Forest concessions are stated at cost less accumulated amortization and impairment losses and are amortized from the date they are available for use. Amortization is charged to the statement of profit or loss using the units of production method based on actual forestry area exploited as a percentage of total concession areas.

### *Completed properties held for sale*

Completed properties held for sale are stated at the lower of cost and net realizable value.

Cost of completed properties held for sale is determined by an apportionment of total land and building 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 the prevailing market conditions.

### *Investments and other financial assets*

#### Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables and available-for-sale financial investments. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value plus transaction costs.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognized in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

#### *Available-for-sale financial investments*

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.



After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other expenses. Dividends earned whilst holding the available-for-sale financial investments are reported as dividend income and are recognized in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

#### *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and 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 (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset measured at cost is impaired, an amount comprising the difference between the carrying amount of the financial assets and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset is recognized in the statement of profit or loss.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgment. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss — is removed from other comprehensive income and recognized in the statement of profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognized directly in other comprehensive income.

#### Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, 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). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

#### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of

ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### *Financial liabilities*

##### Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, derivative financial instruments and interest-bearing bank and other borrowings.

##### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

##### Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortized cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

##### Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. Further details of derivative financial instruments are disclosed in note 36.

##### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognized less, when appropriate, cumulative amortization.

*Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

*Cash and cash equivalents*

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

*Provisions*

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

*Income tax*

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Revenue recognition*

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sales agreement, and the collectability of the related receivables is reasonably assured;
- (b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

- (c) from the rendering of property management services, when the services are rendered;
- (d) from the provision of business park operation and management services, when the services are provided;
- (e) rental income, on a time proportion basis over the lease terms;
- (f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (g) dividend income, when the shareholders' right to receive payment has been established.

#### *Government grants*

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to other payable and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

#### *Employee benefits*

##### *Pension scheme*

The employees of the Group's subsidiaries in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

##### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### *Construction contracts*

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labor and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by reference to the progress of certified value of work performed to date.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is treated as an amount due from customers for contract work. Where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is treated as an amount due to customers for contract work.

#### *Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### *Share-based payments*

The Company has issued shares to companies controlled by certain employees of the Group (including certain directors of the Company).

The shortfall between the fair value of the shares at the date of issue and the consideration paid for the shares was accounted for as share-based payment. The fair value of the shares is determined with reference to the business value of the Group determined by an external valuer using a market approach, further details of which are given in note 37 to the Financial Information.

The share-based payment is recognized immediately to the statement of profit or loss, together with a corresponding increase in equity, upon the issue of shares to the companies controlled by certain employees of the Group.

#### *Foreign currencies*

The Financial Information is presented in RMB. The Company's functional currency is RMB. In the opinion of the Directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Each entity in the Group determines its own functional currency and items included in the Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising from settlement or translation of monetary items are recognized in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for each of the Relevant Periods.

#### 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

##### *Judgments*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Information:

##### Operating lease commitments—Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

##### Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

##### Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgment is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of construction of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for



capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

#### Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the Directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted.

#### Consolidation of a company under a trust financing arrangement

As detailed in note 33(c) below, the Group entered into a trust financing arrangement with a trust financing company in the form of transferring equity interests in a project company by the Group to the trust financing company and capital increase in the project company by the trust financing company with repurchase obligation at a fixed amount in a future date. Significant judgment is required in determining whether this project company should be consolidated.

The operation environment and structure of the project company require that all the major financial and operating policies are determined before a trust financing arrangement is entered into. The project company may not deviate from its approved purpose and design in any material respect. At the same time, according to various legal documents, including the articles of association of the project company, trust financing arrangement contracts, framework agreements and other agreements with the trust financing company, the Group retains the power to operate and manage the project company in the ordinary course of business and the day-to-day management of the project company. The board seats and the veto/unilateral rights held by the trust financing company are considered as a protection to safeguard the creditor's rights.

In addition, pursuant to the trust financing arrangement, the Group has the obligation to repurchase the equity interests from the trust financing companies for a fixed amount upon termination or expiry of the relevant trust financing arrangement. In light of such obligation to repurchase, the instrument is classified as a financial liability. Accordingly, the trust financing companies are only entitled to pre-determined fixed return as specified in the trust agreements, while the Group is entitled to majority beneficiary interests and bears risks from the operation of the relevant project companies.

Considering the fact that the substance of this trust financing arrangement is a collateralized borrowing and that the Group retains the right to variable returns from its involvement with the project company and has the ability to affect those returns through its power over the project company, the Directors are of the view that the project company should be consolidated into the Group's financial statements.

#### Significant influence over an entity in which the Group held less than 20 per cent of the equity interest

Although the Group held less than 20% of the equity interest in Richcoast Group Limited ("Richcoast Group") as at December 31, 2011 and 2012, in the opinion of the Directors, the Group is in a position to exercise significant influence over Richcoast Group having considered the composition of the board of directors of Richcoast Group and the Group's power of participating in the financial and operating policy decisions of Richcoast Group.

*Estimation uncertainty*

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

*Valuation of properties under development and properties held for sale*

Properties under development and properties held for sale are stated at the lower of cost and net realizable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realizable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

*Allocation of construction cost on properties under development*

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square meter sold during the year multiplied by the average cost per square meter of that particular phase of the project.

*PRC corporate income tax ("CIT")*

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgment based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realize.

*PRC land appreciation tax ("LAT")*

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalized its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realize.

*Deferred tax assets*

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

*Fair value of investment properties*

Investment properties including completed investment properties and investment properties under construction are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain

assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

#### Share-based payment

Share-based payment is measured by reference to the fair value of the shares at the date of issue, less the consideration paid for the shares by the companies controlled by the employees. The fair value of the shares is determined with reference to the business value of the Group determined by an independent professionally qualified valuer using a market approach. The valuation of the business value of the Group is based on certain assumptions which are subject to uncertainty and might materially differ from the actual results.

### 5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;
- (c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other real estate developers;
- (d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration to property buyers and landscaping services to property projects;
- (e) the property management segment engages in the provision of management services to properties; and
- (f) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude derivative financial liabilities, interest-bearing bank and other borrowings, amounts due to related parties, tax payable, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

During the Relevant Periods, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended December 31, 2011

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Property construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>							
Sales to external customers .....	2,256,733	219,756	4,531	1,193,835	118,160	—	3,793,015
<b>Segment results</b>	276,113	1,240,038	3,464	49,736	22,106	(489)	1,590,968
<i>Reconciliation:</i>							
Interest income .....							10,725
Dividend income and unallocated gains .....							50,876
Corporate and other unallocated expenses .....							(67,652)
Finance costs .....							(101,792)
Profit before tax .....							1,483,125
Tax .....							(544,367)
Profit for the year .....							938,758
<b>Segment assets</b>	15,887,559	10,021,539	—	3,703,361	55,512	890,688	30,558,659
<i>Reconciliation:</i>							
Elimination of intersegment receivables .....							(4,518,333)
Corporate and other unallocated assets .....							7,040,272
Total assets .....							33,080,598

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Property construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment liabilities</b> .....	8,981,813	615,936	—	2,738,798	55,900	725,341	13,117,788
<i>Reconciliation:</i>							
Elimination of intersegment payables .....							(4,518,333)
Corporate and other unallocated liabilities .....							18,520,977
Total liabilities .....							27,120,432
<b>Other segment information:</b>							
Depreciation and amortization .....	11,812	4,538	—	3,360	777	—	20,487
Capital expenditure* .....	11,415	907,389	—	51,082	865	—	970,751
Fair value gains on investment properties .....	—	1,111,581	—	—	—	—	1,111,581
Gain on disposal of joint ventures .....	—	47,560	—	—	—	—	47,560
Loss on disposal of subsidiaries .....	—	—	—	—	—	54,578	54,578
Share of profits and losses of joint ventures .....	(23,989)	28,635	—	—	—	—	4,646
Share of profits of associates .....	17,367	—	—	—	—	—	17,367
Investments in joint ventures .....	924,523	491,542	—	—	—	—	1,416,065
Investments in associates .....	256,251	—	—	—	—	—	256,251

\* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

Year ended December 31, 2012

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Property construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>							
Sales to external customers .....	4,809,196	264,922	4,587	805,767	116,195	—	6,000,667
<b>Segment results</b>	<u>1,452,420</u>	<u>805,481</u>	<u>3,522</u>	<u>66,023</u>	<u>3,604</u>	<u>(4,676)</u>	<u>2,326,374</u>
<i>Reconciliation:</i>							
Interest income .....							11,571
Dividend income and unallocated gains .....							17,946
Corporate and other unallocated expenses .....							(63,159)
Finance costs .....							<u>(92,010)</u>
Profit before tax .....							2,200,722
Tax .....							<u>(801,047)</u>
Profit for the year .....							<u>1,399,675</u>
<b>Segment assets</b>	16,280,283	11,382,158	—	3,999,788	52,315	846,275	32,560,819
<i>Reconciliation:</i>							
Elimination of intersegment receivables .....							(3,131,243)
Corporate and other unallocated assets .....							6,695,679
Total assets .....							<u>36,125,255</u>

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Property construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment liabilities</b> .....	9,662,066	986,497	—	983,939	62,569	652,525	12,347,596
<i>Reconciliation:</i>							
Elimination of intersegment payables .....							(8,131,243)
Corporate and other unallocated liabilities .....							19,719,767
<b>Total liabilities</b> .....							<u>28,936,120</u>
<b>Other segment information:</b>							
Depreciation and amortization .....	16,034	2,440	—	2,663	1,000	—	22,137
Capital expenditure* .....	5,850	466,789	—	4,070	1,748	—	478,457
Fair value gains on investment properties .....	—	635,814	—	—	—	—	635,814
Gain on disposal of joint ventures .....	—	17,110	—	—	—	—	17,110
Share of profits and losses of joint ventures .....	113,347	32,867	—	—	—	—	146,214
Share of profits of associates .....	40,124	—	—	—	—	—	40,124
Investments in joint ventures .....	1,015,146	639,580	—	5,040	—	—	1,659,766
Investments in associates .....	295,658	—	—	—	—	—	<u>295,658</u>

\* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

Year ended December 31, 2013

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Property construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>							
Sales to external customers .....	5,385,317	293,147	4,660	579,449	136,606	—	6,399,179
<b>Segment results</b>	1,409,192	556,378	3,625	23,798	3,005	(30,317)	1,965,681
<i>Reconciliation:</i>							
Interest income .....							13,787
Dividend income and unallocated gains .....							59,800
Corporate and other unallocated expenses .....							(111,483)
Finance costs .....							(260,464)
Profit before tax .....							1,667,321
Tax .....							(810,059)
Profit for the year .....							857,262
<b>Segment assets</b>	33,437,041	12,181,457	—	6,707,574	37,734	2,233,665	54,597,471
<i>Reconciliation:</i>							
Elimination of intersegment receivables .....							(21,909,392)
Corporate and other unallocated assets .....							3,974,419
Total assets .....							36,662,498



	Property development	Property investment	Business park operation and management	Property construction, decoration and landscaping	Property management	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment liabilities</b> .....	24,145,279	2,169,745	—	2,021,618	83,996	3,486,652	31,907,290
<i>Reconciliation:</i>							
Elimination of intersegment payables .....							(21,909,392)
Corporate and other unallocated liabilities .....							19,673,599
<b>Total liabilities</b> .....							<u>29,671,497</u>
<b>Other segment information:</b>							
Depreciation and amortization .....	19,135	2,140	—	1,903	455	—	23,633
Capital expenditure* .....	8,931	293,481	—	18,662	1,668	—	322,742
Fair value gains on investment properties .....	—	411,566	—	—	—	—	411,566
Share of profits and losses of joint ventures .....	51,788	(50,285)	—	37	—	—	1,540
Share of profits of associates .....	(28,726)	—	—	—	—	—	(28,726)
Investments in joint ventures .....	1,741,166	649,435	—	5,078	—	—	2,395,679
Investments in associates .....	748,806	—	—	—	—	—	<u>748,806</u>

\* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

## 6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, from the sale of properties; gross rental income, net of business tax, received and receivable from investment properties; property management income, net of business tax, received and receivable; an appropriate proportion of contract revenue from construction, decoration and landscaping; and business park operation and management service income, net of business tax, received and receivable from provision of operation and management services to the business park projects during the Relevant Periods.

An analysis of the Group's revenue, other income and gains is as follows:

	Notes	Year ended December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
<b>Revenue</b>				
Sale of properties		2,256,733	4,809,196	5,385,317
Gross rental income		219,756	264,922	293,147
Business park operation and management service income		4,531	4,587	4,660
Construction, decoration and landscaping income		1,193,835	805,767	579,449
Property management income		118,160	116,195	136,606
		<u>3,793,015</u>	<u>6,000,667</u>	<u>6,399,179</u>
<b>Other income and gains</b>				
Bank interest income		10,725	11,571	13,787
Dividend income		3,316	836	836
Government subsidies	(a)	16,950	18,546	76,270
Gain on disposal of joint ventures		47,560	17,110	—
Gain on disposal of the Disposal Businesses and the Disposal Assets	41	—	—	58,964
Compensation income	(b)	—	—	84,667
Others		5,249	4,206	21,653
		<u>83,800</u>	<u>52,269</u>	<u>256,177</u>

Notes:

- (a) Government subsidies have been received by the Group from government authorities in Mainland China in respect of the development costs related to the property development. The government subsidies have been recognized in the consolidated statements of profit or loss to match the related expenses that they are intended to compensate or over the expected useful lives of the relevant assets by equal annual instalments. There are no unfulfilled conditions or contingencies relating to these subsidies. Government subsidies received for which related expenditure has not yet been undertaken are included in other payables in the consolidated statements of financial position.
- (b) The amount represented the compensation from the local government bureau in relation to the delay in handover of a land parcel to the Group.

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
Cost of properties sold		1,518,499	3,016,536	3,562,037
Cost of services provided		1,183,575	810,906	632,147
Depreciation	15	20,011	21,697	23,068
Amortization of intangible assets*	18	476	440	565
Gain on disposal of the Disposal Businesses and the Disposal Assets <sup>®</sup>	41	—	—	(58,964)
Loss/(gain) on disposal of items of property, plant and equipment		(302)	657	663
Write-off of items of property, plant and equipment		1,830	738	800
Loss on disposal of subsidiaries**	40	54,578	—	—
Gain on disposal of joint ventures <sup>®</sup>		(47,560)	(17,110)	—
Provision for/(reversal of) impairment of associates#		5,023	(7,624)	—
Fair value loss on derivative financial instruments**		13,074	63,159	30,483
Auditors' remuneration		6,752	5,079	4,849
Minimum lease payments under operating leases for land and buildings		580	1,052	1,075
Employee benefits expense (including directors' and chief executive's remuneration (note 9)):				
Wages and salaries		93,360	101,648	133,766
Share-based payment expense		—	—	81,000
Pension scheme contributions		18,396	21,712	24,122
		<u>111,756</u>	<u>123,360</u>	<u>238,888</u>
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		<u>69,729</u>	<u>86,038</u>	<u>99,478</u>

\* The amortization of intangible assets for the Relevant Periods is included in "Administrative expenses" in the consolidated statements of profit or loss.

\*\* The loss on disposal of subsidiaries and fair value loss on derivative financial instruments for the Relevant Periods are included in "Other expenses" in the consolidated statements of profit or loss.

# The provision for/(reversal of) impairment of associates for the Relevant Periods is included in "Share of profits and losses of associates" in the consolidated statements of profit or loss.

® The gain on disposal of joint ventures and the gain on disposal of the Disposal Businesses and the Disposal Assets for the Relevant Periods are included in "Other income and gains" in the consolidated statements of profit or loss.

## 8. FINANCE COSTS

Group

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Interest on bank loans wholly repayable within five years . . . . .	485,317	512,155	878,714
Interest on bank loans wholly repayable beyond five years . . . . .	68,089	62,084	52,650
Interest on other loans . . . . .	92,440	309,386	506,966
Total interest expense on financial liabilities not at fair value			
through profit or loss . . . . .	645,846	883,625	1,438,330
Less: Interest capitalized . . . . .	(544,054)	(791,615)	(1,177,866)
	<u>101,792</u>	<u>92,010</u>	<u>260,464</u>

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Fees . . . . .	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind . . . . .	1,698	1,909	2,262
Discretionary bonuses . . . . .	759	1,357	9,417
Pension scheme contributions . . . . .	57	84	109
Share-based payment . . . . .	—	—	38,553
	<u>2,514</u>	<u>3,350</u>	<u>50,341</u>
	<u>2,514</u>	<u>3,350</u>	<u>50,341</u>

The remuneration of each of the directors and chief executive for the year ended December 31, 2011 is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Sun Yinhuan . . . . .	—	—	—	—	—
Mr. Sun Yinfeng . . . . .	—	—	—	—	—
Mr. Sun Yansheng* . . . . .	—	—	—	—	—
Mr. Jiang Xiuwen . . . . .	—	517	328	20	865
Mr. Wen Hongyu . . . . .	—	562	125	20	707
Mr. Gao Wei . . . . .	—	619	306	17	942
	<u>—</u>	<u>1,698</u>	<u>759</u>	<u>57</u>	<u>2,514</u>

The remuneration of each of the directors and chief executive for the year ended December 31, 2012 is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Sun Yinhuan .....	—	—	—	—	—
Mr. Sun Yinfeng .....	—	—	—	—	—
Mr. Sun Yansheng* .....	—	—	—	—	—
Mr. Jiang Xiuwen .....	—	571	130	28	729
Mr. Wen Hongyu .....	—	603	782	28	1,413
Mr. Gao Wei .....	—	735	445	28	1,208
	<u>—</u>	<u>1,909</u>	<u>1,357</u>	<u>84</u>	<u>3,350</u>

The remuneration of each of the directors and chief executive for the year ended December 31, 2013 is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Share-based payment	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Sun Yinhuan ....	—	—	—	—	—	—
Mr. Sun Yinfeng ....	—	368	2,371	10,274	16	13,029
Mr. Sun Yansheng* .....	—	—	—	7,721	—	7,721
Mr. Jiang Xiuwen ...	—	588	2,312	7,704	31	10,635
Mr. Wen Hongyu ....	—	586	2,692	7,707	31	11,016
Mr. Gao Wei .....	—	720	2,042	5,147	31	7,940
	<u>—</u>	<u>2,262</u>	<u>9,417</u>	<u>38,553</u>	<u>109</u>	<u>50,341</u>

\* Mr. Sun Yansheng is a director and the chief executive of the Company.

Mr. Sun Yinhuan was appointed as the Director of the Company on April 2, 2008. Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen, Mr. Wen Hongyu and Mr. Gao Wei were appointed as the Directors of the Company on December 16, 2013.

The Group did not have any independent non-executive directors at any time during the Relevant Periods.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

**10. FIVE HIGHEST PAID INDIVIDUALS**

During the years ended December 31, 2011 and 2012, the five highest paid individuals included 3 directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two non-director, highest paid employees for the years ended December 31, 2011 and 2012 are as follows:

Group

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind .....	1,504	1,437	N/A
Pension scheme contributions .....	20	28	N/A
	<u>1,524</u>	<u>1,465</u>	<u>N/A</u>

The remuneration of the non-director, highest paid employees for the years ended December 31, 2011 and 2012 fell within the following bands is as follows:

	Number of employees		
	2011	2012	2013
Nil to HK\$1,000,000 .....	<u>2</u>	<u>2</u>	<u>N/A</u>

During the year ended December 31, 2013, the five highest paid individuals included 5 directors, details of whose remuneration are set out in note 9 above.

**11. TAX**

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the Relevant Periods.

An analysis of the income tax charges for the Relevant Periods is as follows:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Group:			
Current:			
PRC corporate income tax .....	153,551	356,335	320,622
PRC land appreciation tax (note 34) .....	126,867	318,251	464,627
	<u>280,418</u>	<u>674,586</u>	<u>785,249</u>
Deferred (note 35):			
Current year .....	263,949	126,461	24,810
Total tax charge for the year .....	<u>544,367</u>	<u>801,047</u>	<u>810,059</u>

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the Relevant Periods, are as follows:

*Group*

	Year ended December 31,					
	2011		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit before tax	1,483,125		2,200,722		1,667,321	
At the statutory income tax rate	370,781	25.0	550,180	25.0	416,830	25.0
Tax losses utilized from previous periods	(12,217)	(0.8)	(34,879)	(1.6)	(13,722)	(0.8)
Profits and losses attributable to joint ventures and associates	(5,503)	(0.4)	(46,583)	(2.1)	6,798	0.4
Income not subject to tax	(6,211)	(0.4)	(4,465)	(0.2)	(6,418)	(0.4)
Expenses not deductible for tax	27,384	1.8	15,134	0.6	26,279	1.6
Tax losses not recognized	74,983	5.0	82,972	3.8	31,822	1.9
LAT	126,867	8.6	318,251	14.5	464,627	27.9
Tax effect of LAT	(31,717)	(2.1)	(79,563)	(3.6)	(116,157)	(7.0)
Tax charge at the Group's effective rate	544,367	36.7	801,047	36.4	810,059	48.6

The share of tax attributable to joint ventures amounting to RMB13,412,000, RMB88,271,000 and RMB77,651,000 for each of the years ended December 31, 2011, 2012 and 2013, respectively, is included in "Share of profits and losses of joint ventures" in the consolidated statements of profit or loss.

The share of tax attributable to associates amounting to RM7,971,000, RMB7,232,000 and RMB8,645,000 for each of the years ended December 31, 2011, 2012 and 2013, respectively, is included in "Share of profits and losses of associates" in the consolidated statements of profit or loss.

## 12. DIVIDENDS

The dividends paid by the Company's subsidiaries to the then shareholders during the Relevant Periods were as follows:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Dividends	343,313	275,589	757,243

No dividends have been declared by the Company during the Relevant Periods.

## 13. PROFITS ATTRIBUTABLE TO OWNERS OF THE PARENT

The Company did not generate any profit or loss for the years ended December 31, 2011 and 2012. The consolidated profit attributable to the owners of the parent for the year ended December 31, 2013 includes a loss of RMB69,805,000 which has been dealt with in the financial statements of the Company (note 38(e)).

**14. EARNINGS PER SHARE**

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods as disclosed in note 2.1 of Section II above.

**15. PROPERTY, PLANT AND EQUIPMENT**

Group

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>December 31, 2011</b>					
At January 1, 2011:					
Cost .....	113,958	36,052	16,564	25,622	192,196
Accumulated depreciation .....	<u>(28,840)</u>	<u>(16,087)</u>	<u>(6,505)</u>	<u>(12,676)</u>	<u>(64,108)</u>
Net carrying amount .....	<u>85,118</u>	<u>19,965</u>	<u>10,059</u>	<u>12,946</u>	<u>128,088</u>
At January 1, 2011, net of accumulated depreciation .....					
	85,118	19,965	10,059	12,946	128,088
Additions .....	—	7,043	10,463	8,701	26,207
Depreciation provided during the year .....	(6,810)	(4,839)	(3,278)	(5,084)	(20,011)
Write-off/disposal .....	—	(452)	(556)	(520)	(1,528)
At December 31, 2011, net of accumulated depreciation .....					
	<u>78,308</u>	<u>21,717</u>	<u>16,688</u>	<u>16,043</u>	<u>132,756</u>
At December 31, 2011:					
Cost .....	113,958	42,532	25,891	33,460	215,841
Accumulated depreciation .....	<u>(35,650)</u>	<u>(20,815)</u>	<u>(9,203)</u>	<u>(17,417)</u>	<u>(83,085)</u>
Net carrying amount .....	<u>78,308</u>	<u>21,717</u>	<u>16,688</u>	<u>16,043</u>	<u>132,756</u>
<b>December 31, 2012</b>					
At January 1, 2012:					
Cost .....	113,958	42,532	25,891	33,460	215,841
Accumulated depreciation .....	<u>(35,650)</u>	<u>(20,815)</u>	<u>(9,203)</u>	<u>(17,417)</u>	<u>(83,085)</u>
Net carrying amount .....	<u>78,308</u>	<u>21,717</u>	<u>16,688</u>	<u>16,043</u>	<u>132,756</u>
At January 1, 2012, net of accumulated depreciation .....					
	78,308	21,717	16,688	16,043	132,756
Additions .....	—	3,196	3,879	5,400	12,475
Depreciation provided during the year .....	(6,810)	(5,752)	(4,395)	(4,740)	(21,697)
Write-off/disposal .....	—	(132)	(494)	(769)	(1,395)
At December 31, 2012, net of accumulated depreciation .....					
	<u>71,498</u>	<u>19,029</u>	<u>15,678</u>	<u>15,934</u>	<u>122,139</u>
At December 31, 2012:					
Cost .....	113,958	45,596	28,904	36,896	225,354
Accumulated depreciation .....	<u>(42,460)</u>	<u>(26,567)</u>	<u>(13,226)</u>	<u>(20,962)</u>	<u>(103,215)</u>
Net carrying amount .....	<u>71,498</u>	<u>19,029</u>	<u>15,678</u>	<u>15,934</u>	<u>122,139</u>



	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>December 31, 2013</b>					
At January 1, 2013:					
Cost .....	113,958	45,596	28,904	36,896	225,354
Accumulated depreciation .....	(42,460)	(26,567)	(13,226)	(20,962)	(103,215)
Net carrying amount .....	<u>71,498</u>	<u>19,029</u>	<u>15,678</u>	<u>15,934</u>	<u>122,139</u>
At January 1, 2013, net of accumulated					
depreciation .....	71,498	19,029	15,678	15,934	122,139
Additions .....	—	16,876	3,435	5,521	25,832
Depreciation provided during the year .....	(5,414)	(6,840)	(5,058)	(5,756)	(23,068)
Write-off/disposal .....	—	—	(1,095)	(368)	(1,463)
Disposal of the Disposal Businesses and the Disposal Assets (note 41) .....	—	—	(133)	(2,561)	(2,694)
At December 31, 2013, net of accumulated depreciation .....	<u>66,084</u>	<u>29,065</u>	<u>12,827</u>	<u>12,770</u>	<u>120,746</u>
At December 31, 2013:					
Cost .....	113,958	62,472	26,132	37,851	240,413
Accumulated depreciation .....	(47,874)	(33,407)	(13,305)	(25,081)	(119,667)
Net carrying amount .....	<u>66,084</u>	<u>29,065</u>	<u>12,827</u>	<u>12,770</u>	<u>120,746</u>

The Group's leasehold land and buildings included above are situated in Mainland China under medium lease terms.

## 16. INVESTMENT PROPERTIES

### Group

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2011 .....	5,720,290	568,261	6,288,551
Additions .....	67,962	837,470	905,432
Transfer from prepayments for acquisition of land .....	—	720,886	720,886
Net gains from fair value adjustments .....	<u>470,728</u>	<u>640,853</u>	<u>1,111,581</u>
At December 31, 2011 and January 1, 2012 .....	6,258,980	2,767,470	9,026,450
Additions .....	52,878	413,104	465,982
Transfers .....	639,862	(639,862)	—
Net gains from fair value adjustments .....	<u>324,870</u>	<u>310,944</u>	<u>635,814</u>
At December 31, 2012 and January 1, 2013 .....	7,276,590	2,851,656	10,128,246
Additions .....	93,004	199,439	292,443
Disposal of the Disposal Businesses and the Disposal Assets (note 41) .....	(35,673)	—	(35,673)
Transfers .....	574,579	(574,579)	—
Net gains from fair value adjustments .....	<u>181,370</u>	<u>230,196</u>	<u>411,566</u>
At December 31, 2013 .....	<u>8,089,870</u>	<u>2,706,712</u>	<u>10,796,582</u>

The Group's investment properties are situated in Mainland China and are held under the following lease terms:

	As at December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Long term leases .....	375,620	397,547	428,849
Medium term leases .....	8,650,830	9,730,699	10,367,733
	<u>9,026,450</u>	<u>10,128,246</u>	<u>10,796,582</u>

At December 31, 2011, 2012 and 2013, certain of the Group's investment properties of RMB4,552,830,000, RMB6,812,694,000 and RMB5,833,287,000, respectively, were pledged to banks to secure the loans granted to the Group (note 33).

At December 31, 2011, 2012 and 2013, certain of the Group's investment properties of RMB2,188,276,000, RMB1,941,010,000 and RMB3,687,000,000, respectively, were pledged to banks to secure the bank and other loans granted to the companies controlled by the Controlling Shareholder.

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 43(a).

The Group's completed investment properties and investment properties under construction were revalued at the end of each of the Relevant Periods by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers.

For completed investment properties, valuations were based on the capitalization of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

For investment properties under construction which were stated at fair value at December 31, 2011, 2012 and 2013, valuations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. Included in the Group's investment properties are certain investment properties under construction measured at fair value in the aggregate carrying amount of RMB659,000,000, RMB824,000,000 and RMB1,009,000,000 as at December 31, 2011, 2012 and 2013, respectively, which are subject to restrictions on sale, lease and transfer and in connection with which the Group has applied to the local government to remove the restrictions on lease. In March 2014, the Group obtained, without additional land premium paid, the approval of the local government that allows the Group to lease the properties to tenants that are engaged in software research and development and outsourcing services.

Reconciliation for investment properties that are measured at fair value:

	<u>Completed</u> RMB'000	<u>Under construction</u> RMB'000	<u>Total</u> RMB'000
At January 1, 2011 .....	5,720,290	441,000	6,161,290
Additions .....	67,962	816,297	884,259
Transfer from investment properties under construction at cost .....	—	54,830	54,830
Transfer from prepayments for acquisition of land .....	—	261,020	261,020
Net gains from fair value adjustments .....	<u>470,728</u>	<u>640,853</u>	<u>1,111,581</u>
At December 31, 2011 and January 1, 2012 .....	6,258,980	2,214,000	8,472,980
Additions .....	52,878	408,734	461,612
Transfers .....	639,862	(639,862)	—
Transfer from investment properties under construction at cost .....	—	5,184	5,184
Net gains from fair value adjustments .....	<u>324,870</u>	<u>310,944</u>	<u>635,814</u>
At December 31, 2012 and January 1, 2013 .....	7,276,590	2,299,000	9,575,590
Additions .....	93,004	181,383	274,387
Transfers .....	574,579	(574,579)	—
Disposal of the Disposal Businesses and the Disposal Assets (note 41) .....	(35,673)	—	(35,673)
Net gains from fair value adjustments .....	<u>181,370</u>	<u>230,196</u>	<u>411,566</u>
At December 31, 2013 .....	<u>8,089,870</u>	<u>2,136,000</u>	<u>10,225,870</u>

Unrealised gains included in the consolidated statements of profit or loss for completed investment properties for the years ended December 31, 2011, 2012 and 2013 were RMB470,728,000, RMB324,870,000 and RMB181,370,000, respectively.

Unrealised gains included in the consolidated statements of profit or loss for investment properties under construction for the years ended December 31, 2011, 2012 and 2013 were RMB640,853,000, RMB310,944,000 and RMB230,196,000, respectively.

Investment properties which have been measured at cost included in the consolidated statements of financial position as at December 31, 2011, 2012 and 2013 were RMB553,470,000, RMB552,656,000 and RMB570,712,000, respectively.

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)		
			2011	2012	2013
Completed	Income approach (refer above)				
Retail .....		Estimated rental value per square meter (RMB)	372-1,757	396-1,890	396-1,930
Office .....		Estimated rental value per square meter (RMB)	497-772	568-840	566-847
Car park .....		Estimated rental value per square meter (RMB)	3,348-3,672	3,564-3,964	3,564-4,103
Retail .....		Capitalization rate	5%-6%	5%-6%	5%-6%
Office .....		Capitalization rate	4.5%-5%	4.5%-5%	4.5%-5%
Car park .....		Capitalization rate	4%	4%	3.5%-4%
Under construction	Residual approach (refer above)				
Retail .....		Estimated rental value per square meter (RMB)	629-1,836	632	666
Office .....		Estimated rental value per square meter (RMB)	624-804	617-680	659-718
Car park .....		Estimated rental value per square meter (RMB)	3,754-3,884	3,797-3,884	3,972-4,104
Retail .....		Capitalization rate	5%-5.5%	5%	5%
Office .....		Capitalization rate	5%	4.5%-5%	5%
Car park .....		Capitalization rate	3.5%	3.5%	3.5%
Retail, office and car park .....		Development profit	5%-15%	5%-18%	3%-8%

Significant increases/(decreases) in estimated rental value per square meter in isolation would result in a significantly higher/(lower) fair value of the investment properties. Significant increases/(decreases) in the capitalization rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated rental value per square meter is accompanied by a directionally similar change in the development profit and an opposite change in the capitalization rate.

## 17. LAND HELD FOR DEVELOPMENT FOR SALE

Group

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year .....	824,179	1,116,345	1,116,345
Addition during the year .....	33,497	—	39,971
Transfer from prepayments for acquisition of land .....	1,082,848	—	213,561
Transfer to properties under development .....	(824,179)	—	—
Disposal of the Disposal Businesses (note 41) .....	—	—	(159,288)
Carrying amount at end of year .....	1,116,345	1,116,345	1,210,589
Current portion .....	—	—	(617,728)
Non-current portion .....	1,116,345	1,116,345	592,861

At December 31, 2011, 2012 and 2013, certain of the Group's land held for development for sale of nil, RMB577,779,000 and RMB577,779,000, respectively, were pledged to banks to secure the bank and other loans granted to the Group (note 33).

At December 31, 2011, 2012 and 2013, certain of the Group's land held for development for sale of RMB159,288,000, RMB159,288,000 and RMB379,300,000, respectively, were pledged to a bank to secure the bank loan granted to a company controlled by the Controlling Shareholder.

Included in the Group's land held for development for sale are certain parcels of land for property development projects in the aggregate amounts of RMB957,057,000, RMB957,057,000 and RMB957,057,000 as at December 31, 2011, 2012 and 2013, respectively, in connection with which the Group has obtained from the local land bureau extension of deadlines for commencement of development as stipulated in the relevant land grant contracts.

## 18. INTANGIBLE ASSETS

*Group*

	<u>Software Licenses</u>	<u>Forest concession</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
At January 1, 2011 .....	5,376	—	5,376
Additions during the year .....	1,074	38,038	39,112
Amortization during the year .....	(476)	—	(476)
At December 31, 2011 and January 1, 2012 .....	5,974	38,038	44,012
Amortization during the year .....	(440)	—	(440)
At December 31, 2012 and January 1, 2013 .....	5,534	38,038	43,572
Additions during the year .....	4,467	—	4,467
Amortization during the year .....	(565)	—	(565)
Disposal of the Disposal Businesses and the Disposal Assets (note 41) .....	(430)	(38,038)	(38,468)
At December 31, 2013 .....	<u>9,006</u>	<u>—</u>	<u>9,006</u>

## 19. INVESTMENTS IN JOINT VENTURES

*Group*

	<u>Year ended December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Share of net assets .....	1,296,050	1,540,962	2,291,649
Loans to joint ventures .....	120,015	118,804	104,030
	<u>1,416,065</u>	<u>1,659,766</u>	<u>2,395,679</u>

The loans to joint ventures are unsecured, interest-free and are not repayable within 1 year.

Particulars of the joint ventures, all of which are unlisted corporate entities, are as follows:

Company name	Nominal value of issued ordinary share capital/paid-up registered capital	Place of registration/business	Percentage of ownership interest			Principal activities
			December 31,			
			2011	2012	2013	
Dalian Software Park Ambo Development Company Limited (大連軟件園安博開發有限公司)*@@# (Note)	RMB427,600,000	The PRC/ Mainland China	51	51	51	Property development
Dalian Software Park Shitong Development Company Limited (大連軟件園世通開發有限公司)*@@#(Note)	RMB550,000,000	The PRC/ Mainland China	51	51	51	Property development
Dalian Software Park Ascendas Development Company Limited (大連軟件園騰飛發展有限公司)@@#^^	US\$52,700,000	The PRC/ Mainland China	50	50	50	Property investment
Wuhan New Software Park Development Company Limited (武漢軟件新城發展有限公司)*@@#	RMB280,000,000	The PRC/ Mainland China	—	50	50	Property investment
Dalian Yida Deji Decoration Engineering Company Limited (大連億達德基裝飾工程有限公司)*@@#	RMB10,800,000	The PRC/ Mainland China	100^	50	50	Interior decoration
Dalian Yize Property Development Company Limited (大連億澤地產開發有限公司)@@#	RMB314,770,000	The PRC/ Mainland China	52.57	52.57	52.57	Property development
Dalian Yihong Property Development Company Limited (大連億鴻房地產開發有限公司)@@#	RMB347,200,000	The PRC/ Mainland China	52.57	52.57	52.57	Property development
Eagle Fit Limited* ("Eagle Fit")	US\$200	British Virgin Islands/ Mainland China	35	35	35	Investment holding
Dalian Qingyun Sky Realty & Development Co., Ltd. (大連青雲天下房地產開發有限公司)*@@	RMB2,963,280,000	The PRC/ Mainland China	—	—	25	Property development

\* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

@ Registered as domestic limited liability company under PRC law.

@@ Registered as Sino-foreign joint ventures under PRC law.

# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies did not register any official English names.

^ The company was a wholly-owned subsidiary of the Group as at December 31, 2011.

^^ Material joint venture

Note: The financial statements of these companies for the year ended December 31, 2012 were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Summarized financial information in respect of the Group's material joint venture is set out below. The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs:

Dalian Software Park Ascendas Development Company Limited, which is considered a material joint venture of the Group, co-develops Dalian Ascendas IT Park with the other joint venture partner in Mainland China and is accounted for using the equity method.

Dalian Software Park Ascendas Development Company Limited

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Current assets	470,602	510,518	203,981
Non-current assets	1,594,838	1,642,002	1,679,689
Current liabilities	(255,198)	(589,776)	(186,434)
Non-current liabilities	(875,729)	(554,730)	(788,398)
	<u>934,513</u>	<u>1,008,014</u>	<u>908,838</u>
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	120,040	40,970	24,186
Current financial liabilities (excluding trade and other payables and accruals)	(174,722)	(498,562)	(79,881)
Non-current financial liabilities (excluding trade and other payables and accruals)	<u>(652,245)</u>	<u>(323,990)</u>	<u>(537,727)</u>
Revenue	160,015	160,580	688,852
Cost of sales and operating expenses	<u>(78,735)</u>	<u>(79,680)</u>	<u>(739,277)</u>
Profit/(loss) before tax	81,280	80,900	(50,425)
Income tax expense	<u>(26,240)</u>	<u>(7,398)</u>	<u>(48,751)</u>
Profit/(loss) for the year and total comprehensive income/(loss) for the year	<u>55,040</u>	<u>73,502</u>	<u>(99,176)</u>
The above profit/(loss) for the year include the following:			
Depreciation and amortization	(2,820)	(2,596)	(409)
Interest income	470	404	209
Interest expense	<u>(34,584)</u>	<u>(34,570)</u>	<u>(41,380)</u>

Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint venture recognized in the consolidated statement of financial position:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Net assets of the joint venture	934,513	1,008,014	908,838
Group's effective interest	50%	50%	50%
Deferred income	—	(543)	(403)
Carrying amount of the Group's interest in the joint venture	<u>467,257</u>	<u>503,464</u>	<u>454,016</u>

The Group's share of the material joint venture's own capital commitments at the end of each of the Relevant Periods:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Capital expenditure for investment properties under construction and properties under development in Mainland China . . . . .	<u>70,161</u>	<u>52,797</u>	<u>35,702</u>

Aggregate information of joint ventures that are not individually material:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
The Group's share of profit/(loss) . . . . .	(22,874)	109,463	51,128
The Group's share of total comprehensive income/(loss) . . . . .	<u>(22,874)</u>	<u>109,463</u>	<u>51,128</u>

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures . . . . .	<u>828,793</u>	<u>1,037,498</u>	<u>1,837,633</u>

The Group's share of the joint ventures' own capital commitments at the end of each of the Relevant Periods:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Capital expenditure for investment properties under construction and properties under development in Mainland China . . . . .	<u>856,131</u>	<u>466,916</u>	<u>498,850</u>

The joint ventures had the following contingent liabilities at the end of each of the Relevant Periods:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Guarantees in respect of the mortgage facilities provided to certain purchasers of a joint venture's properties . . . . .	<u>—</u>	<u>227,992</u>	<u>355,234</u>

The joint ventures cannot distribute their profits until they obtain the consent of the joint venturers.

## 20. INVESTMENTS IN ASSOCIATES

### Group

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Share of net assets . . . . .	187,158	219,658	674,922
Loans to associates . . . . .	<u>76,717</u>	<u>76,000</u>	<u>73,884</u>
	263,875	295,658	748,806
Less: Provision for impairment . . . . .	<u>(7,624)</u>	<u>—</u>	<u>—</u>
	<u>256,251</u>	<u>295,658</u>	<u>748,806</u>



The loans to associates are unsecured, interest-free and are not repayable within 1 year.

Particulars of the associates, which are unlisted corporate entities, are as follows:

Company name	Nominal value of issued ordinary share capital/paid-up registered capital	Place of registration/ business	Percentage of ownership interest			Principal activities
			December 31,			
			2011	2012	2013	
Richcoast Group* . . . . .	US\$780	British Virgin Islands/ Mainland China	10.26	10.26	10.26	Investment holding
Dalian Delan Software Development Co., Ltd.* . . . . .	RMB300,000,000	The PRC/ Mainland China	—	—	30.00	Property development
Dalian Jiadao Information Co., Ltd.* . . . . .	RMB300,000,000	The PRC/ Mainland China	—	—	30.00	Property development
Dalian Qiantong Science & Technology Development Co., Ltd.* . . . . .	RMB800,000,000	The PRC/ Mainland China	—	—	30.00	Property development
Dalian Ruisheng Software Development Co., Ltd.* . . . . .	RMB800,000,000	The PRC/ Mainland China	—	—	30.00	Property development
Crown Speed Investments Limited* . . . . .	HK\$10,000	Hong Kong/ Mainland China	21.22	21.22	21.22	Investment holding

\* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material. The Group did not have any material associates for each of the Relevant Periods.

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
The Group's share of profit/(loss) . . . . .	17,367	40,124	(28,726)
The Group's share of total comprehensive income/(loss) . . . . .	17,367	40,124	(28,726)
	<u>187,158</u>	<u>219,658</u>	<u>674,922</u>
	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Group's interests in the associates . . . . .	<u>187,158</u>	<u>219,658</u>	<u>674,922</u>

The Group's share of the associates' own capital commitments at the end of each of the Relevant Periods:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Capital expenditure for investment properties under construction and properties under development in Mainland China			
— authorized, but not contracted for .....	107,125	102,316	302,534
— contracted, but not provided for .....	160,084	142,944	899,768
	<u>267,209</u>	<u>245,260</u>	<u>1,202,302</u>

As at the end of each of the Relevant Periods, the associates had no significant contingent liabilities.

## 21. AVAILABLE-FOR-SALE INVESTMENTS

*Group*

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost .....	<u>24,540</u>	<u>28,540</u>	<u>24,540</u>

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at the end of each of the Relevant Periods, the above investments were stated at cost because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably.

## 22. PROPERTIES UNDER DEVELOPMENT

*Group*

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Properties under development expected to be completed:			
Within normal operating cycle included under current assets .....	<u>7,136,781</u>	<u>6,557,493</u>	<u>5,528,112</u>
Properties under development expected to be completed within normal operating cycle and recoverable:			
— Within one year .....	2,518,188	901,933	1,658,905
— After one year .....	4,618,593	5,655,560	3,869,207
	<u>7,136,781</u>	<u>6,557,493</u>	<u>5,528,112</u>

The Group's properties under development are situated in Mainland China and are held under the following lease terms:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Long term leases .....	6,872,171	6,187,020	5,307,445
Medium term leases .....	264,610	370,473	220,667
	<u>7,136,781</u>	<u>6,557,493</u>	<u>5,528,112</u>

At December 31, 2011, 2012 and 2013, certain of the Group's properties under development of RMB5,040,336,000, RMB5,087,995,000 and RMB5,032,137,000, respectively, were pledged to banks to secure the loans granted to the Group (note 33).

At December 31, 2011, 2012 and 2013, certain of the Group's properties under development of RMB382,091,000, RMB1,022,697,000 and nil, respectively, were pledged to banks to secure the bank and other loans granted to the companies controlled by the Controlling Shareholder.

### 23. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are situated in Mainland China and are held under the following lease terms:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Long term leases .....	1,236,899	2,296,458	4,247,541
Medium term leases .....	299,205	188,063	176,917
	<u>1,536,104</u>	<u>2,484,521</u>	<u>4,424,458</u>

The completed properties held for sale are stated at cost.

### 24. CONSTRUCTION CONTRACTS

*Group*

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Gross amount due from contract customers .....	213,747	82,474	129,606
Gross amount due to contract customers .....	(612,721)	(530,823)	(557,676)
	<u>(398,974)</u>	<u>(448,349)</u>	<u>(428,070)</u>
Contract costs incurred plus recognized profits less recognized losses to date .....	837,779	2,003,421	2,943,778
Less: Progress billings .....	(1,236,753)	(2,451,770)	(3,371,848)
	<u>(398,974)</u>	<u>(448,349)</u>	<u>(428,070)</u>

At December 31, 2011, 2012 and 2013, retentions held by customers for contract works included in trade receivables amounted to approximately RMB1,764,000, RMB15,808,000 and RMB19,726,000, respectively.

## 25. INVENTORIES

Group

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Construction materials .....	<u>18,280</u>	<u>8,009</u>	<u>13,642</u>

## 26. TRADE RECEIVABLES

Group

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Trade receivables .....	<u>540,151</u>	<u>417,395</u>	<u>577,212</u>

Trade receivables represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Within 1 year .....	538,045	310,227	391,784
1 to 2 years .....	1,230	104,951	184,414
Over 2 years .....	876	2,217	1,014
	<u>540,151</u>	<u>417,395</u>	<u>577,212</u>

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired .....	<u>540,151</u>	<u>417,395</u>	<u>577,212</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

As at December 31, 2011, 2012 and 2013, included in the Group's trade receivables are amounts due from a related company controlled by Yida Group of RMB21,325,000, RMB15,273,000 and RMB1,066,000, respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

As at December 31, 2011, 2012 and 2013, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB33,669,000, RMB64,568,000 and RMB107,713,000, respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

As at December 31, 2011, 2012 and 2013, included in the Group's trade receivables are amounts due from the Group's associates of RMB453,632,000, RMB279,977,000 and RMB349,571,000, respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

## 27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

### Group

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Prepayments .....	478,214	614,328	1,186,675
Deposits and other receivables .....	3,182,443	4,034,184	3,653,681
	<u>3,660,657</u>	<u>4,648,512</u>	<u>4,840,356</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

As at December 31, 2011, 2012 and 2013, included in the Group's other receivables are amounts due from Panasonic Yida Decoration Co., Ltd. (formerly known as Panasonic Yida Decoration (Dalian) Co., Ltd. and Dalian Matsushita Electric Works Yida Decoration Co., Ltd.) ("Panasonic Yida"), a joint venture held by Yida Group, of nil, RMB5,696,000 and RMB591,000, respectively, which are unsecured, interest-free and repayable on demand.

As at December 31, 2013, included in the Group's other receivables are amounts due from joint ventures of RMB548,615,000, which are unsecured, interest-free and repayable on demand.

As at December 31, 2013, included in the Group's other receivables are amounts due from associates of RMB5,000,000, which are unsecured, interest-free and repayable on demand.

As at December 31, 2013, included in the Group's other receivables is an amount due from a joint venture of RMB25,000,000, which is unsecured, bears interest at 6.72% per annum, and is repayable on demand.

## 28. DUE FROM/TO RELATED PARTIES

An analysis of the balances of the Group with related parties is as follows:

	Notes	At December 31,		
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
Due from related parties:				
Yida Group	(i)	4,218,325	4,554,608	—
Dalian Software Park Kaifa Co., Ltd. ("Dalian Software Park Kaifa")	(i)	—	34,440	—
Dalian Shengbei Property Development Company Limited ("Shengbei PD")	(i)	8,200	6,687	—
Right Won Management Limited ("Right Won")	(ii)	20	29	43
Everhigh Investments Limited ("Everhigh Investments")	(i)	74,269	238,683	—
Golden Ease International Limited ("Golden Ease")	(i)	8	8	—
		<u>4,300,822</u>	<u>4,834,455</u>	<u>43</u>
Due to related parties:				
Yida Group		7,963,347	7,726,674	3,817,171
Dalian Yida Investment Company Limited ("Yida Investment")	(i)	437,000	—	—
Shengbei PD		217,537	385,883	—
Everhigh Investments		78,797	78,754	—
Rich Resources Investment Limited ("Rich Resources")	(i)	995,560	585,509	—
		<u>9,692,241</u>	<u>8,776,820</u>	<u>3,817,171</u>

Notes:

- (i) Yida Group, Dalian Software Park Kaifa, Shengbei PD, Everhigh Investments, Golden Ease, Yida Investment and Rich Resources are companies controlled by the Controlling Shareholder.
- (ii) Right Won is wholly owned by Mr. Sun Yinhan and is one of the Controlling Shareholders.

The above balances are non-trade in nature, unsecured, interest-free and are repayable on demand, except that the balances due to Yida Group as at December 31, 2011, 2012 and 2013 in the amount of RMB3,521,780,000, RMB3,593,046,000 and RMB3,052,227,000 bear interest at 6.0%–7.0% per annum, 6.5%–7.0% per annum and 4.8%–9.8% per annum, respectively.

None of the amounts due from related parties is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

## 29. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Group			Company		
	At December 31,			At December 31,		
	2011	2012	2013	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	2,431,802	1,515,360	3,527,037	—	—	600,914
Less: Restricted cash (notes)	(793,471)	(983,861)	(1,410,636)	—	—	(600,856)
Cash and cash equivalents	<u>1,638,331</u>	<u>531,499</u>	<u>2,116,401</u>	<u>—</u>	<u>—</u>	<u>58</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At December 31, 2011, 2012 and 2013, the cash and bank balances of the Group denominated in RMB amounted to RMB2,261,050,000, RMB1,512,007,000 and RMB2,874,843,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Notes:

- (a) According to the relevant mortgage facility agreements signed by certain subsidiaries of the Group with their banks, the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the bank. At December 31, 2011, 2012 and 2013, such guarantee deposits amounted to RMB3,000, RMB3,000 and nil, respectively.
- (b) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds of their properties at designated bank accounts. The deposits can only be used for the payment of property development cost incurred by the subsidiaries and the repayment of the relevant loans. At December 31, 2011, 2012 and 2013, such guarantee deposits amounted to RMB541,650,000, RMB768,567,000 and RMB593,139,000, respectively.
- (c) According to the relevant construction safety regulation implemented by the local government, certain subsidiaries of the Group are required to place at designated bank accounts certain amounts as deposits for potential industrial accidents during construction works. At December 31, 2011, 2012 and 2013, such deposits amounted to RMB11,818,000, RMB15,291,000 and RMB41,959,000, respectively.
- (d) At December 31, 2011, 2012 and 2013, certain of the Group's time deposits of RMB240,000,000, RMB200,000,000 and RMB775,538,000, respectively, were pledged to banks to secure the bank and other loans granted to the Group (note 33).

### 30. RECEIPTS IN ADVANCE

Receipts in advance of the Group mainly represented amounts received from buyers in connection with the pre-sale of properties during the Relevant Periods.

### 31. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

*Group*

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Due within 1 year or on demand .....	616,726	411,778	1,132,730
Due within 1 to 2 years .....	1,138,563	1,930,395	1,413,256
	<u>1,755,289</u>	<u>2,342,173</u>	<u>2,545,986</u>

The trade payables are non-interest-bearing and unsecured.

As at December 31, 2011, 2012 and 2013, included in the Group's trade payables are amounts due to Panasonic Yida of RMB39,008,000, RMB44,613,000 and RMB92,492,000, respectively, which are unsecured, interest-free and repayable within one to two years.

### 32. OTHER PAYABLES AND ACCRUALS

Group

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Accruals .....	71,260	78,883	201,060
Other payables .....	317,980	951,160	1,567,246
Carrying amount at end of the year .....	389,240	1,030,043	1,768,306
Current portion .....	(389,240)	(645,685)	(746,813)
Non-current portion .....	—	384,358	1,021,493

As at December 31, 2011, 2012 and 2013, included in the Group's other payables are amounts due to Panasonic Yida of RMB378,000, nil and RMB3,712,000, respectively, which are unsecured, interest-free and repayable within one year.

As at December 31, 2011, 2012 and 2013, included in the Group's other payables are amounts due to joint ventures of RMB5,566,000, nil and RMB173,399,000, respectively, which are unsecured, interest-free and repayable within one year.

### 33. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	At December 31,								
	2011			2012			2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>									
Bank loans - secured .....	5.40-8.53	2012	1,984,603	5.90-8.83	2013	3,079,197	6.50-13.50	2014	2,674,002
Bank loans - unsecured ...	6.14-8.53	2012	550,000	5.88-7.87	2013	1,088,500	7.10-8.70	2014	585,000
Other loans - secured .....	6.35-13.00	2012	300,000	10.00-14.81	2013	625,000	6.40-15.00	2014	1,889,300
Other loans - unsecured ...			—	10.00	2013	50,000			—
			<u>2,834,603</u>			<u>4,842,697</u>			<u>5,148,302</u>
<b>Non-current</b>									
Bank loans - secured .....	6.35-8.31	2013-2022	2,603,932	6.55-9.86	2014-2022	2,481,289	6.77-9.83	2015-2022	5,957,045
Bank loans - unsecured ...	6.14-7.61	2013-2020	242,000	6.58-7.36	2014-2015	59,000			—
Other loans - secured .....	6.35-14.81	2013-2021	765,000	5.90-18.33	2014-2021	866,455	6.40-15.00	2015-2022	1,121,316
Other loans - unsecured ...	11.80	2013	600,000	11.80	2015	600,000	9.00-11.80	2015-2017	1,200,000
			<u>4,210,932</u>			<u>4,006,744</u>			<u>8,278,361</u>
			<u>7,045,535</u>			<u>8,849,441</u>			<u>13,426,663</u>



**APPENDIX I**
**ACCOUNTANTS' REPORT**

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Analyzed into:			
Bank loans repayable:			
Within one year or on demand .....	2,534,603	4,167,697	3,259,002
In the second year .....	1,980,184	1,518,985	2,704,508
In the third to fifth years, inclusive .....	767,800	812,020	2,575,622
Beyond five years .....	97,948	209,284	676,915
	<u>5,380,535</u>	<u>6,707,986</u>	<u>9,216,047</u>
Other loans repayable:			
Within one year or on demand .....	300,000	675,000	1,889,300
In the second year .....	1,225,000	930,100	1,721,316
In the third to fifth years, inclusive .....	60,000	476,355	560,000
Beyond five years .....	80,000	60,000	40,000
	<u>1,665,000</u>	<u>2,141,455</u>	<u>4,210,616</u>
	<u>7,045,535</u>	<u>8,849,441</u>	<u>13,426,663</u>

- (a) Certain of the Group's bank and other loans are secured or guaranteed by:
- (i) mortgages over the Group's properties under development with aggregate carrying values at December 31, 2011, 2012 and 2013 of approximately RMB5,040,336,000, RMB5,087,995,000 and RMB5,032,137,000, respectively;
  - (ii) pledges of the Group's investment properties with an aggregate carrying value at December 31, 2011, 2012 and 2013 of approximately RMB4,552,830,000, RMB6,812,694,000 and RMB5,833,287,000, respectively;
  - (iii) pledges of the Group's land held for development for sale with an aggregate carrying value at December 31, 2011, 2012 and 2013 of approximately nil, RMB577,779,000 and RMB577,779,000, respectively;
  - (iv) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB430,000,000, RMB222,000,000 and RMB6,964,600,000 as at December 31, 2011, 2012 and 2013, respectively;
  - (v) corporate guarantees executed by companies controlled by the Controlling Shareholders to the extent of RMB3,667,625,000, RMB5,699,025,000 and RMB5,970,622,000 as at December 31, 2011, 2012 and 2013, respectively;
  - (vi) personal guarantees executed by the Director, Mr. Sun Yinhan, to the extent of RMB1,200,000,000, RMB1,010,100,000 and RMB2,824,800,000 as at December 31, 2011, 2012 and 2013, respectively;
  - (vii) pledge of certain equity interests of the subsidiaries of the Company as at the end of each of the Relevant Periods; and
  - (viii) pledge of certain of the Group's time deposits with an aggregate carrying value at December 31, 2011, 2012 and 2013 of approximately RMB240,000,000, RMB200,000,000 and RMB775,538,000, respectively.
- (b) Other than certain other borrowings with carrying amounts of RMB416,355,000 and RMB475,816,000 denominated in United States dollars as at December 31, 2012 and 2013, respectively, all bank and other borrowings of the Group are denominated in RMB as at December 31, 2011, 2012 and 2013.

- (c) As at January 1, 2011, the Group had an outstanding other loan of RMB798,222,000 in the form of trust financing arrangement with a trust financing company. The trust financing arrangement involves capital increase in and transfer of equity interest in a project company with repurchase obligation. The substance of this type of trust financing arrangement is borrowing, with 49% equity interest in the project company legally transferred as collateral. The borrowing under the trust financing arrangement is also secured by certain properties under development with a carrying amount of RMB349,257,000, equity interests of a subsidiary of the Group and guaranteed by a company controlled by the Controlling Shareholder and Mr. Sun Yinhuan. The outstanding other loan balance was repaid during the year ended December 31, 2011.

### 34. PROVISION FOR LAND APPRECIATION TAX

	<u>Group</u>
	<u>RMB'000</u>
At January 1, 2011 .....	115,580
Charged to the consolidated statement of profit or loss during the year (note 11) .....	126,867
Payment for the year .....	<u>(118,015)</u>
At December 31, 2011 and January 1, 2012 .....	124,432
Charged to the consolidated statement of profit or loss during the year (note 11) .....	318,251
Payment for the year .....	<u>(227,253)</u>
At December 31, 2012 and January 1, 2013 .....	215,430
Disposal of the Disposal Businesses and the Disposal Assets (note 41) .....	(25,260)
Charged to the consolidated statement of profit or loss during the year (note 11) .....	464,627
Payment for the year .....	<u>(248,326)</u>
At December 31, 2013 .....	<u>406,471</u>

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

The Group has estimated, made and included a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

### 35. DEFERRED TAX

Net deferred tax assets and liabilities recognized in the consolidated statement of financial position are as follows:

	<u>At December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Deferred tax assets .....	46,659	79,151	153,214
Deferred tax liabilities .....	<u>(1,281,220)</u>	<u>(1,440,173)</u>	<u>(1,543,064)</u>
	<u>(1,234,561)</u>	<u>(1,361,022)</u>	<u>(1,389,850)</u>

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

	Unrealized profits from intra-group transactions	Provision for LAT	Revaluation of investment properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2011 .....	3,817	28,895	(1,003,324)	(970,612)
Credited/(charged) to the consolidated statement of profit or loss during the year (note 11) .....	11,734	2,213	(277,896)	(263,949)
At December 31, 2011 and January 1, 2012 .....	15,551	31,108	(1,281,220)	(1,234,561)
Credited/(charged) to the consolidated statement of profit or loss during the year (note 11) .....	9,742	22,750	(158,953)	(126,461)
At December 31, 2012 and January 1, 2013 .....	25,293	53,858	(1,440,173)	(1,361,022)
Disposal of the Disposal Businesses and the Disposal Assets (note 41) .....	—	(4,018)	—	(4,018)
Credited/(charged) to the consolidated statement of profit or loss during the year (note 11) .....	26,303	51,778	(102,891)	(24,810)
At December 31, 2013 .....	<u>51,596</u>	<u>101,618</u>	<u>(1,543,064)</u>	<u>(1,389,850)</u>

The Group had unutilized tax losses of approximately RMB349,453,000, RMB541,825,000 and RMB614,225,000 as at December 31, 2011, 2012 and 2013, respectively, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets are recognized for tax losses carried forward only to the extent that the realization of the related benefits through future taxable profits is probable. The Group did not recognize deferred tax assets in respect of such unutilized tax losses as the realization of the related benefits is uncertain.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008.

As December 31, 2011, 2012 and 2013, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totaled approximately RMB393,486,000, RMB1,174,243,000 and RMB2,641,089,000, respectively as at December 31, 2011, 2012 and 2013.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 36. DERIVATIVE FINANCIAL INSTRUMENTS

Group

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
<b>Liabilities</b>			
Current			
Put options . . . . .	—	—	164,367
Non-current			
Call and put options, net . . . . .	162,960	226,119	92,235
	<u>162,960</u>	<u>226,119</u>	<u>256,602</u>

In April 2010 and November 2011, the Group granted a total of 4 put options to certain joint venture partners to sell their interests in certain joint ventures to the Group, which can be exercised at any time after the expiry of the first 54 months after the date of initial investments or after the pre-sale of a certain percentage of saleable construction area and a certain percentage of saleable construction area is delivered, whichever is earlier, at the option price determined based on the adjusted net asset value of the joint ventures.

In December 2013, a supplemental agreement was signed between certain subsidiaries of the Group and the joint venture partners and 2 of the put options were modified. Besides, a new put option was granted by the Group to the joint venture partners and, after an agreed amount has been paid by the Group, a new call option will be granted by the joint venture partners to the Group which can be exercised at any time within the first 54 months after the date of initial investments.

The new call option and put options are correlated and offset against each other and the net balance is recorded as derivative liabilities in the consolidated statements of financial position and carried at fair value with reference to a valuation performed by an independent professional valuer using the Binomial Model.

Description of valuation techniques used and key inputs to valuation on the options:

Valuation technique	Significant unobservable inputs	Range/ weighted average at inception date	Range/ weighted average		
			2011	2012	2013
Binomial model . . .	Dividend yield	0%	0%	0%	0%
	Net asset value volatility	22%	21%	22%	22.1%-23.0%
	Option life (year(s))	5.14-6.69	5.01	4.0	1.5-3.0
	Risk-free interest rate	3.06%-3.37%	3.08%	3.18%	4.17%-4.30%
	Stock volatility of comparable companies	31%-34%	34%	35%	30.82%-34.00%

Generally, a change in the assumption made for the net asset value volatility is accompanied by a directionally similar change in the risk free-interest rate and an opposite change in the dividend yield, the option life and stock volatility.

The following table demonstrates the sensitivity of the Group's profit before tax at the end of each of the Relevant Periods to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "Combined factors").

	Increase/ (decrease) in basis points	Combined net effect on profit before tax <u>RMB'000</u>
<b>December 31, 2011</b>		
Combined factors .....	100	(22,035)
Combined factors .....	(100)	25,483
<b>December 31, 2012</b>		
Combined factors .....	100	(27,123)
Combined factors .....	(100)	30,078
<b>December 31, 2013</b>		
Combined factors .....	100	(5,407)
Combined factors .....	<u>(100)</u>	<u>10,132</u>

### 37. ISSUED CAPITAL

The Company was incorporated on November 26, 2007 with authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On April 2, 2008, one share was allotted and issued to the subscriber at par and such share was subsequently transferred to Right Won on the same day.

Pursuant to a written resolution passed on November 27, 2013, a total of 8,449 ordinary shares of US\$1.00 each were issued at par for cash of US\$8,449 (equivalent to RMB52,000) to Right Won and Keen Everlasting Harmony Limited, and a total of 1,550 ordinary shares of US\$1.00 each were issued for cash of US\$180,100,000 (equivalent to RMB1,101,977,000) to companies owned by certain employees of the Group on November 27, 2013. Further details are set out in "History, Reorganization and Corporate Structure" in the Prospectus.

The shortfall between the estimated fair value of the shares at the date of issue and the consideration paid by the companies owned by certain employees of the Group for the shares in the amount of RMB81,000,000 was accounted for as share-based payment during the year ended December 31, 2013. The fair value of the shares is determined with reference to the business value of the Group determined by an external valuer using a market approach.

The following table describes the key inputs to the model used:

Price earnings multiplier .....	8.7 times
Lack of marketability discount .....	19.7%

On June 1, 2014, the Company sub-divided all its issued and unissued shares with par value of US\$1.00 each into 100 shares of US\$0.01 each. On the same date, the Company increased its authorized share capital to US\$500,000,000 divided into 50,000,000,000 shares with a par value of US\$0.01 each by the creation of an additional 49,995,000,000 shares.

### 38. RESERVES

#### (a) Group

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity.

#### (b) Merger reserve

The merger reserve represents the reserve arising pursuant to the Reorganization as detailed in note 1 above.

## (c) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

## (d) Deemed distribution to then equity owners upon the Reorganization

For the purpose of this report, deemed distribution to then equity owners represents the costs paid by the Group to the equity owners in respect of the acquisition of subsidiaries pursuant to the Reorganization.

## (e) Company

	Share premium account	Share-based payment reserve	Accumulated loss	Total reserve
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2011, December 31, 2011, January 1, 2012, December 31, 2012 and January 1, 2013 .....	—	—	—	—
Total comprehensive loss for the year .....	—	—	(69,805)	(69,805)
Issue of shares .....	1,101,968	81,000	—	1,182,968
As at December 31, 2013 .....	<u>1,101,968</u>	<u>81,000</u>	<u>(69,805)</u>	<u>1,113,163</u>

**39. FINANCIAL GUARANTEES**

The Group had the following financial guarantees as at the end of each of the Relevant Periods:

- (a) As at December 31, 2011, 2012 and 2013, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB492,224,000, RMB674,055,000 and RMB632,228,000, respectively.

At the end of each of the Relevant Periods, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realize the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

- (b) As at December 31, 2011, 2012 and 2013, the Group provided a guarantee to the shareholders of Richcoast Group for an amount not exceeding RMB150 million, RMB150 million and RMB150 million, respectively, in respect of the payment obligations of Richcoast Group to a joint venture (formed between Richcoast Group and an independent third party) and the joint venture partner.
- (c) As at December 31, 2011, 2012 and 2013, the Group provided a counter guarantee and indemnity to the shareholder of Eagle Fit for an amount not exceeding RMB208 million, RMB222 million and nil, respectively, in respect of the guaranteed obligations payable by a subsidiary of Eagle Fit.
- (d) The Group provided guarantees to the extent of RMB999,000,000, RMB600,000,000 and RMB1,350,000,000 as at December 31, 2011, 2012 and 2013, respectively, to banks in respect of bank and other loans granted to the companies controlled by the Controlling Shareholder.
- (e) The Group provided guarantees to the extent of RMB273,500,000, RMB413,500,000 and RMB490,000,000 as at December 31, 2011, 2012 and 2013, respectively, to banks in respect of bank and other loans granted to the joint ventures.
- (f) The Group provided guarantees to the extent of nil, RMB37,000,000 and nil, respectively, as at December 31, 2011, 2012 and 2013, respectively, to banks in respect of bank and other loans granted to an associate.

In determining whether financial liabilities should be recognized in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognized in the Financial Information.

#### 40. DISPOSAL OF SUBSIDIARIES

	Note	Year ended December 31,		
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
Net assets disposed of:				
Properties under development		662,000	—	—
Cash and bank balances		—	10,080	—
Other payables and accruals		(331,000)	—	—
		<u>331,000</u>	<u>10,080</u>	<u>—</u>
Loss on disposal of subsidiaries	7	(54,578)	—	—
Reclassification to investments in joint ventures		(331,000)	(5,040)	—
		<u>(54,578)</u>	<u>5,040</u>	<u>—</u>
Satisfied by:				
Cash		—	5,040	—
Put option granted to the joint venturers		(54,578)	—	—
		<u>(54,578)</u>	<u>5,040</u>	<u>—</u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Year ended December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Cash consideration .....	—	5,040	—
Cash and bank balances disposed of .....	—	(10,080)	—
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries .....	—	(5,040)	—

#### 41. DISPOSAL OF THE DISPOSAL BUSINESSES AND THE DISPOSAL ASSETS

During the year ended December 31, 2013, the Group disposed of its entire interest in the Disposal Businesses and the Disposal Assets (as further detailed in note 2.1 to the Financial Information) to the non-controlling shareholders (which are companies owned by certain directors of the Company and key management of the Group), to an independent third party and to a company controlled by Yida Group.

	Notes	2013 RMB'000
Net assets of subsidiaries disposed of:		
Property, plant and equipment .....	15	2,694
Investment properties .....	16	15,448
Land held for development for sale .....	17	159,288
Intangible assets .....	18	430
Available-for-sale investments .....		4,000
Deferred tax assets .....	35	4,018
Completed properties held for sale .....		82,462
Trade receivables .....		1,928
Prepayments, deposits and other receivables .....		164,811
Due from related parties .....		127,262
Cash and bank balances .....		36,614
Trade payables .....		(58,827)
Other payables and accruals .....		(76,621)
Receipts in advance .....		(15,693)
Due to related parties .....		(329,277)
Tax payable .....		(6,283)
Provision for land appreciation tax .....	34	(25,260)
		86,994
Assets disposed of:		
Investment properties .....	16	20,225
Intangible assets .....	18	38,038
Other receivables .....		954,002
		1,012,265
Total net assets disposed of .....		1,099,259
Gain on disposal of the Disposal Businesses and the Disposal Assets (note) .....	6	58,964
		1,158,223
Satisfied by:		
Cash .....		204,221
Other receivables .....		954,002
		1,158,223

Note: The gain on disposal of RMB58,964,000 arises from the disposal to the non-controlling shareholders and to an independent third party.



An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Disposal Businesses and the Disposal Assets is as follows:

	<u>2013</u>
	<u>RMB'000</u>
Cash consideration .....	204,221
Cash and bank balances disposed of .....	<u>(36,614)</u>
	<u>167,607</u>
Net inflow of cash and cash equivalents in respect of:	
the disposal of subsidiaries .....	109,344
the disposal of investment properties .....	20,225
the disposal of intangible assets .....	<u>38,038</u>
	<u>167,607</u>

#### 42. PLEDGE OF ASSETS

- (a) Details of the Group's bank and other loans which are secured by the assets of the Group, are included in note 33 to the Financial Information.
- (b) Details of the Group's assets which are pledged to secure the bank and other loans of the companies controlled by the Controlling Shareholder are included in notes 16, 17 and 22 to the Financial Information.
- (c) At December 31, 2013, the Group's equity interest in a subsidiary with a net asset value of RMB1,597 million was pledged to secure a bank loan granted to a company controlled by the Controlling Shareholder.
- (d) At December 31, 2011, 2012 and 2013, the Group's equity interest in a joint venture with a carrying amount of RMB20,209,000, RMB74,175,000 and nil, respectively, was pledged to secure the bank loans granted to the joint venture.

#### 43. OPERATING LEASE ARRANGEMENTS

- (a) As lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<u>At December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Within one year .....	160,386	206,078	216,434
In the second to fifth years, inclusive .....	12,861	384,955	372,202
After five years .....	<u>19,441</u>	<u>157,015</u>	<u>117,249</u>
	<u>192,688</u>	<u>748,048</u>	<u>705,885</u>

## (b) As lessee

The Group leases certain of the office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Within one year . . . . .	1,052	1,075	6,002
In the second to fifth years, inclusive . . . . .	2,150	1,075	8,227
	<u>3,202</u>	<u>2,150</u>	<u>14,229</u>

**44. COMMITMENTS**

In addition to the operating lease commitments detailed in note 43(b) above, the Group had the following capital commitments at the end of each of the Relevant Periods:

*Group*

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Capital expenditure for investment properties under construction and properties under development in Mainland China . . . . .	2,395,286	1,500,128	1,648,020
Acquisition of land use rights . . . . .	470,740	348,850	106,280
	<u>2,866,026</u>	<u>1,848,978</u>	<u>1,754,300</u>

As at the end of each of the Relevant Periods, the Company had no significant commitments.

**45. MAJOR NON-CASH TRANSACTIONS**

- (a) During the year ended December 31, 2013, the Group settled an amount due to Yida Group of RMB821,219,000 by offsetting against the Group's receivable from a third party pursuant to a tripartite deed of assignment.
- (b) During the year ended December 31, 2013, the Group offset amounts due from related companies and amounts due to related companies in an aggregate amount of RMB4,253,331,000 pursuant to the deed of assignments between certain of the subsidiaries and the related companies.

## 46. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in the Financial Information, the Group had the following material transactions with related parties during the Relevant Periods.

	Notes	Year ended December 31,		
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
Service fees from joint ventures .....	(i)	49,192	153,068	115,588
Service fees from associates .....	(i)	966,928	202,796	337,807
Service fees from companies controlled by the Controlling Shareholder .....	(i)	35,092	59,562	34,099
Service fees from Panasonic Yida .....	(i)	510	182	1,111
Service fees paid to Panasonic Yida .....	(i)	114,440	100,379	78,821
Rental income from joint ventures .....	(ii)	—	913	1,034
Rental income from companies controlled by the Controlling Shareholder .....	(ii)	3,619	3,071	3,426
Rental income from Panasonic Yida .....	(ii)	1,489	5,402	6,750
Rental expense to a company controlled by the Controlling Shareholder .....	(ii)	1,100	1,100	1,134
Consulting fee received from a company controlled by the Controlling Shareholder .....	(iii)	2,357	3,643	4,180
Consulting fees paid to Yida Group .....	(iv)	55,380	74,623	41,500
Consulting fees paid to a company controlled by the Controlling Shareholder .....	(iv)	—	—	27,000
Interest expenses paid to Yida Group .....	(v)	125,050	219,404	271,244

## Notes:

- (i) The service fees were related to the construction services, landscaping services and property management services provided by the Group at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.
- (ii) The rentals were determined at rates mutually agreed by the related parties.
- (iii) The consulting fee was charged for the project design, implementation and management services provided by the Group at a rate determined in accordance with the terms and conditions set out in the contract entered into between the related parties.
- (iv) The consulting fees were paid for the investment consultation, project quality consultation, project cost management and project promotion services provided by Yida Group and a company controlled by the Controlling Shareholder at a rate determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.
- (v) Interest expenses were charged for borrowings from Yida Group. The interest rate was mutually agreed by the related parties.

During the year ended December 31, 2013, the Group disposed of certain asset with a carrying amount of RMB20,225,000 to a company controlled by Yida Group at the carrying amount.

In the opinion of the Directors, the above transactions were entered into in the ordinary course of business of the Group.

- (b) Compensation of key management personnel of the Group

In the opinion of the Directors, the Directors represent the key management personnel of the Group and details of the compensation are set out in note 9 to the Financial Information.

## 47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

**At December 31, 2011***Financial assets*

	Loans and receivables	Available- for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Loans to joint ventures (note 19) .....	120,015	—	120,015
Loans to associates (note 20) .....	69,093	—	69,093
Available-for-sale investments (note 21) .....	—	24,540	24,540
Trade receivables (note 26) .....	540,151	—	540,151
Deposits and other receivables (note 27) .....	3,182,443	—	3,182,443
Due from related parties (note 28) .....	4,300,822	—	4,300,822
Restricted cash (note 29) .....	793,471	—	793,471
Cash and cash equivalents (note 29) .....	1,638,331	—	1,638,331
	<u>10,644,326</u>	<u>24,540</u>	<u>10,668,866</u>

*Financial liabilities*

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000	RMB'000
Derivative financial instruments (note 36) .....	162,960	—	162,960
Trade payables (note 31) .....	—	1,755,289	1,755,289
Other payables and accruals .....	—	321,414	321,414
Interest-bearing bank and other borrowings (note 33) .....	—	7,045,535	7,045,535
Due to related parties (note 28) .....	—	9,692,241	9,692,241
	<u>162,960</u>	<u>18,814,479</u>	<u>18,977,439</u>

**At December 31, 2012***Financial assets*

	Loans and receivables	Available- for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Loans to joint ventures (note 19) .....	118,804	—	118,804
Loans to associates (note 20) .....	76,000	—	76,000
Available-for-sale investments (note 21) .....	—	28,540	28,540
Trade receivables (note 26) .....	417,395	—	417,395
Deposits and other receivables (note 27) .....	4,034,184	—	4,034,184
Due from related parties (note 28) .....	4,834,455	—	4,834,455
Restricted cash (note 29) .....	983,861	—	983,861
Cash and cash equivalents (note 29) .....	531,499	—	531,499
	<u>10,996,198</u>	<u>28,540</u>	<u>11,024,738</u>

*Financial liabilities*

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000	RMB'000
Derivative financial instruments (note 36) . . . . .	226,119	—	226,119
Trade payables (note 31) . . . . .	—	2,342,173	2,342,173
Other payables and accruals . . . . .	—	453,530	453,530
Interest-bearing bank and other borrowings (note 33) . . . . .	—	8,849,441	8,849,441
Due to related parties (note 28) . . . . .	—	8,776,820	8,776,820
	<u>226,119</u>	<u>20,421,964</u>	<u>20,648,083</u>

**At December 31, 2013***Financial assets*

	Loans and receivables	Available- for- sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Loans to joint ventures (note 19) . . . . .	104,030	—	104,030
Loans to associates (note 20) . . . . .	73,884	—	73,884
Available-for-sale investments (note 21) . . . . .	—	24,540	24,540
Trade receivables (note 26) . . . . .	577,212	—	577,212
Deposits and other receivables (note 27) . . . . .	3,653,681	—	3,653,681
Due from related parties (note 28) . . . . .	43	—	43
Restricted cash (note 29) . . . . .	1,410,636	—	1,410,636
Cash and cash equivalents (note 29) . . . . .	2,116,401	—	2,116,401
	<u>7,935,887</u>	<u>24,540</u>	<u>7,960,427</u>

*Financial liabilities*

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	RMB'000	RMB'000
Derivative financial instruments (note 36) . . . . .	256,602	—	256,602
Trade payables (note 31) . . . . .	—	2,545,986	2,545,986
Other payables and accruals . . . . .	—	558,991	558,991
Interest-bearing bank and other borrowings (note 33) . . . . .	—	13,426,663	13,426,663
Due to related parties (note 28) . . . . .	—	3,817,171	3,817,171
	<u>256,602</u>	<u>20,348,811</u>	<u>20,605,413</u>

**48. FAIR VALUE AND FAIR VALUE HIERARCHY**

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, as at the end of each of the Relevant Periods are as follows:

**At December 31, 2011**

	<u>Carrying amounts</u>	<u>Fair values</u>
	<u>RMB'000</u>	<u>RMB'000</u>
<i>Financial assets</i>		
Loans to joint ventures (note 19) .....	120,015	120,015
Loans to associates (note 20) .....	69,093	69,093
	<u>189,108</u>	<u>189,108</u>
<i>Financial liabilities</i>		
Derivative financial instruments (note 36) .....	162,960	162,960
Interest-bearing bank and other borrowings (note 33) .....	7,045,535	7,045,535
	<u>7,208,495</u>	<u>7,208,495</u>

**At December 31, 2012**

	<u>Carrying amounts</u>	<u>Fair values</u>
	<u>RMB'000</u>	<u>RMB'000</u>
<i>Financial assets</i>		
Loans to joint ventures (note 19) .....	118,804	118,804
Loans to associates (note 20) .....	76,000	76,000
	<u>194,804</u>	<u>194,804</u>
<i>Financial liabilities</i>		
Derivative financial instruments (note 36) .....	226,119	226,119
Interest-bearing bank and other borrowings (note 33) .....	8,849,441	8,849,441
	<u>9,075,560</u>	<u>9,075,560</u>

**At December 31, 2013**

	<u>Carrying amounts</u>	<u>Fair values</u>
	<u>RMB'000</u>	<u>RMB'000</u>
<i>Financial assets</i>		
Loans to joint ventures (note 19) .....	104,030	104,030
Loans to associates (note 20) .....	73,884	73,884
	<u>177,914</u>	<u>177,914</u>
<i>Financial liabilities</i>		
Derivative financial instruments (note 36) .....	256,602	256,602
Interest-bearing bank and other borrowings (note 33) .....	13,426,663	13,426,663
	<u>13,683,265</u>	<u>13,683,265</u>

## Fair value hierarchy as at December 31, 2011

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets measured at fair value:</b>				
Investment properties (note 16) .....	—	—	9,026,450	9,026,450
<b>Assets measured at amortized cost:</b>				
Loans to joint ventures (note 19) .....	—	—	120,015	120,015
Loans to associates (note 20) .....	—	—	69,093	69,093
	—	—	189,108	189,108
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments (note 36) .....	—	—	162,960	162,960
<b>Liabilities measured at amortized cost:</b>				
Interest-bearing bank and other borrowings (note 33) . . . .	—	—	7,045,535	7,045,535

## Fair value hierarchy as at December 31, 2012

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets measured at fair value:</b>				
Investment properties (note 16) .....	—	—	10,128,246	10,128,246
<b>Assets measured at amortized cost:</b>				
Loans to joint ventures (note 19) .....	—	—	118,804	118,804
Loans to associates (note 20) .....	—	—	76,000	76,000
	—	—	194,804	194,804
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments (note 36) .....	—	—	226,119	226,119
<b>Liabilities measured at amortized cost:</b>				
Interest-bearing bank and other borrowings (note 33) .....	—	—	8,849,441	8,849,441

## Fair value hierarchy as at December 31, 2013

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets measured at fair value:</b>				
Investment properties (note 16) .....	—	—	10,796,582	10,796,582
<b>Assets measured at amortized cost:</b>				
Loans to joint ventures (note 19) .....	—	—	104,030	104,030
Loans to associates (note 20) .....	—	—	73,884	73,884
	—	—	177,914	177,914
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments (note 36) .....	—	—	256,602	256,602
<b>Liabilities measured at amortized cost:</b>				
Interest-bearing bank and other borrowings (note 33) .....	—	—	13,426,663	13,426,663

The fair values of the non-current portion of loans to joint ventures and associates and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash

flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The Group assessed the credit risks as at the end of the reporting period of loans to joint ventures and associates to be insignificant. The Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the reporting period was assessed to be insignificant.

The details of valuation technique and the inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 16 and note 36, respectively.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

#### **49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

##### *Market risk*

The Group's assets are predominantly in the form of prepaid land lease payments, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

The sensitivity analyses of fair value measurement of investment properties and derivative financial instruments are disclosed in note 16 and note 36 to the Financial Information, respectively.

##### *Interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the Relevant Periods. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.



The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Effect on profit before tax  RMB'000
<b>December 31, 2011</b>		
RMB .....	50	21,378
RMB .....	(50)	(21,378)
<b>December 31, 2012</b>		
RMB .....	50	30,955
RMB .....	(50)	(30,955)
<b>December 31, 2013</b>		
RMB .....	50	34,621
RMB .....	(50)	<u>(34,621)</u>

#### *Foreign currency risk*

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign exchange for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration of Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain amounts due from/(to) related parties denominated in Hong Kong dollars and certain short term deposits denominated in Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign

currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

A reasonably possible change of 5% in the exchange rate between the Hong Kong dollar and the RMB would have no material impact on the Group's profit during the Relevant Periods and there would be no material impact on other components of the Group's equity.

#### *Credit risk*

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. There is no significant concentration of credit risk within the Group.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 39, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits, other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

#### *Liquidity risk*

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. In addition, banking facilities are available for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

#### *Group*

	At December 31, 2011				
	On demand or within 1 year	In the second year	3 to 5 years	Beyond 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings .....	3,045,397	3,471,787	887,123	190,008	7,594,315
Trade payables .....	616,726	1,138,563	—	—	1,755,289
Other payables and accruals .....	321,414	—	—	—	321,414
Due to related parties .....	9,692,241	—	—	—	9,692,241
Derivative financial instruments .....	—	—	178,486	—	178,486
	<u>13,675,778</u>	<u>4,610,350</u>	<u>1,065,609</u>	<u>190,008</u>	<u>19,541,745</u>
Financial guarantees issued: Maximum amount guaranteed (note 39) .....	<u>2,122,724</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,122,724</u>

	At December 31, 2012				
	On demand or within 1 year	In the second year	3 to 5 years	Beyond 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	5,212,341	2,677,433	1,434,137	290,551	9,614,462
Trade payables	411,778	1,930,395	—	—	2,342,173
Other payables and accruals	453,530	—	—	—	453,530
Due to related parties	8,776,820	—	—	—	8,776,820
Derivative financial instruments	—	170,626	70,103	—	240,729
	<u>14,854,469</u>	<u>4,778,454</u>	<u>1,504,240</u>	<u>290,551</u>	<u>21,427,714</u>
Financial guarantees issued: Maximum amount guaranteed (note 39)	<u>2,096,555</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,096,555</u>

	At December 31, 2013				
	On demand or within 1 year	In the second year	3 to 5 years	Beyond 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	5,692,236	4,783,078	3,398,534	772,416	14,646,264
Trade payables	1,132,730	1,413,256	—	—	2,545,986
Other payables and accruals	558,991	—	—	—	558,991
Due to related parties	3,817,171	—	—	—	3,817,171
Derivative financial instruments	171,434	100,088	—	—	271,522
	<u>11,372,562</u>	<u>6,296,422</u>	<u>3,398,534</u>	<u>772,416</u>	<u>21,839,934</u>
Financial guarantees issued: Maximum amount guaranteed (note 39)	<u>2,622,228</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,622,228</u>

#### Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank loans and other borrowings immediately for breach of the relevant financial covenants. There have been no breaches in the financial covenants during the Relevant Periods. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

*Group*

	At December 31,		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings . . . . .	7,045,535	8,849,441	13,426,663
Less: Cash and cash equivalents . . . . .	(1,638,331)	(531,499)	(2,116,401)
Less: Restricted cash . . . . .	(793,471)	(983,861)	(1,410,636)
Net debt . . . . .	4,613,733	7,334,081	9,899,626
Equity attributable to owners of the parent . . . . .	5,864,758	6,903,969	6,989,575
Gearing ratio . . . . .	78.7%	>100%	>100%

### III. EVENTS AFTER THE REPORTING PERIOD

- (a) As part of the Reorganization, in December 2013, the Group entered into an agreement with Yida Group for the acquisition of 49% equity interests in Panasonic Yida at a cash consideration of RMB24.5 million. Upon completion of the acquisition in January 2014, Panasonic Yida became a joint venture of the Group.
- (b) In March 2014, the Group entered into an agreement with an independent third party for the derecognition of a property, which would result in a gain before tax of approximately RMB57.8 million. The transaction has been completed in May 2014.
- (c) Subsequent to the end of the Relevant Periods, the Group entered into supplemental agreements with certain banks and Yida Group to change the borrowing entities under certain existing financing arrangements in an aggregate amount of RMB3,060.0 million from Yida Group to entities within the Group, which has been completed as at the date of this report.

### IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to December 31, 2013.

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
 Hong Kong

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2013, as set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and adjusted as described below.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2013 as if it had taken place on December 31, 2013. This unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Global Offering been completed as of December 31, 2013 or at any future date.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2013	Estimated net proceeds from Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share	
	RMB'000 (note 1)	RMB'000 (note 2)	RMB'000	RMB	HK\$ (note 3)
Based on the low end of the Offer Price range of HK\$2.30 per Share . . . . .	6,980,569	992,993	7,973,562	3.09	3.90
Based on the high end of the Offer Price range of HK\$2.90 per Share . . . . .	6,980,569	1,269,081	8,249,650	3.20	4.03

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2013 has been extracted from the audited consolidated financial information in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at December 31, 2013 of RMB6,989,575,000 with an adjustment for the intangible assets as at December 31, 2013 of RMB9,006,000.
- (2) Estimated net proceeds from the Global Offering are based on 580,000,000 Shares to be issued under the Global Offering and the Offer Price of HK\$2.30 and HK\$2.90 per Offer Share, being the lower end and higher end of the indicative Offer Price range, after deducting underwriting commissions and other estimated expenses payable by the Group in connection with the Global Offering and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option. For illustrative purpose, the estimated net proceeds are translated from Hong Kong dollars into Renminbi at the exchange rate of HK\$1.00 to RMB0.79342 as at June 13, 2014 at the PBOC rate.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is calculated based on 2,580,000,000 Shares expected to be in issue assuming that the Global Offering and the Capitalization Issue had been completed on December 31, 2013, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option. For illustrative purpose, the unaudited pro forma adjusted consolidated net tangible assets per Share is translated from Renminbi to Hong Kong dollars at the exchange rate of HK\$1.00 to RMB0.79342 as at June 13, 2014 at the PBOC rate.

- (4) As of March 31, 2014, our buildings held for own use, land held for development for sale, properties under development and completed properties held for sale were revalued by DTZ, an independent property valuer. The revaluation surplus of these properties will not be incorporated in the Group's financial statements for 2014. If such revaluation surplus were to be incorporated in the Group's financial statements for 2014, the annual depreciation charge would increase by approximately RMB9.2 million.
- (5) No adjustment has been made to the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2013 to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2013.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a letter received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



22nd Floor  
CITIC Tower  
1 Tim Mei Avenue, Central  
Hong Kong

June 17, 2014

The Directors  
Yida China Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Yida China Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at December 31, 2013 and related notes as set out on pages II-1 to II-2 of the prospectus issued by the Company dated June 17, 2014 (the “Prospectus”) (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at December 31, 2013 as if the transaction had taken place at December 31, 2013. 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 December 31, 2013, on which an accountant’s report has been published.

**Directors’ responsibility for the Pro Forma Financial Information**

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

**Reporting Accountant’s responsibilities**

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

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

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

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

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

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

### **Opinion**

In our opinion:

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

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong



*The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market values of the property interests held by the Group as at March 31, 2014.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

June 17, 2014

The Directors  
Yida China Holdings Limited  
Suite 2903, 29/F, AIA Central  
1 Connaught Road  
Central  
Hong Kong

Dear Sirs,

#### **Instructions, Purpose and Date of Valuation**

We refer to your instructions for us to carry out market valuations of the properties owned by Yida China Holdings Limited (referred to as the “Company”), its subsidiaries, joint ventures and associated companies (collectively the “Group”) in the People’s Republic of China (the “PRC”) (as more particularly described in the attached valuation certificates). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of the property interests as at March 31, 2014 (the “date of valuation”).

#### **Basis of Valuation**

Our valuation of each of the property interests represents its market value which in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

#### **Valuation Basis and Assumptions**

Our valuation of each property excludes 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 the course of our valuation of the properties held by the Group in the PRC, we have assumed that transferable land use rights in respect of the properties for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group and the PRC legal opinions of the Company’s legal advisers, Commerce & Finance Law Offices, dated June 17, 2014, regarding the title to the properties and the interests in the properties in the PRC. In valuing the properties, we have assumed that the owners have enforceable title to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor 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 outgoing of any onerous nature which could affect their values.

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 and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institutes of Surveyors.

### **Method of Valuation**

In valuing the property interests in Groups I, II and III which are held by the Group for investment, for sale and for owner occupation respectively in the PRC, we have mainly adopted Investment Approach by considering the capitalized rental incomes derived from the existing tenancies with due provision for any reversionary income potential of the property interests or, wherever appropriate, Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties.

In respect of the property interests in Groups IV and V which are held by the Group under development or for future development respectively in the PRC, except for property No. 37, our valuations are carried out on the basis that each of the properties will be developed and completed in accordance with the Group's latest development proposals provided to us, if any. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposal have been 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 valuing the properties, we have used Investment Approach by capitalizing the rental income derived from the committed tenancies, if any, with due provision for reversionary income potential of the properties or, wherever appropriate, by Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market so as to assess the market value when completed of the properties. The market value when completed represents our opinion of the aggregate values of the development assuming it would have been completed at the date of valuation. In arriving at the final value of the properties, we have also taken into account the development costs expended and the costs that will be expended to complete the development.

In respect of property No. 37 in Group IV, due to the specific nature and restricted use of the buildings and structures, and absence of relevant market evidence, we have valued the property by reference to the Depreciated Replacement Cost ("DRC"). DRC is based on an estimate of the market value for the existing use of the land (which is by reference to relevant land sales comparables subject to appropriate adjustments including but not limited to location, time, size etc.), plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization. The value is subject to service potential of the entity from the use of assets as a whole.

Property Nos. 28, 29 and 51 are subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to these properties on market value basis. For the Group's management reference, however, we are requested to separately assess the worth of these properties in their respective existing state on a non-market value basis. Such worth, known as investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. Investment value of each of these properties to the Group has been

separately stated in the notes of the respective valuation certificate. It must be emphasized that investment value is not market value.

### **Source of Information**

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, site and floor plans, number of units, interest attributable to the Group and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the properties in the PRC provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult your legal advisers regarding the legality and interpretation of these documents.

### **Title Investigation**

We have not been able to cause title searches of the property interests in the PRC but we have been provided with extracts of documents in relation to the titles to the property interests. However, we have not inspected the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

In the course of our valuation of the property interests, we have assumed that transferable land use rights in respect of the property interests for their respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the advice given by the Group regarding the title to each of the property interests and the interests of the Group in the properties. The status of titles and grants of major approvals and licenses (in accordance with the information provided by the Group and the PRC legal opinion) in respect of the property interests are set out in the notes in the respective valuation certificates.

### **Site Inspection**

13 valuers ranking from assistant valuer to senior manager from our Beijing, Chengdu, Dalian, Shenyang and Wuhan offices, inspected the exterior and, wherever possible, the interior of the properties in July and August 2013, and January and February 2014. However, no structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services. Moreover, we have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

**Currency**

Unless otherwise stated, all sums stated in our valuation certificates are in Renminbi (“RMB”) which is the official currency in the PRC.

Yours faithfully,  
For and on behalf of  
**DTZ Debenham Tie Leung Limited**

**Andrew K. F. Chan**  
Registered Professional Surveyor (General Practice)  
Registered China Real Estate Appraiser  
MSc, MHKIS, MRICS  
Senior Director, Valuation & Advisory Services

*Note: Mr. Andrew K. F. Chan is Registered Professional Surveyor who has over 26 years' experience in the valuation of properties in the PRC.*

## SUMMARY OF VALUATIONS

Property	Market value in existing state as at March 31, 2014	Interest attributable to the Group	Market value in existing state attributable to the Group as at March 31, 2014
	RMB	%	RMB
<b>Group I – Property interests held by the Group for investment in the PRC</b>			
1. Portions of Dalian Software Park held for investment, Ganjingzi District, Dalian, Liaoning Province, the PRC	5,302,800,000	100	5,302,800,000
2. No. 25 Software Road and No. 30 North Digital Road, Shahekou District, Dalian, Liaoning Province, the PRC	28,970,000	100	28,970,000
3. Phases II/III/IV/IV-2/IV-3/IV-4/IIIC-7 of Student Apartment and Student Service Centre, North Shuma Road and Shuma Square, Shahekou District, Dalian, Liaoning Province, the PRC	1,806,000,000	100	1,806,000,000
4. Block K, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	658,000,000	100	658,000,000
5. Blocks 1 and 2, Dalian Ascendas IT Park, Qixianling Huixian Park, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	1,678,000,000	50	839,000,000
6. Basement 1 and Level 1, Yida New World, east of Minyun Street, west of Dongbei Road, north of Wusi Road and south of Jianye Street, Xigang District, Dalian, Liaoning Province, the PRC	181,100,000	100	181,100,000
7. Portions of Supreme Mansion held for investment, Qingcheng Mountain Town, Dujiangyan City, Sichuan Province, the PRC	35,000,000	100	35,000,000
8. Plots B02/D22/C10/E29 of Dalian Tiandi, North of Lvshun South Road, Gaoxinyuan District, Dalian, Liaoning Province, the PRC	1,320,000,000	30	396,000,000
9. Portions of Plots D14/D10 of Dalian Tiandi held for investment, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	913,000,000	30	273,900,000
<b>Sub-total of Group I:</b>	<b>11,922,870,000</b>		<b>9,520,770,000</b>

**APPENDIX III**
**PROPERTY VALUATION REPORT**

Property	Market value in existing state as at March 31, 2014 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at March 31, 2014 RMB
<b>Group II – Property interests held by the Group for sale in the PRC</b>			
10. Unsold units in Zone A of Blue Mountain, Dalian, Liaoning Province, the PRC	230,000,000	100	230,000,000
11. Unsold units in Phase IV, The Fifth County, Xiaoxinzhazi Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	517,000,000	100	517,000,000
12. Unsold units in Phases I, II and III, The Fifth County, Xiaoxinzhazi Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	382,000,000	100	382,000,000
13. Unsold units in Jade Garden, East of Hongling Road, Dalian High-Tech Industrial Zone, Dalian, Liaoning Province, the PRC	151,000,000	100	151,000,000
14. Unsold units in Phase I of Yida Forever, No. 116 Shuangyuan Road, Dongling District, Shenyang, Liaoning Province, the PRC	71,000,000	100	71,000,000
15. Unsold units in Eastern Santaclara Phase I, Hongling Road, Miaoling Village, High Tech Industrial Zone District, Dalian, Liaoning Province, the PRC	423,000,000	100	423,000,000
16. Unsold units in Provence Ambo Valley, Pochegou, Lvshun South Road, High Tech Industrial Zone, Dalian, Liaoning Province, the PRC	1,420,000,000	59.5	844,900,000
17. Unsold units in Softview E-Dream, situated at the northeast corner of Shuma Square, High Tech Industrial Zone, Dalian, Liaoning Province, the PRC	145,000,000	100	145,000,000
18. Unsold units in Warm Maner, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	1,457,000,000	100	1,457,000,000

## APPENDIX III

## PROPERTY VALUATION REPORT

Property	Market value in existing state as at March 31, 2014	Interest attributable to the Group	Market value in existing state attributable to the Group as at March 31, 2014
	RMB	%	RMB
19. Unsold units in Phase I of Perfect Garden, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	287,000,000	100	287,000,000
20. Unsold units in Gingko Garden, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	275,000,000	100	275,000,000
21. Portions of Supreme Mansion, Qingcheng Mountain Town held for sale, Dujiangyan City, Sichuan Province, the PRC	107,000,000	100	107,000,000
22. Unsold units in Centrium, Building No. 3, Bai Jia Zhuang Bei Li, Chaoyang District, Beijing, the PRC	505,000,000	35	176,750,000
23. Unsold units of Plot E06 of Dalian Tiandi, W2-A of Huangnichuan, North of Lvshun South Road, Gaoxinyuan District, Dalian, Liaoning Province, the PRC	532,000,000	30	159,600,000
24. Unsold units of Plot C14 of Dalian Tiandi, W2-A of Huangnichuan, North of Lvshun South Road, Gaoxinyuan District, Dalian, Liaoning Province, the PRC	37,000,000	30	11,100,000
25. Unsold units in Phase II of Eastern Santaclara, Hongling Road, Miaoling Village, High Tech Industrial Zone, Dalian, Liaoning Province, the PRC	881,000,000	100	881,000,000
<b>Sub-total of Group II:</b>	<b><u>7,420,000,000</u></b>		<b><u>6,118,350,000</u></b>
<b>Group III – Property interests held by the Group for owner occupation in the PRC</b>			
26. Various units in Yida Plaza 4, No. 93 Dongbei Road, Shahekou District, Dalian, Liaoning Province, the PRC	250,000,000	100	250,000,000
27. Portions of Block 8 of Dalian Software Park held for owner occupation, No. 1 Shuma Square, Shahekou District, Dalian, Liaoning Province, the PRC	24,500,000	100	24,500,000
<b>Sub-total of Group III:</b>	<b><u>274,500,000</u></b>		<b><u>274,500,000</u></b>

**APPENDIX III**
**PROPERTY VALUATION REPORT**

Property	Market value in existing state as at March 31, 2014 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at March 31, 2014 RMB
<b>Group IV – Property interests held by the Group under development in the PRC</b>			
28. Office development of Ambo Valley, Zone A Pochevou, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	No commercial value (See Note 1)	100	No commercial value (See Note 1)
29. Phase I of office development of Information Valley, situated in Liangjiabeigou, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	No commercial value (See Note 2)	100	No commercial value (See Note 2)
30. Block J, H and I, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	1,162,000,000	100	1,162,000,000
31. ButterFly Garden and Public Rental Housing Project, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	1,147,000,000	100	1,147,000,000
32. Phase V, The Fifth County, Xiaoxinzhaizi Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	1,190,000,000	100	1,190,000,000
33. Sunny Bay and Phase II of Perfect Garden, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	1,456,000,000	100	1,456,000,000
34. Supreme City, Groups 4 and 5, Guanfeng Village, Xingfu Town, Dujiangyan, Sichuan Province, the PRC	179,000,000	100	179,000,000
35. Phase III of Eastern Santaclara, Hongling Road, Miaoling Village, High Tech Industrial Zone District, Dalian, Liaoning Province, the PRC	1,404,000,000	100	1,404,000,000
36. Provence Stone Valley, Liangjianangou, Lvshun South Road, High Tech Industrial Zone, Dalian, Liaoning Province, the PRC	2,198,000,000	59.5	1,307,810,000



## APPENDIX III

## PROPERTY VALUATION REPORT

Property	Market value in existing state as at March 31, 2014	Interest attributable to the Group	Market value in existing state attributable to the Group as at March 31, 2014
	RMB	%	RMB
37. Cultural and Sports Center, Sanbali Village, Shuishiyang Street, Lvshunkou District, Dalian, Liaoning Province, the PRC	136,000,000	100	136,000,000
38. Phases I and II, First County, Sanbali Village, Shuishiyang Street, Lvshunkou District, Dalian, Liaoning Province, the PRC	1,711,000,000	52.57	899,472,700
39. Phases II and III of Yida Forever, No. 116 Shuangyuan Road, Dongling District, Shenyang, Liaoning Province, the PRC	588,000,000	100	588,000,000
40. Triumph Hill Project, North of Jiaotongkouan School, Changchun Road, Xigang District, Dalian, Liaoning Province, the PRC	858,000,000	100	858,000,000
41. Zones B, C and D of Blue Mountain, Longwangtang Street, Yanchang New Village, Lvshunkou District, Dalian, Liaoning Province, the PRC	1,692,000,000	100	1,692,000,000
42. Hekou Bay Project, Dalian Tiandi, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	5,660,500,000	30	1,698,150,000
43. Plots D14/D10 under construction of Dalian Tiandi, North of Lvshun South Road, Gaoxinyuan District, Dalian, Liaoning Province, the PRC	508,000,000	30	152,400,000
44. Residential project under construction of Dalian Tiandi, North of Lvshun South Road, Gaoxinyuan District, Dalian, Liaoning Province, the PRC	870,000,000	30	261,000,000
<b>Sub-total of Group IV:</b>	<b>20,759,500,000</b>		<b>14,130,832,700</b>

**Group V – Property interests held by the Group for future development in the PRC**

45. Phase III, First County, Sanbali Village, Shuishiyang Street, Lvshunkou District, Dalian, Liaoning Province, the PRC	266,000,000	100	266,000,000
46. Springfield•Eternity, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	151,000,000	100	151,000,000

**APPENDIX III**
**PROPERTY VALUATION REPORT**

	Property	Market value in existing state as at March 31, 2014	Interest attributable to the Group	Market value in existing state attributable to the Group as at March 31, 2014
		RMB	%	RMB
47.	Lakeside Square, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	42,000,000	100	42,000,000
48.	Grand Manor, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	936,500,000	100	936,500,000
49.	Office Project 020, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	106,000,000	100	106,000,000
50.	Sites L, M and G, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	566,000,000	100	566,000,000
51.	The office project, Information Valley Phase II, situated in Liangjiabeigou, north of Lvshun South Road, High-tech Industrial Park, Dalian, Liaoning Province, the PRC	No commercial value (See Note 3)	100	No commercial value (See Note 3)
52.	The residential project of Information Valley, Plot B situated in Liangjiabeigou, north of Lvshun South Road, High-tech Industrial Park, Dalian, Liaoning Province, the PRC	551,500,000	100	551,500,000
53.	Land for retail development of Qingyun, Qingyun Street, Zhongshan District, Dalian, Liaoning Province, the PRC	1,016,000,000	100	1,016,000,000
54.	Land for residential development of Qingyun, Qingyun Street, Zhongshan District, Dalian, Liaoning Province, the PRC	2,640,000,000	25	660,000,000
55.	Project Gorky Road, north of Gaoerji Road, Dalian, Liaoning Province, the PRC	2,682,000,000	100	2,682,000,000

## APPENDIX III

## PROPERTY VALUATION REPORT

Property	Market value in existing state as at March 31, 2014	Interest attributable to the Group	Market value in existing state attributable to the Group as at March 31, 2014
	RMB	%	RMB
56. The remaining undeveloped land of Dalian Ascendas IT, north of Lvshun South Road, Qixianling, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	188,000,000	50	94,000,000
57. Phase VI, The Fifth County, Xiaoxinzhazi Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	46,600,000	100	46,600,000
58. Starbridge, No. 100 Starbridge Street, Jinjiang District, Chengdu, Sichuan Province, the PRC	29,000,000	80	23,200,000
59. Phases II, III, IV and V of Wuhan First City, Wuhan, Hubei Province, the PRC	508,500,000	50	254,250,000
60. The land for scientific research of Dalian Tiandi, North of Lvshun South Road, Gaoxinyuan District, Dalian, Liaoning Province, the PRC	1,074,500,000	30	322,350,000
61. The land for residential and commercial of Dalian Tiandi, North of Lvshun South Road, Gaoxinyuan District, Dalian, Liaoning Province, the PRC	964,500,000	30	289,350,000
62. Spring Field and Softview, East Lake High-Tech Development Zone, Wuhan, Hubei Province, the PRC	769,500,000	100	769,500,000
<b>Sub-total of Group V:</b>	<b>12,537,600,000</b>		<b>8,776,250,000</b>
<b>Grand Total:</b>	<b>52,914,470,000</b>		<b>38,820,702,700</b>

*Notes:*

- (1) According to its Grant Contract of Land Use Rights, Property No. 28 (Office development of Ambo Valley) is subject to sale, lease and transfer restrictions. As advised by the Company, full land premium was paid for the land use rights of granted land. The Company has subsequently applied to the local government which approved letting of the property to certain types of tenants on March 21, 2014. However, the property is still subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to assess the worth of the property in its existing state on a non-market value basis. Such worth, known as investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasized that investment value is not market value.

Having regard to the above, the investment value of the property in existing state as at March 31, 2014 to the Group was RMB417,000,000 (100% interest attributable to the Group: RMB417,000,000).

- (2) According to its Grant Contract of Land Use Rights, Property No. 29 (Phase I of office development of Information Valley) is subject to sale, lease and transfer restrictions. As advised by the Company, full land premium was paid for the land use rights of granted land. The Company has subsequently applied to the local government which approved letting of the

property to certain types of tenants on March 21, 2014. However, the property is still subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to assess the worth of the property in its existing state on a non-market value basis. Such worth, known as investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasized that investment value is not market value.

Having regard to the above, the investment value of the property in existing state as at March 31, 2014 to the Group was RMB639,000,000 (100% interest attributable to the Group: RMB639,000,000).

- (3) According to its Grant Contract of Land Use Rights, Property No. 51 (The office project, Information Valley, Phase II) is subject to sale, lease and transfer restrictions. As advised by the Company, full land premium was paid for the land use rights of granted land. The Company has subsequently applied to the local government which approved letting of the property to certain types of tenants on March 21, 2014. However, the property is still subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to assess the worth of the property in its existing state on a non-market value basis. Such worth, known as investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasized that investment value is not market value.

Having regard to the above, the investment value of the property in existing state as at March 31, 2014 to the Group was RMB169,500,000 (100% interest attributable to the Group: RMB169,500,000).

***As described in Notes 1 to 3 above, for the Group's management reference, we have separately assessed the investment value of certain properties on a non-market value basis. Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasized that investment value is not market value.***

***Having regard to the above, the investment values of such properties in their respective existing state as at March 31, 2014 to the Group are as set out below:-***

Property	Investment value in existing state to the Group as at March 31, 2014	Interest attributable to the Group	Investment value in existing state attributable to the Group as at March 31, 2014
	(RMB)	(%)	(RMB)
28. Office development of Ambo Valley, Zone A Pochevou, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	417,000,000 (see Note 1)	100%	417,000,000 (see Note 1)
29. Phase I of office development of Information Valley, situated in Liangjiabeigou, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	639,000,000 (see Note 2)	100%	639,000,000 (see Note 2)
51. The office project, Information Valley Phase II, situated in Liangjiabeigou, north of Lvshun South Road, High-tech Industrial Park, Dalian, Liaoning Province, the PRC	169,500,000 (see Note 3)	100%	169,500,000 (see Note 3)
<b>Sub-total:</b>	<b>1,225,500,000</b>		<b>1,225,500,000</b>

## VALUATION CERTIFICATE

## Group I – Property interests held by the Group for investment in the PRC

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>																																																									
1. Portions of Dalian Software Park held for investment, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises portions of 18 office buildings in Dalian Software Park.</p> <p>Developments in the vicinity comprise mainly residential and office buildings, such as Accenture, Genpact, Sony interspersed with a few retail facilities.</p> <p>The property is served by public bus routes No. 3, No. 23, No. 901 etc.</p> <p>The property with a total gross floor area of approximately 431,026.89 sq m.</p> <p>The details are as follows:</p>	As at the date of valuation, parts of the property were let (see Note (1) below).	RMB5,302,800,000  (100% interest attributable to the Group: RMB5,302,800,000)																																																									
	<table border="1"> <thead> <tr> <th><u>Block No.</u></th> <th><u>Gross Floor Area (sq m)</u></th> <th><u>Completion Date</u></th> </tr> </thead> <tbody> <tr><td>2</td><td>23,197.09</td><td>2001</td></tr> <tr><td>3</td><td>38,544.04</td><td>2003</td></tr> <tr><td>5</td><td>3,849.07</td><td>2003</td></tr> <tr><td>6</td><td>3,145.99</td><td>2003</td></tr> <tr><td>7</td><td>3,149.11</td><td>2003</td></tr> <tr><td>8 (part)</td><td>5,461</td><td>2004</td></tr> <tr><td>9</td><td>39,947.04</td><td>2004</td></tr> <tr><td>10</td><td>6,639.26</td><td>2005</td></tr> <tr><td>11</td><td>8,369.70</td><td>2005</td></tr> <tr><td>12</td><td>37,637.49</td><td>2008</td></tr> <tr><td>15</td><td>39,412.65</td><td>2006</td></tr> <tr><td>16</td><td>36,413.67</td><td>2006</td></tr> <tr><td>17</td><td>33,009.17</td><td>2008</td></tr> <tr><td>18</td><td>23,858.45</td><td>2012</td></tr> <tr><td>21</td><td>32,684.05</td><td>2012</td></tr> <tr><td>22</td><td>33,419.08</td><td>2010</td></tr> <tr><td>23</td><td>33,094.58</td><td>2010</td></tr> <tr><td>24</td><td>29,195.45</td><td>2010</td></tr> </tbody> </table>	<u>Block No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Completion Date</u>	2	23,197.09	2001	3	38,544.04	2003	5	3,849.07	2003	6	3,145.99	2003	7	3,149.11	2003	8 (part)	5,461	2004	9	39,947.04	2004	10	6,639.26	2005	11	8,369.70	2005	12	37,637.49	2008	15	39,412.65	2006	16	36,413.67	2006	17	33,009.17	2008	18	23,858.45	2012	21	32,684.05	2012	22	33,419.08	2010	23	33,094.58	2010	24	29,195.45	2010		
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24	29,195.45	2010																																																										

## Notes:

(1) The tenancy status of the property as at the date of valuation is summarized as follows:

Block No.	Occupancy Rate	Monthly Rent (RMB)	Tenancy Term	Latest Expiry Date
2	88%	1,040,339	1 to 5 years	July 2017
3	30%	511,658	1 to 3 years	July 2016
5	100%	236,505	1 to 3 years	January 2016
6	100%	172,243	4 years	June 2014
7	100%	168,630	8 years	April 2016
8	25%	96,763	1 to 2 years	September 2016
9	92%	1,766,155	1 to 3 years	February 2019
10	78%	318,190	1 to 3 years	December 2019
11	98%	410,639	1 to 5 years	April 2018
12	95%	1,818,735	1 to 8 years	January 2020
15	95%	1,773,800	3 to 5 years	March 9, 2022
16	90%	1,931,405	3 to 5 years	December 29, 2018
17	98%	1,905,316	3 to 5 years	April 15, 2018
18	88%	1,550,000	3 to 10 years	September 2022
21	100%	1,986,878	10 years	December 18, 2021
22-24	89%	4,719,266	3 to 5 years	July 6, 2028

(2) Pursuant to 11 State-owned Land Use Rights Certificates, the land use rights of the property have been vested in 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company). The details are as follows:

Block No.	Certificate No.	Use	Site Area (sq m)	Issue Date	Expiry Date
2	(2003) 12042	Industrial	9,764.4	August 5, 2003	September 17, 2050
3	(2002) 12028	Industrial	16,033.4	August 2, 2002	July 31, 2052
5/6/7	(2005) 05017	Industrial	5,439.2	September 26, 2005	November 30, 2050
8	(2004) 12021	Industrial	3,330.1	August 5, 2004	November 30, 2050
9	(2005) 05009	Industrial	14,593.5	August 26, 2005	March 14, 2055
10	(2004) 12020	Industrial	4,398.7	February 17, 2005	November 30, 2050
11	(2004) 12019	Industrial	6,851.88	February 17, 2005	November 30, 2050
12/15/16/17	200505014	Industrial	74,421.0	September 9, 2005	March 14, 2055
18	(2008) 05023	experimental and design	9,658.9	February 28, 2008	April 30, 2057
21 to 24	200805013	Industrial	55,828.90	April 15, 2008	May 27, 2051

**APPENDIX III**
**PROPERTY VALUATION REPORT**

(3) Pursuant to 45 Building Ownership Certificates, the building ownership of the property has been vested in 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company). The details are as follow:

<b>Block No.</b>	<b>Certificate No.</b>	<b>Gross Floor Area (sq m)</b>	<b>Issue Date</b>	<b>Address</b>	<b>No. of Storey</b>
2	20022295	6,792.06	December 6, 2002	Nos. 31, 33 and 35 Ruanjianyuan Road, Ganjingzi District, Dalian	5
	20022294	4,468.58	December 6, 2002		
	20022293	6,735.56	December 6, 2002		
	20022296	5,200.89	December 6, 2002		
3	20032344	7,824.68	December 24, 2003	No. 5 Ruanjianyuan East Road, Ganjingzi District, Dalian	7
	20032346	4,448.15	December 24, 2003		
	20032345	26,271.21	December 24, 2003		
5	20031488	3,849.07	--	Nos. 17 and 19 North of Shuma Road, Shahekou District, Dalian	5
6	20031490	3,145.99	--	Nos. 13 and 15 North of Shuma Road, Shahekou District, Dalian	5
7	20031491	3,149.11	--	Nos. 1 and 3 North of Shuma Road, Shahekou District, Dalian	5
8	20050492	9,012.74	March 3, 2005	No. 1 Shuma Square, Shahekou District	5
9	20055143	5,961.80	December 16, 2005	Basement 1, No. 18 Ruanjianyuan Road, Shahekou, District	11
	20055134	4,422.07		Level 1, No. 18 Ruanjianyuan Road, Shahekou, District	
	20055142	4,209.84		Level 2, No. 18 Ruanjianyuan Road, Shahekou, District	
	20055152	4,993.45		Level 3, No. 18 Ruanjianyuan Road, Shahekou, District	
	20055150	4,959.33		Level 4, No. 18 Ruanjianyuan Road, Shahekou, District	
	20055148	4,935.51		Level 5, No. 18 Ruanjianyuan Road, Shahekou, District	
	20055145	1,509.97		Level 6, No. 18 Ruanjianyuan Road, Shahekou, District	
	20055144	8,955.07		Levels 7-10, No. 18 Ruanjianyuan Road, Shahekou, District	
10	20063370	2,377.27	July 20, 2006	Basement 1, No. 3 Shuma Square, Shahekou District	5
	20063369	913.76		Level 1, No. 3 Shuma Square, Shahekou District	
	20063368	1,071.56		Level 2, No. 3 Shuma Square, Shahekou District	
	20063367	1,153.18		Level 3, No. 3 Shuma Square, Shahekou District	
	20063366	1,123.49		Level 4, No. 3 Shuma Square, Shahekou District	
11	20063339	3,105.09	July 17, 2007	Basement 1, No. 5 Shuma Square, Shahekou District	5
	20063330	160.99		Unit 1 of Level 1, No. 5 Shuma Square, Shahekou District	
	20063499	37.35	July 26, 2007	Unit 3 of Level 1, No. 5 Shuma Square, Shahekou District	
	20063332	583.19		Unit 4 of Level 1, No. 5 Shuma Square, Shahekou District	
	20063344	1443.33	July 17, 2007	Level 2, No. 5 Shuma Square, Shahekou District	
	20063342	1530.35		Level 3, No. 5 Shuma Square, Shahekou District	
20063347	1509.4	Level 4, No. 5 Shuma Square, Shahekou District			
12	20082731	37,637.49	August 6, 2008	No. 21 Ruanjianyuan East Road, Shahekou District	6

Block No.	Certificate No.	Gross Floor Area (sq m)	Issue Date	Address	No. of Storey
15	20077413 20077416	34,802.91 4,609.74	January 8, 2008	No. 23 East Software Park Road Basement 1 of No. 23 East Software Park Road	6
16	20077415 20077414 20081583 20081584	30,349.91 3,990.44 924.74 1,148.58	January 8, 2008  May 29, 2008	No. 269 Wuyi Road Basement 1 of No. 269 Wuyi Road Unit 1 of Basement 1 of No. 269 Wuyi Road Unit 2 of Basement 1 of No. 269 Wuyi Road	5
17	20082730	33,009.17	August 6, 2008	No. 267 Wuyi Road	5
18	2012001840	23,858.45	2012	No. 1 Xueyuan Square, Shahekou District	7
21	2013004013	32,684.05	July 9, 2013	No. 30 East Software Park Road	11
22	2013004011	33,419.08	July 9, 2013	No. 36 of East Software Park Road	11
23	2013004014	33,094.58	July 9, 2013	No. 40 of East Software Park Road	11
24	2013004012	29,195.45	July 9, 2013	No. 44 of East Software Park Road	11

(4) According to Business License No. 2102001100720, 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company) was established with a registered capital of RMB660,000,000 as a limited company on June 20, 1995.

(5) According to the PRC legal opinion,

(i) A portion of the property is subject to a mortgage;

(ii) 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively;

(iii) The project under construction by 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;

(iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and

(v) As confirmed by 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

(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:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	Yes



(7) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Office	RMB56-71	5%
Retail	RMB113-139	5.5%
Car parking space	RMB330-350	4%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB60 to RMB69 per sq m, the monthly rental levels of major retail premises range from approximately RMB105 to RMB190 per sq m and the monthly rental levels of major car parking spaces range from approximately RMB300 to RMB390 per lot.

We have gathered and analyzed the rates of return of relevant market segment which indicate yields of approximately 5% for office portion, 5.5% for retail portion and 4% for car parking space portion.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalization rates adopted are reasonable having regard to the analyzed yields.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
2. No. 25 Software Road and No. 30 North Digital Road, Shahekou District, Dalian, Liaoning Province, the PRC	<p>No. 25 Software Road comprises a 2-storey commercial podium completed in about 2006. No. 30 North Digital Road is a 2-storey commercial podium completed in about 2010.</p> <p>No. 25 Software Road has a total gross floor area of approximately 562.14 sq m. No. 30 North Digital Road has a total gross floor area of approximately 473.19 sq m.</p> <p>No. 25 Software Road is situated in the East Software Road and Wuyi Road interchange. Developments in the vicinity comprise mainly office buildings, such as Dalian Software Park International Information Service Center, GE Building, interspersed with a few retail facilities.</p> <p>No. 30 North Digital Road is situated in the north-west of Software Park. The property abuts Digital Road to the north. Developments in the vicinity comprise mainly office buildings, such as GE Building, Dalian Software Park International Information Service Center, interspersed with a few retail facilities.</p> <p>The land use rights of No. 25 Software Road have been granted for a term due to expire on March 14, 2055 for industrial use. The land use rights of No. 30 North Digital Road have been granted for terms due to expire on June 29, 2050 for accommodation and catering uses.</p>	<p>As at the date of valuation, No. 25 Software Road was let to a single tenant for a term of 20 years due to expire on November 1, 2026 at a total monthly rent of approximately RMB67,000.</p> <p>No. 30 North Digital Road was let to a single tenant for a term of 20 years due to expire on December 1, 2030 at a total monthly rent of approximately RMB71,000.</p>	<p>RMB28,970,000</p> <p>(100% interest attributable to the Group: RMB28,970,000)</p>

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights have been vested in 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company).

Certificate No.	Location	Site Area (sq m)	Use
No. (2005) 05014	South of Software Road, Dalian	74,421 of which the property forms part	Industrial
No. (2010) 05044	Digital Road and railway interchange	852.9	Accommodation and catering

- (2) Pursuant to Building Ownership Certificates issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the building ownership has been vested in 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company).

Certificate No.	Location	Gross Floor Area (sq m)	Use
No. 20081413	No. 25 Software Road, Shahekou District	562.14	Non-residential
No. 2012007451	No. 30 North Digital Road, Shahekou District	473.19	Commercial

- (3) According to Business License No. 2102001100720, 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company) was established with a registered capital of RMB660,000,000 as a limited company on June 20, 1995.

(4) According to the PRC legal opinion,

- (i) 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) The property is subject to a mortgage; and
- (iii) As confirmed by 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company), except for the mortgage mentioned above the land use rights and property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	Yes

(6) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Retail	RMB155–165	5.5%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major retail premises range from approximately RMB139 to RMB198 per sq m.

We have gathered and analyzed the rates of return of relevant market segment which indicate yields of approximately 5.5% for retail portion.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalization rates adopted are reasonable having regard to the analyzed yields.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
3. Phases II/III/IV/IV-2/IV-3/IV-4/IIIC-7 of Student Apartment and Student Service Centre, North Shuma Road and Shuma Square Shahekou District, Dalian, Liaoning Province, the PRC	<p>The property comprises various student apartment and service units in 26 buildings of 5 to 9 storeys completed between 2002 and 2013.</p> <p>Phase II is situated in the southwest of Shuma Road. The property abuts Accenture Office Buildings to the northeast, Aierfang Kindergarten and Wuyi Road on the south, Cadre's sanitarium of No. 8 in Dalian City, Liaoning Province and Residences on the west and No. 8 Office Building of the Software Park on the east.</p> <p>The remaining property is situated in the northwest of Niujiao Mountain and the north of Shuma Road. The property is located in the campus of Neusoft Institute of Information. The property is less than 2 km to the Shuma Square. The natural environment of the property is good. The property is served by public bus routes.</p> <p>The property has a total gross floor area of approximately 179,568.83 sq m.</p> <p>The land use rights of Phase II of the Student Apartment have been granted for a term due to expire on August 7, 2070 for residential use.</p> <p>The land use rights of the remaining property have been granted for a term due to expire on May 27, 2051 for industrial use.</p>	As at the date of valuation, the property was partly let to a single tenant (see Note (1) below).	RMB1,806,000,000  (100% interest attributable to the Group: RMB1,806,000,000)

## Notes:

(1) The tenancy status of the property as at the date of valuation is summarized as follows:

Portion	Occupancy Rate	Monthly Rent (RMB)	Tenancy Term	Latest Expiry Date
Phase II	89%	415,029	3 years	August 31, 2015
Phase III	100%	547,800	3 years	August 31, 2015
Phase IV	100%	532,400	3 years	August 31, 2015
Phase IV-2	100%	128,200	3 years	August 31, 2015
Phase IV-3	100%	98,800	3 years	August 31, 2015
Phase IV-4	100%	66,000	3 years	August 31, 2015
Student Service Centre	100%	659,771	3 years	August 31, 2015
Phase IIIC-7	100%	96,800	2 years	August 31, 2015

(2) Pursuant to 2 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with a site area of approximately 183,000.90 sq m with details as follows:

Certificate No.	Issue Date	Site Area (sq m)	Land Use	Expiry Date	Owner
(2007) 05063	June 20, 2007	15,392.9	Residential	August 7, 2070	Dalian Software Park Incorporated Company
(2008) 05017	April 15, 2008	167,608	Industrial	May 27, 2051	Dalian Software Park Incorporated Company

- (3) Pursuant to Building Ownership Certificates issued by 大連高新技術產業園區房產局 (Dalian High-tech Industrial Park Real Estate Bureau), the building ownership of the property with a total gross floor area of approximately 179,568.83 sq m has been vested in 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company) with details as follows:

Certificate No.	Location	Issue Date	Gross Floor Area (sq m)	Building Use
20031264	Nos. 5 and North Shuma Road	June 26, 2003	9,932.37	non-residential
20031267	Basement of Nos. 5 and 7 North Shuma Road	June 26, 2003	3,721.82	non-residential
20031266		June 26, 2003	14,314.76	non-residential
20031263	Nos. 9 and 11 North Shuma Road Basement of Nos. 9 and 11 North Shuma Road	June 13, 2003	4,593.70	non-residential
20055085	No. 3 Shuma Park	December 13, 2005	6,217.87	student apartment
20055088	No. 5 Shuma Park	December 13, 2005	6,318.87	student apartment
20055093	No. 7 Shuma Park	December 13, 2005	7,021.51	student apartment
20055101	No. 9 Shuma Park	December 13, 2005	7,018.78	student apartment
20055095	No. 11 Shuma Park	December 13, 2005	7,481.43	student apartment
20055097	No. 13 Shuma Park	December 13, 2005	4,609.58	student apartment
20055102	No. 15 Shuma Park	December 13, 2005	7,423.37	student apartment
20061131	Level 1	March 21, 2006	9,016.39	student apartment
20061130	Level 2	March 21, 2006	8,256.35	student apartment
20061129	Level 3	March 21, 2006	3,482.16	student apartment
20061128	Level 4	March 20, 2006	3,446.99	student apartment
20055104	No. 4 Shuma Park	December 13, 2005	6,854.28	student apartment
20055106	No. 6 Shuma Park	December 13, 2005	6,854.28	student apartment
20055105	No. 8 Shuma Park	December 13, 2005	6,854.28	student apartment
20055099	No. 10 Shuma Park	December 13, 2005	6,188.43	student apartment
20055100	No. 17 Shuma Park	December 13, 2005	4,353.91	student apartment
20055098	No. 19 Shuma Park	December 13, 2005	4,353.91	student apartment
20055082	No. 21 Shuma Park	December 13, 2005	4,353.91	student apartment
20055096	No. 23 Shuma Park	December 13, 2005	5,332.49	student apartment
20070056	No. 31 Shuma Park	January 10, 2007	3,292.85	student apartment
20070053	No. 39 Shuma Park	January 10, 2007	7,427.51	student apartment
2008004977	No. 27 Shuma Park	November 19, 2008	2,821.28	non-residential
2008004976	No. 29 Shuma Park	November 19, 2008	1,934.70	non-residential
2008004975	No. 33 Shuma Park	November 19, 2008	3,283.50	non-residential
2010003646	No. 25 Shuma Park	September 6, 2010	2,178.45	student apartment
2010003645	No. 35 Shuma Park	September 6, 2010	3,267.75	student apartment
2013009471	No. 37 Shuma Park	December 17, 2013	7,361.35	student apartment

- (4) According to Business License No. 2102001100720, 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company) was established with a registered capital of RMB660,000,000 as a limited company on June 20, 1995.

- (5) According to the PRC legal opinion,

- (i) 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term subject to the mortgage without paying any grant fee or land cost retroactively;
- (ii) A portion of the property is subject to a mortgage; and
- (iii) As confirmed by 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

- (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:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	Yes

(7) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Student apartment	RMB47-52	4.5%
Student service centre	RMB51	5%
Car parking space	RMB309	4%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major apartment range from approximately RMB46 to RMB55 per sq m, the monthly rental levels of major student service centre range from approximately RMB60 to RMB69 per sq m and the monthly rental levels of major car parking spaces range from approximately RMB300 to RMB390 per lot.

We have gathered and analyzed the rates of return of relevant market segment which indicate yields of approximately 4.5% for student apartment portion, 5% for student service centre portion and 4% for car parking space portion.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments including location and environment, accessibility, maintenance standard, size, floor level, and other relevant factors. The capitalization rates adopted are reasonable having regard to the analyzed yields.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014								
4. Block K, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises an office block within an enlarged development under construction known as Dalian BEST City Core Area Business Park. The property was completed in 2013.</p> <p>The property is situated in Dalian BEST City Core Area Business Park. The project abuts planned roads to the east, Block I on the north, Block J on the west and site M on the south.</p> <p>The property has a total gross floor area of approximately 73,810 sq m.</p> <p>As advised by the Group, the details of the development scheme are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>49,628.35</td> </tr> <tr> <td>Underground</td> <td>24,181.65</td> </tr> <tr> <td><b>Total:</b></td> <td><b>73,810.00</b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term due to expire on December 30, 2060 for science and education uses.</p>	Portion	Gross Floor Area (sq m)	Office	49,628.35	Underground	24,181.65	<b>Total:</b>	<b>73,810.00</b>	<p>As at the date of valuation, the property was approximately 75% let for terms of 1 to 3 years at a total monthly rent of RMB1,450,344 with the latest expiry date on April 29, 2014.</p>	<p>RMB658,000,000</p> <p>(100% interest attributable to the Group: RMB658,000,000)</p>
Portion	Gross Floor Area (sq m)										
Office	49,628.35										
Underground	24,181.65										
<b>Total:</b>	<b>73,810.00</b>										

## Notes:

- Pursuant to State-owned Land Use Rights Certificate No. DGGY (2011) 40005 dated January 27, 2011 by 大連市國土資源和房屋局甘井子分局 (Dalian State-owned Land Resources and Housing Bureau Ganjingzi District Branch), the land use rights of the property with a site area of approximately 35,378.20 sq m have been vested in 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.).
- Pursuant to 5 Building Ownership Certificates issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the building ownership of the property has been vested in 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.). The details are as follows:

Certificate No.	Gross Floor Area (sq m)	Issue Date
GYX2013800426	8,902.91	July 12, 2013
GYX2013800425	15,948.85	July 12, 2013
GYX2013800424	8,930.44	July 12, 2013
GYX2013800427	15,846.15	July 12, 2013
GYX2013800423	9,602.31	July 12, 2013
<b>Total</b>	<b>59,230.66</b>	

- According to Completion Acceptance Form No. (2013-006), the property having a total gross floor area of 73,810 sq m is completed.
- According to Business License No. DGSQF2102001110026, 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on June 25, 2010.

- (5) According to the PRC legal opinion,
- (i) 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user and owner of the property. 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
  - (ii) The project has been legally approved by relevant government departments without being repealed, modified and abolished. The company is entitled to develop the project in compliance with the certificates;
  - (iii) According to the Company, the civil defense area, being 12,003 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit;
  - (iv) 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.) has the right to pre-sell the property in specified scope according to the above Pre-sale Permits;
  - (v) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate of the property, 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (vi) As confirmed by 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.), the property has been mortgaged to The Export-Import Bank of China. Except for the mortgage mentioned above, the property is not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (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:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Completion Acceptance Form	Yes
Business License	Yes

- (7) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Office	RMB65	5%
Car parking space	RMB368	3.5%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB60 to RMB69 per sq m and the monthly rental levels of major car parking space range from approximately RMB300 to RMB390 per lot.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
5. Blocks 1 and 2, Dalian Ascendas IT Park, Qixianling Huixian Park, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>Block 1 of Dalian Ascendas IT Park comprises various office units on various levels of an 11-storey office building and 115 car parking spaces on basement levels completed in about 2008.</p> <p>Block 2 of Dalian Ascendas IT Park comprises various office units on various levels of a 15-storey office building completed in about 2010.</p> <p>The property has a total gross floor area of approximately 159,182.81 sq m.</p> <p>The property abuts Lvshun South Road on the north, Shanhaijijia community on the south and a planned road on the west.</p> <p>Developments in the vicinity comprise mainly residential and office buildings, such as Nano Building Jiachuang Building. The property is approximately 16 km from the Dalian railway station. It is served by public bus routes.</p> <p>The land use rights of the property have been granted for a term due to expire on September 26, 2055 for industrial use.</p>	<p>As at the date of valuation, the property was approximately 73% let and subject to various tenancies for terms of about 2 to 5 years with the latest expiry in September 2018 at a total monthly rent of approximately RMB5,500,000.</p> <p>The car parking spaces were available for letting on short term basis.</p>	<p>RMB1,678,000,000</p> <p>(50% interest attributable to the Group: RMB839,000,000)</p>

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. DGY (2005) Z05034 dated November 8, 2005 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property have been vested in 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.). The total area of the land is 275,944.4 sq m.
- (2) Pursuant to 2 Building Ownership Certificates issued by 大連高新技術產業園區房產局 (Dalian High-tech Industrial Park Real Estate Bureau) and 大連高新技術產業園區房屋產權交易中心 (Dalian High-tech Industrial Park Real Estate Exchange Centre), the building ownership of the property with a total gross floor area of approximately 159,182.81 sq m has been vested in 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) with details as follows:

Certificate No.	Location	Gross Floor Area (sq m)	Use	Issue Date
DFQZGZ20080439	No. 1 Qixianling Huixian Park	89,872.32	Non-residential	March 6, 2008
DFQZGZ2012000679	No. 7 Qixianling Huixian Park	69,310.49	Non-residential	March 1, 2012

- (3) According to Business License No. QHLDZZD012188, 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) was established with a registered capital of USD52,720,000 as a limited liability company on November 11, 2004.
- (4) According to the PRC legal opinion,
- 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user and the owner of the property. 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and the building ownership of the property within the land use term subject to the mortgage without paying any grant fee or land cost retroactively;
  - The property is subject to a mortgage;
  - According to the Company, the civil defense area, being 13,090 sq m, is completed. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit; and
  - As confirmed by the Company, except for the mortgage mentioned above, the property is not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	Yes

- (6) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Office	RMB62	5%
Car parking space	RMB325	4%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB54 to RMB66 per sq m and the monthly rental levels of major car parking spaces range from approximately RMB300 to RMB390 per lot.

We have gathered and analysed the rates of return of relevant market segment which indicate yields of approximately 5% for office portion and 4% for car parking space portion.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalization rates adopted are reasonable having regard to the analysed yields.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
6. Basement 1 and Level 1, Yida New World, east of Minyun Street, west of Dongbei Road, north of Wusi Road and south of Jianye Street, Xigang District, Dalian, Liaoning Province, the PRC	<p>The property comprises the 2-storey retail podium of an office building completed in about 2001.</p> <p>The property has a total gross floor area of approximately 10,051.57 sq m.</p> <p>The property abuts Dongbei Road on the east, Minzheng Street on the south, Zhengren Street on the west and Huanghe Road on the north.</p> <p>Developments in the vicinity comprise mainly residential and retail buildings. The property is near Zhongshan Park and is approximately 4 km from the Dalian railway station. It is served by public bus routes.</p> <p>The land use rights of the property have been granted for a term due to expire on February 11, 2038 for commercial use.</p>	As at the date of valuation, the property was fully let to a single tenant for a term of about 1 year due to expire on December 31, 2014 at a total monthly rent of approximately RMB518,000.	RMB181,100,000  (100% interest attributable to the Group: RMB181,100,000)

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. DGY (2004) 02075 dated August 9, 2004 issued by 大連市規劃和國土資源局 (Dalian Planning and Land Resources Bureau), the land use rights of the property with a site area of approximately 1,639.7 sq m have been vested in 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company).
- (2) Pursuant to 2 Building Ownership Certificates Nos. (XGF) 2008402069 and (XGF) 2008402070 dated January 10, 2012 issued by 大連市房地產登記發證中心 (Dalian Real Estate Registration and Issue Centre), the building ownership of the property with a total gross floor area of approximately 10,051.57 sq m has been vested in 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) for use as a commercial podium.
- (3) According to Business License No. DGSQFZ2102001103088, 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) was established with a registered capital of RMB150,000,000 as an incorporated company on May 14, 1988.
- (4) According to the PRC legal opinion,
  - (i) 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) has obtained the land use rights and building ownership of the property and is the legal land user and owner of the property. 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) is entitled to occupy, use, lease or otherwise dispose of the land use rights and the building ownership of the property within the land use term subject to the mortgage without paying any grant fee or land cost retroactively;
  - (ii) The property is subject to a mortgage; and
  - (iii) As confirmed by the Company, except for the mortgaged mentioned above, the land use rights and the building ownership of the property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
 

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	Yes
- (6) In undertaking our valuation, we have made reference to lettings within the subject property as well as other relevant comparable rental evidences ranging from RMB129 per sq m to RMB200 per sq m for office. The monthly market rent adopted in our valuation is approximately RMB156 per sq m which is generally consistent with the comparables after due adjustments including locality, building age, maintenance standard, size, frontage, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 5.0% which is in line with the market norm of similar property types in the area.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
7. Portions of Supreme Mansion held for investment, Qingcheng Mountain Town, Dujiangyan City, Sichuan Province, the PRC	<p>The property comprises portions of multi-storey commercial buildings completed in about 2009.</p> <p>The property is situated in the east of Huaizhong Road. The property is nearby Qingcheng mountain natural scenic area which is well-known in China.</p> <p>Developments in the vicinity comprise mainly villas, low-rise residential buildings and hotels, such as Qingcheng 365 House and Howard Johnson Qingcheng Hotel.</p> <p>The property is approximately 2.5 km to fast rail which connects to Chengdu.</p> <p>The property has a total gross floor area of approximately 4,258.07 sq m.</p> <p>The land use rights of the property have been granted for a term due to expire on September 26, 2075 for residential use.</p>	<p>As at the date of valuation, the property was fully let to a single tenant for a term due to expire on September 30, 2022 at a total monthly rent of approximately RMB129,300.</p>	<p>RMB35,000,000</p> <p>(100% interest attributable to the Group: RMB35,000,000)</p>

**Notes:**

- (1) Pursuant to State-owned Land Use Rights Certificate (2005) 07781 dated November 17, 2005 issued by 都江堰市人民政府 (Dujiangyan People's Government), the land use rights of the property with a site area of approximately 151,561.90 sq m have been vested in 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.).
- (2) Pursuant to Planning Permit for Construction Use of Land No. (2005) 64 dated October 8, 2005 issued by 都江堰市規劃管理局 (the Bureau of Planning and Management Dujiangyan City), the construction site of the property with a net site area of approximately 227.3 mu is in compliance with the requirements of urban planning.
- (3) Pursuant to Planning Permit for Construction Works No. 510181200831007 dated March 3, 2008 issued by 都江堰市規劃管理局 (the Bureau of Planning and Management Dujiangyan City), the property with a total gross floor area of approximately 41,942.91 sq m, including 1,128 sq m of underground, is in compliance with the requirements of urban planning.
- (4) Pursuant to Permit for Commencement of Construction Works No. 510181200804230101 dated April 23, 2008 issued by 都江堰市建設局 (the Bureau of Construction Dujiangyan City), the property with a total gross floor area of approximately 41,942.91 sq m has been permitted to be constructed.
- (5) According to Real Estate Surveying Report No. (2009) 064 of Buildings Nos. 55-66 of Supreme Mansion, the gross floor area of the property for commercial use is 4,258.07 sq m whilst that for underground car parking use is 402.29 sq m.
- (6) According to Business License No. 510181000035346, 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) was established with a registered capital of RMB30,000,000 as a limited company on April 28, 2003.
- (7) According to the PRC legal opinion,
  - (i) 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user and the owner of the property. 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and the building ownership of the property within the land use term without paying any grant fee or land cost retroactively;
  - (ii) The project under construction by 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;

- (iii) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership;
- (iv) A portion of the property is subject to a mortgage; and
- (v) As confirmed by the Company, except for the mortgage mentioned above, the land use rights and the building ownership of the property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (8) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Real Estate Surveying Report	Yes

- (9) Our key assumptions of the valuation are:

<u>Market Monthly Rent (per sq m)</u>	<u>Capitalization Rate</u>
RMB33	6%

In undertaking our valuation, we have made reference to letting within the property as well as other similar properties within the same district. The monthly rental levels of major commercial premises range from approximately RMB16-30 per sq m.

We have gathered and analyzed the rates of return of relevant market segment which indicate that the yields range from 5.14% to 6.28% for commercial premises.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalization rates adopted are reasonable having regard to the analyzed yields.

## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>												
8. Plots B02/D22/C10/E29 of Dalian Tiandi, North of Lvshun South Road, Gaoxinyuan District, Dalian, Liaoning Province, the PRC	<p>Plot B02 comprises 12 buildings of 1-8 storeys completed in about 2011.</p> <p>Plot D22 comprises 2 buildings of 5 storeys completed in about 2011.</p> <p>Plot C10 comprises unsold apartment spaces completed in 2012.</p> <p>Plot E29 comprises unsold retail spaces completed in 2013.</p> <p>The property is situated in the Software Park of Huangnichuan Dalian Tiandi, it abuts Lvshun South Road on the south.</p> <p>Plots B02 and D22 are used as office buildings, Plot C10 is used as apartments and Plot E29 is used as retail building.</p> <p>The property is approximately 22 km to the city centre. The property is connected to the downtown of Lvshun to the west. The natural environment of the property is good. The property is served by public bus routes.</p> <p>The property has a total plot ratio gross floor area of 201,578.61 sq m.</p>	As at the date of valuation, the property was subject to various tenancies (see Note (1) below).	RMB1,320,000,000 (30% interest attributable to the Group: RMB396,000,000)												
	<table border="1"> <thead> <tr> <th><u>Plot</u></th> <th><u>Gross Floor Area (sq m)</u></th> </tr> </thead> <tbody> <tr> <td>B02</td> <td>113,202.38</td> </tr> <tr> <td>D22</td> <td>41,521.19</td> </tr> <tr> <td>C10</td> <td>38,320.71</td> </tr> <tr> <td>E29</td> <td>8,534.33</td> </tr> <tr> <td><b>Total</b></td> <td><b>201,578.61</b></td> </tr> </tbody> </table>	<u>Plot</u>	<u>Gross Floor Area (sq m)</u>	B02	113,202.38	D22	41,521.19	C10	38,320.71	E29	8,534.33	<b>Total</b>	<b>201,578.61</b>		
<u>Plot</u>	<u>Gross Floor Area (sq m)</u>														
B02	113,202.38														
D22	41,521.19														
C10	38,320.71														
E29	8,534.33														
<b>Total</b>	<b>201,578.61</b>														

**Notes:**

(1) The tenancy status of the property as at the date of valuation is summarized as follows:

<u>Plot</u>	<u>Occupancy Rate</u>	<u>Monthly Rent (RMB)</u>	<u>Tenancy Term</u>	<u>Latest Expiry Date</u>
B02	100%	3,120,952	13 years	March 2024
D22	78%	1,036,104	10 years	November 2020
C10	89%	746,909	10 years	December 2022

(2) Pursuant to 4 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Zone Branch), the land use rights of the property has a total site area of approximately 123,404.2 sq m with details as follows:

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Site Area (sq m)</u>	<u>Land Use</u>	<u>Expiry Date</u>	<u>Owner</u>
GXYQGY (2010) D05045	July 5, 2010	73,112	Scientific Research	June 29, 2060	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05089	November 25, 2010	22,505.1	Scientific Research	March 2, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05049	July 19, 2010	15,189.7	residential	June 29, 2080	Dalian Software Park Zhongxing Development Co., Ltd.
GXYQGY (2010) D05052	July 19, 2010	12,597.4	Commercial	June 29, 2050	Dalian Software Park Zhongxing Development Co., Ltd.

- (3) Pursuant to 15 Building Ownership Certificates issued by 大連高新技術產業園區房產局 (Dalian High-tech Industrial Park Real Estate Bureau), the property with a total gross floor area of approximately 163,257.90 sq m has been vested in 大連嘉道科技發展有限公司及大連軟件園中興開發有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd. and Dalian Software Park Zhongxing Development Co., Ltd.) with details as follows:

<u>Certificate No.</u>	<u>Location</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>	<u>No. of Storeys</u>	<u>Building Use</u>
DFQZGDZD2010002265	Nos. 28, 30, 32, 34 Hongchuandong Road, High-tech Industrial Park	May 21, 2010	20,760.61	5	Non-residential
DFQZGDZD2010002264	Nos. 20, 22, 24, 26 Hongchuandong Road, High-tech Industrial Park	May 21, 2010	20,760.58	5	Non-residential
DFQZGDZD2011006660	No. 70A Hongchuandong Road, High-tech Industrial Park	December 30, 2011	7,464.90	6	Non-residential
DFQZGDZD2011006659	No. 70B Hongchuandong Road, High-tech Industrial Park	December 30, 2011	8,575.11	6	Non-residential
DFQZGDZD2011006658	No. 70C Hongchuandong Road, High-tech Industrial Park	December 30, 2011	9,350.07	6	Non-residential
DFQZGDZD2011006657	No. 70D Hongchuandong Road, High-tech Industrial Park	December 30, 2011	7,339.60	5	Non-residential
DFQZGDZD2011006656	No. 70E Hongchuandong Road, High-tech Industrial Park	December 30, 2011	7,731.52	4	Non-residential
DFQZGDZD2011006654	No. 70F Hongchuandong Road, High-tech Industrial Park	December 30, 2011	8,865.51	5	Non-residential
DFQZGDZD2011006653	No. 70G Hongchuandong Road, High-tech Industrial Park	December 30, 2011	16,850.75	8	Non-residential
DFQZGDZD2011006651	No. 70H Hongchuandong Road, High-tech Industrial Park	December 30, 2011	15,697.73	7	Non-residential
DFQZGDZD2011006652	No. 70J Hongchuandong Road, High-tech Industrial Park	December 30, 2011	8,342.27	7	Non-residential
DFQZGDZD2011006650	No. 70K Hongchuandong Road, High-tech Industrial Park	December 30, 2011	6,171.65	6	Non-residential
DFQZGDZD2011006655	No. 70M Hongchuandong Road, High-tech Industrial Park	December 30, 2011	16,134.52	8	Non-residential
DFQZGDZD2011006649	No. 70N Hongchuandong Road, High-tech Industrial Park	December 30, 2011	678.75	1	Non-residential
DFQZGDZD2013004209	No. 61 Weichuan West Street, High-tech Industrial Park	June 24, 2013	8,534.33	5	Retail
<b>Total</b>			<b>163,257.90</b>		

- (4) According to Planning Permit for Construction Use of Land No. DZD201211201058894 dated April 23, 2010 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction site with an area of approximately 39,542.2 sq m is in compliance with the requirements of urban planning.
- (5) According to Planning Permit for Construction Works No. JZD210211201020014 dated July 27, 2010 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the property is permitted to be developed with a total gross floor area of 47,375 sq m.
- (6) According to Permit for Commencement of Construction Works No. 210230201010260501 dated October 26, 2010 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction works of the development are permitted to commence with a total gross floor area of 45,605 sq m.

- (7) According to Construction Works Completion Examination Certificate No. 2012019 dated December 24, 2012 issued by 大連高新技術產業園區建設工程竣工驗收備案部門 (Dalian High-tech Industrial Park Construction Works Completion Examination Bureau), the Construction Works Completion Examination of the development are permitted to commence with a total gross floor area of 46,233.52 sq m.
- (8) According to Real Estate Surveying Report, the gross floor area of Plot C10 is 46,183.99 sq m.
- (9) According to the copy of Business License No. QHLDZZD015895, 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) was established with a registered capital of RMB300,000,000 as a limited company on June 20, 2007.

According to the copy of Business License No. DXGSQFZ 2102311101644 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was established with a registered capital of RMB1,900,000,000 as a limited company on May 16, 2008.

- (10) According to the PRC legal opinion:
- (i) 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) and 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) have obtained the land use rights of the property and are the legal land users and the owners of the property. 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) and 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.
- (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:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes (Part)
Grant Contract of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Construction Works Completion Examination Certificate	Yes
Real Estate Surveying Report	Yes
Business License	Yes

- (12) Our key assumptions of the valuation are:

Portion	Market Monthly Rent (per sq m or per lot)	Capitalization Rate
School	RMB35	5.5%
Office	RMB43	5%
Apartment	RMB34	4.5%
Retail	RMB73	5.5%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB60 to RMB69 per sq m, the monthly rental levels of major apartment premises range from approximately RMB46 to RMB55 per sq m, the monthly rental levels of major retail premises range from approximately RMB90 to RMB140 per sqm.

We have gathered and analyzed the rates of return of relevant market segment which indicate yields of approximately 5.5% for school portion, 5% for office portion, 4.5% for apartment portion and 5.5% for retail portion.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalization rates adopted are reasonable having regard to the analyzed yields.



## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>								
9. Portions of Plots D14/D10 of Dalian Tiandi, held for investment, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises certain completed portions of Dalian Tiandi which is a mega mixed use project being developed in phases. Plot D14 comprises 2 buildings of 6 storeys completed in about 2011.</p> <p>Plot D10 comprises unsold commercial spaces completed in 2013.</p> <p>The property is situated in the Software Park of Huangnichuan Dalian Tiandi, Plot D14 abuts business center and low-carbon park whilst Plot D10 abuts Hongchuan Road on the south.</p> <p>The property is approximately 22 km to the city centre. The property is connected to the downtown of Lvshun to the west. The natural environment of the property is good. The property is served by public bus routes.</p> <p>The property has a total plot ratio gross floor area of 92,548.56 sq m.</p> <table border="1"> <thead> <tr> <th><u>Portion</u></th> <th><u>Gross Floor Area (sq m)</u></th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>51,541.00</td> </tr> <tr> <td>Commercial</td> <td>41,007.56</td> </tr> <tr> <td><b>Total</b></td> <td><b>92,548.56</b></td> </tr> </tbody> </table> <p>The land use rights of Plot D14 have been granted for a term due to expire on March 2, 2056 for scientific research use.</p> <p>The land use rights of Plot D10 have been granted for a term due to expire on June 29, 2050 for commercial use.</p>	<u>Portion</u>	<u>Gross Floor Area (sq m)</u>	Office	51,541.00	Commercial	41,007.56	<b>Total</b>	<b>92,548.56</b>	As at the date of valuation, the property was subject to various tenancies (see Note (1) below).	RMB913,000,000  (30% interest attributable to the Group: RMB273,900,000)
<u>Portion</u>	<u>Gross Floor Area (sq m)</u>										
Office	51,541.00										
Commercial	41,007.56										
<b>Total</b>	<b>92,548.56</b>										

Notes:

- (1) The tenancy status of the property as at the date of valuation is summarized as follows:

<u>The property</u>	<u>Occupancy rate</u>	<u>Monthly Rent (RMB)</u>	<u>Tenancy Term</u>	<u>Latest Expiry Date</u>
Completed parts of D14	83%	1,403,223	10 years	November 2020
Completed parts of D10	55%	650,089	2 to 3 years	—

- (2) Pursuant to 2 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Park Zone Branch), the land use rights of the property have a total site area of approximately 71,427 sq m with details as follows:

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Site Area (sq m)</u>	<u>Land Use</u>	<u>Expiry Date</u>	<u>Owner</u>
GXYQGY (2010) D05088	November 25, 2010	45,096.6	Scientific research	March 2, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05050	July 19, 2010	26,330.4	Commercial	June 29, 2050	Dalian Software Park Zhongxing Development Co., Ltd.

- (3) According to 2 Planning Permits for Construction Land Use issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction site with an area of approximately 124,947.30 sq m is in compliance with the requirements of urban planning.

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Site Area (sq m)</u>
DZD210211200820528	October 6, 2008	67,600
DZD210211201058895	April 23, 2010	57,347.3

- (4) According to 2 Planning Permits for Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the property is permitted to be developed with a total gross floor area of 256,490 sq m.

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
JZD210211200820531	December 29, 2008	162,370
JZD210211201020016	July 27, 2010	94,120

- (5) According to 2 Permits for Commencement of Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction works of the development are permitted to commence with a total gross floor area of 208,656 sq m with details as follows:

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
210211201003250701	March 25, 2010	114,536
210230201010152201	October 10, 2010	94,120

- (6) According to Real Estate Surveying Reports, the gross floor area of the subject property with details as follows:

<u>Phase</u>	<u>Gross Floor Area (sq m)</u>
D14	56,777.45
D10	95,551.23

- (7) According to the copy of Business License No. QHLDZZD015895, 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) was established with a registered capital of RMB300,000,000 as a limited company on June 20, 2007.

According to the copy of Business License No. DXGSQFZ 2102311101644 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was established with a registered capital of RMB1,900,000,000 as a limited company on May 16, 2008.

- (8) According to the PRC legal opinion,

- (i) 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) and 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) have obtained the land use rights of the property and are the legal land users and the owners of the property. 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) and 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.

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

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	No
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Real Estate Surveying Report	Yes (Part)
Construction Works Completion Examination Certificate	No
Business License	Yes

- (10) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Office	RMB43	5%
Retail	RMB73	5.5%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB60 to RMB69 per sq m, the monthly rental levels of major retail premises range from approximately RMB90 to RMB140 per sq m.

We have gathered and analyzed the rates of return of relevant market segment which indicate yields of approximately 5% for office portion, 5.5% for retail portion.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments including location and environment, accessibility, maintenance standard, size, floor level, and other relevant factors. The capitalization rate adopted is reasonable having regard to the analyzed yields.

## VALUATION CERTIFICATE

## Group II – Property interests held by the Group for sale in the PRC

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>
10. Unsold units in Zone A of Blue Mountain, Dalian, Liaoning Province, the PRC	<p>The property comprises unsold townhouses completed in 2012.</p> <p>The property abuts Guoshui Road, Xiaogu Mountain on the northeast, Guoshui Road on the southwest, Zone BCD of Blue Mountain on the west, Shihu Park on the east.</p> <p>Developments in the vicinity comprise mainly residential and colleges, such as Blue Bay, Blue Branch, Dalian Medical University, Dalian Foreign Languages Institute.</p> <p>The property is approximately 1 km to the coastline. The property is connected to the downtown of Lvshun to the west and High-tech Industrial Park to the east. The property is served by public bus routes.</p> <p>The property has a total gross floor area of approximately 9,255.85 sq m.</p> <p>The land use rights of the property have been granted for terms due to expire on March 6, 2079 for residential use and due to expire on March 6, 2049 for commercial use.</p>	As at the date of valuation, the property was vacant.	<p>RMB230,000,000</p> <p>(100% interest attributable to the Group: RMB230,000,000)</p>

Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 827.02 sq m were agreed to be sold at a total consideration of RMB20,624,292. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to State-owned Land Use Rights Certificate No. 0413402 issued by 大連市國土資源和房屋局旅順口國土資源分局 (Lvshunkou Branch Bureau of Dalian State-owned Land Resources and Housing Bureau, Lvshunkou Branch), the land use rights of the property with a site area of approximately 64,244.44 sq m have been vested in 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.).
- (3) According to Planning Permit for Construction Use of Land No. 210212200900002 dated March 2, 2009 issued by 大連市旅順口區規劃局 (Lvshunkou District of Dalian Planning Bureau), the construction site with an area of approximately 265,916.43 sq m is in compliance with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works No. 210212201000006 dated January 8, 2010 issued by 大連市旅順口區規劃局 (Lvshunkou District of Dalian Planning Bureau), the property is permitted to be developed with a total gross floor area of 37,305 sq m.
- (5) According to 2 Permits for Commencement of Construction Works dated April 21, 2010 issued by 大連市旅順口區城市建設管理局 (Lvshunkou District of Dalian Urban Construction Administration Bureau), the construction works of the development are permitted to commence with a total gross floor area of 37,305 sq m with details as follows:

<u>Certificate No.</u>	<u>Gross Floor Area (sq m)</u>
210212201004210401	19,365
210212201004210301	17,940
<b>Total</b>	<b><u>37,305</u></b>

- (6) Pursuant to Construction Works Completion Examination Record Table dated December 3, 2012 issued by 大連市旅順口區建築工程竣工驗收備案部門 (Lvshunkou District of Dalian Construction Project Completion Inspection and Acceptance for the Record Department), the property with a total gross floor area of 37,076.67 sq m was completed with details as follows:

<u>Certificate No.</u>	<u>Gross Floor Area (sq m)</u>
2012-077	19,100.02
2012-076	17,976.65
<b>Total</b>	<b><u>37,076.67</u></b>

- (7) According to Pre-sale Permit No. 20100024 dated September 29, 2010 issued by 大連市旅順口區房產局 (Lvshunkou District of Dalian Housing Bureau), 大連藍灣房地產開發有限公司 (Dalian Lanwan Real Estate Development Co., Ltd.) was permitted for pre-sale of portion of the property with a total gross floor area of 24,856.67 sq m.
- (8) According to Real Estate Surveying Report, the gross floor area of the property for residential use is 24,856.67 sq m.
- (9) According to Business License No. 2102121102015, 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) was established with a registered capital of RMB250,000,000 as a limited company on March 14, 2008.
- (10) According to the PRC legal opinion,
- (i) 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively;
  - (ii) 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) is entitled to pre-sell the property under construction within the pre-sale limit in compliance with Pre-sale Permit;
  - (iii) As confirmed by 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.), a portion of the property is subject to a mortgage, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Real Estate Surveying Report	Yes
Construction Works Completion Examination Record Table	Yes
Business License	Yes

- (12) In valuing the property, we have assumed about RMB24,800 per sq m for the townhouse portion.

In undertaking our valuation, we have made reference to sales prices of townhouse premises within the same district which have characteristics comparable to the property. The prices of townhouse premises range from about RMB19,500 to RMB26,100 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location and environment, accessibility, maintenance standard, size, floor level, and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
11. Unsold units in Phase IV, The Fifth County, Xiaoxinzhaizi Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises the unsold residential, retail and car parking units. The property was completed in 2013.</p> <p>The property is situated in the east of Ganjingzi District Government. The property abuts Yalin Street on the east, Hongyun Road on the south, Yilin Street on the west and Hongxia Road on the north.</p> <p>Developments in the vicinity are mainly residential in nature, such as Guominyuanzi, Ganlanji, Yihelingxiubincheng, interspersed with a few retail facilities.</p> <p>The property is approximately 13 km to the railway station. The property is served by public bus routes. The property has a total gross floor area of approximately 18,004.54 sq m and 26,266 sq m underground.</p> <p>The land use rights of the property have been granted for terms due to expire on November 17, 2074 for residential use and due to expire on November 17, 2044 for commercial use.</p>	As at the date of valuation, the property was vacant.	RMB517,000,000  (100% interest attributable to the Group: RMB517,000,000)

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 6,966.93 sq m were agreed to be sold at a total consideration of RMB177,985,947. We have included such portions in our valuation and taken into account such amount.

According to the information provided by the Company, as at March 31, 2014, 75 car parking lots with a total gross floor area of approximately 3,112.17 sq m were agreed to be sold at a total consideration of approximately RMB13,146,000. We have included such portions in our valuation and taken into account such amount.

- (2) Pursuant to State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property have been vested in 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.). The details are as follows:

Certificate No.	Use	Site Area (sq m)	Issue Date
(2013) 04061	Residential	60,576.2	October 25, 2013
(2013) 04060	Commercial	30,108.2	October 25, 2013

- (3) Pursuant to Planning Permit for Construction Use of Land No. (2007) 0021 dated February 13, 2007 issued by 大連市規劃局 (Dalian Urban Planning Bureau), 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Company Ltd.) was permitted to develop a site located in Xiaoxinzhaizi Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, with a total site area of 462,200 sq m (Zone A1 of 38,600 sq m; Zone A2 of 56,300 sq m; Zone A3 of 99,200 sq m; Zone A4 of 91,700 sq m, Zone A5 of 69,200 sq m; Zone B1 of 23,700 sq m; Zone B3 of 28,000 sq m; Zone B4 of 36,600 sq m; Zone B5 of 28,900 sq m).

- (4) According to Planning Permit for Construction Works No. 210211201000082 dated November 8, 2010 issued by 大連市規劃局 (Dalian Urban Planning Bureau), the construction works of Phase IV of The Fifth County with a total gross floor area of 223,095 sq m are in compliance with the construction works requirements and have been approved.

- (5) Pursuant to 4 Permits for Commencement of Construction Works issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the property with a total gross floor area of approximately 223,095 sq m. The details are as follows:

Certificate No.	Issue Date	Gross Floor Area (sq m)
210201201104260101	April 26, 2011	98,109
210202201102220101	February 22, 2011	49,336
210202201102220201	February 22, 2011	75,650
<b>Total</b>		<b>223,095</b>

- (6) According to 4 Commodity Housing Pre-sale Permits issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), 19 units with a total gross floor area of 167,560 sq m including residential units, residential apartments and retail are permitted for pre-sale with details as follows:

<u>Permit No.</u>	<u>Issue Date</u>	<u>Pre-sale Area (sq m)</u>
20110042	May 27, 2011	54,213
20110036	April 29, 2011	26,190
20110026	March 31, 2011	40,357
20110043	May 27, 2011	46,800
<b>Total</b>		<b><u>167,560</u></b>

- (7) According to Dalian Real Estate Surveying Report of Phase IV, The Fifth County, the gross floor area of the property for commercial use is 225,316.42 sq m.
- (8) According to Business License No. 2102001107929, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) was established with a registered capital of RMB120,000,000 as a limited company on April 21, 2006.
- (9) According to the PRC legal opinion,
- (i) 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abide by the related mortgage contract, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
  - (ii) A portion of the property is subject to a mortgage;
  - (iii) The project under construction by 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iv) According to the Company, the civil defense area, being 4,000 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
  - (v) 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has the right to pre-sell the residential portion in specified scope according the above Pre-sale Permits;
  - (vi) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (vii) As confirmed by 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (10) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Real Estate Surveying Report	Yes
Business License	Yes

(11) In valuing the property, we have assumed about RMB16,400 per sq m for the residential portion, RMB14,000 per sq m for the apartment portion, RMB23,500 per sq m for the commercial portion and RMB190,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of residential, apartment and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB17,000 to RMB21,000 per sq m. The prices of commercial premises range from about RMB16,000 to RMB33,000 per sq m. The prices of car parking spaces range from about RMB130,000 per lot to RMB180,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, accessibility, transportation, maintenance standard, size floor and other relevant factors.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014								
12. Unsold units in Phases I, II and III, The Fifth County, Xiaoxinzaizi Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises the unsold residential, retail and car parking units.</p> <p>The property is situated in the east of Ganjingzi District Government. The property abuts Yilin Street on the east, Hongyu Road on the south, Zhangqian Road on the west and Hongyun Road on the north.</p> <p>Developments in the vicinity are mainly residential in nature, such as Guominyuanzi, Ganlanji, Yihelingxiubincheng, interspersed with a few retail facilities.</p> <p>The property is approximately 14 km to the Qingniwa Bridge retail area. The property is served by public bus routes.</p> <p>The property has a total gross floor area of approximately 13,597.12 sq m and 19,431.48 sq m underground comprising the following:</p>	As at the date of valuation, the property was vacant.	RMB382,000,000  (100% interest attributable to the Group: RMB382,000,000)								
	<p><b>Phase I:</b></p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>6,595.61</td> </tr> <tr> <td>Underground</td> <td>4,018.60</td> </tr> <tr> <td><b>Total:</b></td> <td><b>10,614.21</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Retail	6,595.61	Underground	4,018.60	<b>Total:</b>	<b>10,614.21</b>		
Portion	Gross Floor Area (sq m)										
Retail	6,595.61										
Underground	4,018.60										
<b>Total:</b>	<b>10,614.21</b>										
	<p><b>Phase II:</b></p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Underground</td> <td>10,542.12</td> </tr> <tr> <td><b>Total:</b></td> <td><b>10,542.12</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Underground	10,542.12	<b>Total:</b>	<b>10,542.12</b>				
Portion	Gross Floor Area (sq m)										
Underground	10,542.12										
<b>Total:</b>	<b>10,542.12</b>										
	<p><b>Phase III:</b></p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>7,001.51</td> </tr> <tr> <td>Underground</td> <td>4,870.76</td> </tr> <tr> <td><b>Total:</b></td> <td><b>11,872.27</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Residential	7,001.51	Underground	4,870.76	<b>Total:</b>	<b>11,872.27</b>		
Portion	Gross Floor Area (sq m)										
Residential	7,001.51										
Underground	4,870.76										
<b>Total:</b>	<b>11,872.27</b>										
	<p>The land use rights of the property have been granted for terms due to expire on November 17, 2074 for residential use due to expire on November 17, 2044 for commercial use.</p>										

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property were agreed to be sold. We have included such portions in our valuation and taken into account such amounts. The details are as follows:

Phase	Use	Pre-sale Area (sq m)	Pre-sale Price (RMB)
Phase I	Retail	1,653.63	37,479,575
Phase III	Residential	709.31	13,386,143

## APPENDIX III

## PROPERTY VALUATION REPORT

According to the information provided by the Company, as at March 31, 2014, portions of the car parking lots were agreed to be sold. We have included such portions in our valuation and taken into account such amounts. The details are as follows:

<u>Phase</u>	<u>Pre-sale Car Parking Space (lot)</u>	<u>Pre-sale Area (sq m)</u>	<u>Pre-sale Price (RMB)</u>
Phase II	18	804	3,266,500
Phase III	55	1,717	14,625,000

- (2) Pursuant to State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property have been vested in 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.). The details are as follows:

<u>Certificate No.</u>	<u>Use</u>	<u>Site Area (sq m)</u>	<u>Issue Date</u>
(2010) 04051	Residential	53,950.8	May 25, 2010
(2010) 04053	Residential	99,276.5	May 24, 2010
(2010) 04052	Commercial use	18,900.6	May 24, 2010
(2013) 04062	Residential	91,747.1	October 25, 2013

- (3) Pursuant to Building Ownership Certificates issued by 大連市房地產登記發證中心 (Dalian Real Estate Registration and Issue Centre), the building ownership of the property has been vested in 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.). The details are as follows:

<u>Certificate No.</u>	<u>Use</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
2012800111	Residential	2,623.39	March 30, 2012
2011801134	Non-residential	3,510.45	August 12, 2011
2012800477	Non-residential	3,465.29	October 23, 2012
2011801133	Non-residential	3,543.64	August 12, 2011

- (4) Pursuant to Planning Permit for Construction Use of Land No. (2007) 0021 dated February 13, 2007 issued by 大連市規劃局 (Dalian Urban Planning Bureau), 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Company Ltd.) was permitted to develop a site located in Xiaoxinzhazi Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian with a total site area of 462,200 sq m (Zone A1 of 38,600 sq m; Zone A2 of 56,300 sq m; Zone A3 of 99,200 sq m; Zone A4 of 91,700 sq m; Zone A5 of 69,200 sq m; Zone B1 of 23,700 sq m; Zone B3 of 28,000 sq m; Zone B4 of 36,600 sq m; Zone B5 of 28,900 sq m).

- (5) According to 2 Planning Permits for Construction Works issued by 大連市規劃局 (Dalian Urban Planning Bureau), the construction works of Phase III, The Fifth County with a total gross floor area of 117,878 sq m are in compliance with the construction works requirements and have been approved. The details are as follows:

<u>Permit No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
210211201000028	April 22, 2010	33,749
210211201000068	September 1, 2010	84,129
<b>Total</b>		<b>117,878</b>

- (6) According to 3 Permits for Commencement of Construction Works issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the property has a total gross floor area of approximately 117,878 sq m. The details are as follows:

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
210200201010152301	October 15, 2010	60,167.5
210200201101130101	January 13, 2011	23,961.5
2102000201007220901	July 22, 2010	33,749
<b>Total</b>		<b>117,878</b>

- (7) According to 3 Commodity Housing Pre-sale Permits issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), 24 units with a total gross floor area of 82,055 sq m including residential units and residential apartments are permitted for pre-sale with details as follows:

<u>Permit No.</u>	<u>Issue Date</u>	<u>Pre-sale Area (sq m)</u>
20100060	October 09, 2010	23,368
20110024	May 07, 2011	17,101
20100073	October 28, 2010	41,586
<b>Total</b>		<b><u>82,055</u></b>

- (8) According to 3 Dalian Real Estate Surveying Reports, the areas are as follows:

<u>Phase</u>	<u>Gross Floor Area (sq m)</u>
Phase I	147,981.4
Phase II	92,108.81
Phase III	120,644.32

- (9) According to Construction Works Completion Examination Certificate No. 2013-023 dated July 1, 2013 issued by 大連甘井子區建設工程竣工驗收部門 (Dalian Ganjingzi District Construction Project Completion Inspection and Acceptance for the Record Department), Phase III of the project with a total gross floor area of 94,720 sq m was completed.

- (10) According to Business License No. 2102001107929, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) was established with a registered capital of RMB120,000,000 as a limited company on April 21, 2006.

- (11) According to the PRC legal opinion,

- (i) 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abide by the related mortgage contract, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) A portion of the property is subject to a mortgage;
- (iii) The project under construction by 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
- (iv) According to the Company, the civil defense area, being 9,283 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
- (v) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate of the property, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership;
- (vi) 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has the right to pre-sell the residential portion in specified scope according the above Pre-sale Permits; and
- (vii) As confirmed by 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes (part)
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Real Estate Surveying Report	Yes
Construction Works Completion Examination Certificate	Yes
Business License	Yes

(13) In valuing the property, we have assumed about RMB18,000 to RMB19,000 per sq m for the residential portion, RMB24,000 per sq m for the commercial premises portion and RMB190,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB18,000 to RMB26,000 per sq m. The prices of commercial premises range from about RMB16,000 to RMB33,000 per sq m. The prices of car parking spaces range from about RMB130,000 per lot to RMB180,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, accessibility, transportation, maintenance standard, size, floor and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
13. Unsold units in Jade Garden, East of Hongling Road, Dalian High-Tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises various unsold residential, retail and car parking units in various blocks of 23 or 25 storeys within Jade Garden completed in about 2012.</p> <p>Jade Garden abuts Hongling Road to west, XinXinyuan (新新園) on the south, and Eastern Santaclara (東方聖克拉) on the east and north.</p> <p>Developments in the vicinity comprise mainly residential buildings and schools, such as Project Culture Seine Glamour City (大華錦繡華城), Dalian University of Technology and Dalian Maritime University, interspersed with some retail facilities.</p> <p>The property has a total gross floor area of approximately 21,713.03 sq m.</p>	As at the date of valuation, the property was vacant.	RMB151,000,000  (100% interest attributable to the Group: RMB151,000,000)

Portion	Gross Floor Area (sq m)
Residential	3,033.89
Retail	5,959.14
Underground	12,720.00
<b>Total:</b>	<b>21,713.03</b>

The land use rights of the property have been granted for terms due to expire on September 9, 2079 for residential use and due to expire on September 9, 2049 for commercial use.

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 2,062.37 sq m were agreed to be sold at a total consideration of RMB29,144,001. We have included such portions in our valuation and taken into account such amount. The details are as follow:

Portion	Gross Floor Area (sq m)	Amount (RMB)
Residential	1,443.18	18,435,957
Retail	484.19	10,348,044
Car parking space	135	360,000

- (2) Pursuant to 2 State-owned Land Use Rights Certificates Nos. (2009) 05085 and (2009) 05086 dated October 28, 2009 issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau, High-Tech Zone Branch), the land use rights of the property with a total site area of approximately 29,634 sq m have been vested in 大連軟件園發展有限公司 (Dalian Software Park Development Co. Ltd.).
- (3) Pursuant to 2 Planning Permits for Construction Use of Land Nos. 210211200920569 and 210211200920568 dated May 25, 2009 issued by 大連高新技術產業園區規劃建設局 (Dalian High-Tech Industrial Park Planning and Construction Bureau), the proposed construction land use of the property complies with the town planning requirements and permit for construction of a total site area of 29,634 sq m.
- (4) Pursuant to 2 Planning Permits for Construction Works Nos. 210211200956309 and 210211200956310 dated November 5, 2009 issued by 大連高新技術產業園區規劃建設局 (Dalian High-Tech Industrial Park Planning and Construction Bureau), the construction works with a gross floor area of 100,734 sq m are in compliance with the construction works requirements and have been approved.
- (5) Pursuant to 2 Permits for Commencement of Construction Works Nos. 210211200911173801 and 210211200911173701 dated November 17, 2009 issued by 大連高新技術產業園區規劃建設局 (Dalian High-Tech Industrial Park Planning and Construction Bureau), the construction works with a gross floor area of 100,734 sq m are in compliance with the requirements for works commencement and have been permitted.

- (6) Pursuant to Pre-sale Permit No. 20100018 dated October 15, 2010 issued by 大連高新技術產業園區房產局 (Dalian High-Tech Industrial Park Real Estate Bureau), 大連軟件園發展有限公司 (Dalian Software Park Development Co. Ltd.) were permitted for pre-sale of portion of the property with a total gross floor area of 82,728.11 sq m.
- (7) Pursuant to Construction Works Completion Examination Certificate No. 2012001 dated January 13, 2012 issued by 大連高新技術產業園區建設工程竣工驗收部門 (Dalian High-Tech Industrial Park Construction Project Completion Inspection and Acceptance for the Record Department), the project with a total gross floor area of 100,734 sq m was completed.
- (8) According to 10 Real Estate Surveying Reports of Jade Garden, the total gross floor area of various portions of the project is 100,408.48 sq m. The details are as follows:

Report No.	Address	Gross Floor Area (sq m)
(2011) 030	No. 762 Hongling Road, Ganjingzi District	11,274.21
(2011) 031	No. 766 Hongling Road, Ganjingzi District	12,004.32
(2011) 032	No. 770 Hongling Road, Ganjingzi District	11,471.15
(2011) 033	No. 774 Hongling Road, Ganjingzi District	12,004.32
(2011) 034	No. 780 Hongling Road, Ganjingzi District	12,251.58
(2011) 035	No. 778 Hongling Road, Ganjingzi District	12,129.83
(2011) 036	No. 676 Hongling Road, Ganjingzi District	11,475.87
(2011) 037	No. 676 Hongling Road, Ganjingzi District	3,201.93
(2011) 038	No. 700 Hongling Road, Ganjingzi District	2,585.53
(2011) 039	Civil defense construction, No. 760 Hongling Road, Ganjingzi District	12,009.74

- (9) According to Business License No. 2102311101540, 大連軟件園發展有限公司 (Dalian Software Park Development Co. Ltd.) was established with a registered capital of RMB200,000,000 as a limited company on September 5, 2008.
- (10) According to the PRC legal opinion,
- (i) 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
  - (ii) The project under construction by 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iii) According to the Company, the civil defense area, being 11,100 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連軟件園發展有限公司 (Dalian Software Park Development Co. Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit;
  - (iv) 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has obtained the Civil Defense Facilities Use Rights Certificate and is entitled to lease the property or use it legally;
  - (v) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (vi) As confirmed by 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

(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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Real Estate Surveying Report	Yes
Business License	Yes

(12) In valuing the property, we have assumed about RMB18,100 per sq m for the commercial portion, RMB11,500 per sq m for the residential portion and RMB120,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of commercial, residential and car parking spaces within the same district which have characteristics comparable to the property. The prices of commercial premises range from about RMB19,000 to RMB23,000 per sq m. The prices of residential premises range from about RMB11,070 to RMB13,455 per sq m. The prices of car parking spaces range from RMB110,000 to RMB150,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location, accessibility, maintenance, size, floor and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
14. Unsold units in Phase I of Yida Forever, No. 116 Shuangyuan Road, Dongling District, Shenyang, Liaoning Province, the PRC	<p>The property comprises various unsold townhouses of two storeys within a residential development completed in about 2010 and 2011.</p> <p>Yida Forever is situated in the southwest of Shenyang Botanic Garden. The project abuts planned roads to the north and west, Mountain Fairyland on the east and Poly Twelve Oaks Manor on the south.</p> <p>Developments in the vicinity comprise mainly low density residential projects, such as Mountain Fairyland, Poly Twelve Oaks Manor and Notting Hill British villa.</p> <p>The property has a total gross floor area of approximately 6,515.98 sq m for residential use.</p> <p>The land use rights of the property have been granted for a term due to expire on January 17, 2057 for residential use.</p>	As at the date of valuation, the property was vacant.	RMB71,000,000  (100% interest attributable to the Group: RMB71,000,000)

## Notes:

- (1) Pursuant to 2 State-owned Land Use Rights Certificates Nos. (2007) 001 and (2007) 002 dated January 18, 2007 issued by 瀋陽市規劃和國土資源局棋盤山國際風景旅遊度假區分局 (Qipanshan International Scenery Tourism Development Zone Branch of Shenyang Plan and Land Resources Bureau), the land use rights of the property with a total site area of approximately 132,635.39 sq m have been vested in 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.).
- (2) Pursuant to 50 Initial Registration Certificates of Building Ownership dated October 17, 2011 and April 16, 2012 issued by 瀋陽市房產產權登記發證中心 (Shenyang Housing Registration Certification Center), the building ownership of the portion of the development comprising a total gross floor area of 13,176.3 sq m has been vested in 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.).
- (3) Pursuant to Planning Permit for Construction Use of Land No. (07) 002 dated January 17, 2007 issued by 瀋陽市規劃和國土資源局棋盤山國際風景旅遊度假區分局 (Qipanshan International Scenery Tourism Development Zone Branch of Shenyang Plan and Land Resources Bureau), the construction site with an area of approximately 180,538 sq m is in compliance with the requirements of urban planning.
- (4) Pursuant to Planning Permit for Construction Works No. 210112200812003 dated July 2, 2008 issued by 瀋陽市規劃和國土資源局棋盤山國際風景旅遊度假區分局 (Qipanshan International Scenery Tourism Development Zone Branch of Shenyang Plan and Land Resources Bureau), the construction works with a gross floor area of 22,200.95 sq m are in compliance with the construction works requirements and have been approved.
- (5) Pursuant to 3 Permits for Commencement of Construction Works issued by 瀋陽棋盤山國際風景旅遊度假區建設管理局 (Shenyang Qipanshan International Scenery Tourism Development Zone Construction and Management Bureau), the construction works with a gross floor area of 21,964 sq m are in compliance with the requirements for works commencement and have been permitted. The details are as follows:

Permit No.	Gross Floor Area (sq m)	Issue Date
210112200906290101	10,571	June 29, 2009
210112200906290201	6,187	June 29, 2009
210112201006100101	5,206	June 10, 2010

- (6) Pursuant to 2 Pre-sale Permits Nos. 09377 and 10512 dated November 5, 2009 and November 4, 2010 respectively issued by 瀋陽市房產局 (Shenyang Housing Bureau), 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) were permitted for pre-sale of portion of the property with a total gross floor area of 21,110.76 sq m.



- (7) According to 16 Construction Works Completion Examination Certificates of Phase I of Lujingtianyuan (now known as Yida Forever), Phase I of the project with a total gross floor area of 21,173 sq m was completed. The details were as follows:

<u>Certificate No.</u>	<u>Block No.</u>	<u>Gross Floor Area (sq m)</u>
(2011) 122	1#	1,606
(2011) 123	2#	1,075
(2011) 124	3#	1,060
(2011) 125	4#	1,047
(2011) 126	5#	1,074
(2011) 127	6#	1,078
(2011) 128	7#	1,560
(2011) 129	8#	1,560
(2011) 130	9#	1,602
(2011) 131	10#	1,609
(2011) 132	11#	1,072
(2011) 133	12#	1,602
(2011) 200	13#	1,062
(2011) 201	14#	1,062
(2011) 202	17#	1,552
(2011) 203	18#	1,552

- (8) According to Business License No. 210134000003005, 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) was established with a registered capital of RMB20,000,000 as a limited company on August 5, 2005.

- (9) According to the PRC legal opinion,

- (i) 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) The project under construction by 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
- (iii) 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) has the rights to pre-sell the residential in specified scope according to Pre-sale Permits mentioned above;
- (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
- (v) As confirmed by 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Initial Registration Certificate of Building Ownership	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Construction Works Completion Examination Certificate	Yes
Business License	Yes

(11) In valuing the property, we have assumed about RMB10,900 per sq m for the residential portion.

In undertaking our valuation, we have made reference to sales prices of residential within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB9,500 to RMB12,500 per sq m. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location, accessibility, maintenance, size, floor and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014										
15. Unsold units in Eastern Santaclara Phase I, Hongling Road, Miaoling Village, High Tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises various unsold residential, retail and car parking units within Eastern Santaclara Phase I completed in about 2013.</p> <p>The property is situated in the north of Ruanjianyuan Road and abuts Beichen Road to the east, Hongling Road to the west and the mountain to the north. The property is mainly surrounded by schools, residential, office buildings and commercial buildings.</p> <p>The property is approximately 200 m to Ruanjianyuan Road. The property is served by public bus routes.</p> <p>Eastern Santaclara Phase I has a total unsold gross floor area of approximately 34,229.5 sq m.</p>	As at the date of valuation, the property was vacant.	RMB423,000,000  (100% interest attributable to the Group: RMB423,000,000)										
	<table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>13,439.19</td> </tr> <tr> <td>Retail</td> <td>6,075.31</td> </tr> <tr> <td>Underground</td> <td>14,715</td> </tr> <tr> <td><b>Total:</b></td> <td><b>34,229.5</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Residential	13,439.19	Retail	6,075.31	Underground	14,715	<b>Total:</b>	<b>34,229.5</b>		
Portion	Gross Floor Area (sq m)												
Residential	13,439.19												
Retail	6,075.31												
Underground	14,715												
<b>Total:</b>	<b>34,229.5</b>												
	The land use rights of the property have been granted for a term due to expire on September 9, 2079 for residential use.												

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 10,850.29 sq m were agreed to be sold at a total consideration of RMB86,749,719. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to State-owned Land Use Rights Certificate issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), the land use rights of the property have been vested in 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) with details as follows:

Certificate No.	Site Area (sq m)	Use	Expiry Date
(2009) 05115	66,956.50	Residential	September 9, 2079

- (3) Pursuant to Planning Permit for Construction Use of Land No. 210211200920576 dated October 20, 2009 issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and Construction Bureau), the construction site with an area of approximately 66,956.5 sq m is in compliance with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and Construction Bureau), the construction works of the development are in compliance with the construction works requirements and have been approved. The detail as follows:

Permit No.	Gross Floor Area (sq m)	Issue Date
210211201056286	202,014	February 15, 2010

- (5) According to Permits for Commencement of Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and Construction Bureau), the property with a total gross floor area of approximately 202,014 sq m. The details are as follows:

Permit No.	Gross Floor Area (sq m)	Issue Date
210211201002230201	43,978.00	February 28, 2010
210211201002230301	96,616.00	February 28, 2010
210211201002230401	61,420.00	February 28, 2010

- (6) According to Pre-sale Permit issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) was permitted for pre-sale of portion of the property with details as follows:

<u>Permit No.</u>	<u>Sales Area (sq m)</u>	<u>Issue Date</u>
20100007	142,128.79	May 21, 2010

- (7) According to Real Estate Surveying Report, the gross floor area of the property for residential use is 201,030.41 sq m.
- (8) Pursuant to Construction Works Completion Examination Certificate No. 2013006 dated May 15, 2013 issued by 大連高新技術產業園區建設工程竣工驗收部門 (Dalian High-Tech Industry Park Construction Project Completion Inspection and Acceptance for the Record Department), the project with a total gross floor area of 202,014 sq m was completed.
- (9) According to Business License No. 2102311101540, 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) was established with a registered capital of RMB200,000,000 as a limited liability company on September 5, 2008.
- (10) According to the PRC legal opinion,
- (i) 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
  - (ii) The project under construction by 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iii) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (iv) As confirmed by 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

- (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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Real Estate Surveying Report	Yes
Construction Works Completion Examination Certificate	Yes
Business License	Yes

- (12) In valuing the property, we have assumed about RMB15,600 per sq m for the residential portion, RMB23,800 per sq m for the commercial portion and RMB210,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB13,000 to RMB16,500 per sq m. The prices of commercial premises range from about RMB20,000 to RMB25,000 per sq m. The prices of car parking spaces range from about RMB230,000 to RMB250,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, building age, maintenance standard, size, accessibility, floor level and other relevant factors.

## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>										
16. Unsold units in Provence Ambo Valley, Pochehou, Lvshun South Road, High Tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises various unsold residential, retail and car parking units completed in about 2012.</p> <p>The property is located in the High-Tech Industrial Zone. The property is situated in the south of Lvshun South Road and surrounded by mountain on the south, east and west. Developments in the vicinity are mainly residential in nature, such as Oak Manor, Noble Coastal Garden.</p> <p>The property has a total gross floor area of approximately 129,832 sq m.</p>	As at the date of valuation, the property was vacant.	RMB1,420,000,000  (59.5% interest attributable to the Group: RMB844,900,000)										
	<table border="1"> <thead> <tr> <th><u>Portion</u></th> <th><u>Gross Floor Area (sq m)</u></th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>2,235</td> </tr> <tr> <td>Residential</td> <td>69,417</td> </tr> <tr> <td>Underground</td> <td>58,180</td> </tr> <tr> <td><b>Total:</b></td> <td><b>129,832</b></td> </tr> </tbody> </table>	<u>Portion</u>	<u>Gross Floor Area (sq m)</u>	Retail	2,235	Residential	69,417	Underground	58,180	<b>Total:</b>	<b>129,832</b>		
<u>Portion</u>	<u>Gross Floor Area (sq m)</u>												
Retail	2,235												
Residential	69,417												
Underground	58,180												
<b>Total:</b>	<b>129,832</b>												
	The land use rights of the property have been granted for a term due to expire on August 14, 2080 for residential use.												

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 7,717 sq m were agreed to be sold at a total consideration of RMB92,934,054. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to State-owned Land Use Rights Certificate issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), the land use rights of the property have been vested in 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.) with details as follows:

<u>Certificate No.</u>	<u>Site Area (sq m)</u>	<u>Use</u>	<u>Expiry Date</u>
(2010) 05065	135,354.6	Residential	August 14, 2080

- (3) Pursuant to Planning Permit for Construction Use of Land No. 210211201020013 dated July 27, 2010 issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction site with an area of approximately 135,354.6 sq m is in compliance with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction works of the development are in compliance with the construction works requirements and have been approved with detail as follows:

<u>Permit No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
210211201020034	249,004	October 13, 2010

- (5) According to Permit for Commencement of Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction works with a gross floor area of 249,004 sq m are in compliance with the requirements for works commencement and have been permitted. The details are as follows:

<u>Permit No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
210230201011121001	123,437	November 12, 2010
210230201011121101	125,567	November 12, 2010

- (6) According to Pre-sale Permit issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), 166,319.18 sq m of the property was permitted for pre-sale with detail as follows:

Permit No.	Pre-Sale Area (sq m)	Issue Date
20110008	100,792	May 27, 2011
20110032	13,092.47	February 15, 2011
20120008	52,434.71	May 31, 2012

- (7) Pursuant to Construction Works Completion Examination Certificate No. 2014004 dated March 24, 2014 issued by 大連高新技術產業園區建設工程竣工驗收部門 (Dalian High-Tech Industry Park Construction Project Completion Inspection and Acceptance for the Record Department), the project with a total gross floor area of 249,004 sq m was completed.
- (8) According to Business License No. 019280, 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.) was established with a registered capital of RMB427,600,000 as a limited liability company on April 19, 2010.
- (9) According to the PRC legal opinion,
- According to 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.), part of the property has been sold. 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property (except for the sold real estate). 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
  - The project under construction by 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.) is entitled to pre-sell the property under construction within the pre-sale limit in compliance with Pre-sale Permit;
  - According to the Company, the civil defense area, being 7,299 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
  - State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - As confirmed by 大連軟件園安博開發有限公司 (Dalian Software Park Ambo Development Co., Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (10) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Business License	Yes

- (11) In valuing the property, we have assumed about RMB14,700 per sq m to RMB18,600 per sq m for the residential portion, RMB20,000 per sq m for the commercial portion and RMB226,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB13,000 to RMB16,500 per sq m. The prices of commercial premises range from about RMB20,000 to RMB24,000 per sq m. The prices of car parking spaces range from about RMB230,000 to RMB250,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, building age, maintenance standard, size, accessibility, floor level and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014										
17. Unsold units in Softview E-Dream, situated at the northeast corner of Shuma Square, High Tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises various unsold residential, retail and car parking units within a residential development completed in about 2012.</p> <p>The property has a total gross floor area of approximately 25,165.77 sq m.</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>331.45</td> </tr> <tr> <td>Retail</td> <td>2,554.91</td> </tr> <tr> <td>Underground</td> <td>22,279.41</td> </tr> <tr> <td><b>Total:</b></td> <td><b>25,165.77</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Residential	331.45	Retail	2,554.91	Underground	22,279.41	<b>Total:</b>	<b>25,165.77</b>	As at the date of valuation, the residential and retail portions were vacant, the underground car parking spaces were for letting.	RMB145,000,000  (100% interest attributable to the Group: RMB145,000,000)
Portion	Gross Floor Area (sq m)												
Residential	331.45												
Retail	2,554.91												
Underground	22,279.41												
<b>Total:</b>	<b>25,165.77</b>												
	<p>The land use rights of the property have been granted for a term due to expire on April 30, 2079 for mixed residential land use in urban area and towns.</p>												

## Notes:

- According to the information provided by the Company, as at March 31, 2014, retail portions of the property with a total gross floor area of approximately 436.90 sq m were agreed to be sold at a total consideration of RMB8,780,000. We have included such portions in our valuation and taken into account such amount.
- Pursuant to State-owned Land Use Rights Certificate No. GXYQGY (2009) 05024 dated April 22, 2009 issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau, High-tech Zone Branch), the land use rights of the property with a site area of approximately 21,606.0 sq m have been vested in 大連軟景公寓開發有限公司 (Dalian Softview Apartment Development Co., Ltd.).
- Pursuant to Planning Permit of Construction Use of Land No. 210211200920562 dated April 7, 2009 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction site with an area of approximately 22,000 sq m is in compliance with the requirements of urban planning.
- Pursuant to Planning Permit of Construction Works No. 210211200920536 dated May 18, 2009 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction works with a gross floor area of 128,587.4 sq m are in compliance with the requirements for works requirements and have been approved.
- Pursuant to Permit for Commencement of Construction Works No. 210211200906051001 dated June 5, 2009 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction works with a gross floor area of 128,587.4 sq m are in compliance with the requirements for works commencement and have been permitted.
- Pursuant to Pre-sale Permits Nos. DGFYXZD20090017 and DGFYXZD20110014 dated November 10, 2009 and August 19, 2011 respectively issued by 大連高新技術產業園區房產局 (Dalian High-tech Industrial Park Real Estate Bureau), a gross floor area of 84,283.9 sq m for residential use and a gross floor area of 14,346.45 sq m for commercial use in 3 buildings were permitted for pre-sale.
- Pursuant to Construction Works Completion Examination Certificate No. 2012007 dated June 18, 2012 issued by 大連高新技術產業園區建設工程竣工驗收部門 (Dalian High-tech Zone Construction Project Completion Inspection and Acceptance for the Record Department of Dalian Construction and Management Bureau), the podium, high-rise residential buildings and basement with a total gross floor area of 128,992.74 sq m were completed.
- According to Business License No. DXGSQFZ2102311101536, 大連軟景公寓開發有限公司 (Dalian Softview Apartment Development Co., Ltd.) was established with a registered capital of RMB30,000,000 as a limited company on August 15, 2008.

(9) According to the PRC legal opinion,

- (i) 大連軟景公寓開發有限公司 (Dalian Softview Apartment Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連軟景公寓開發有限公司 (Dalian Softview Apartment Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.
- (ii) The project under construction mentioned above includes civil defense with a total gross floor area of 3,000 sq m completed as confirmed by the company. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連軟景公寓開發有限公司 (Dalian Softview Apartment Development Co., Ltd.) is entitled to lease the property within the permit or dispose in other ways legally after the application and acquisition of the occupation permit.
- (iii) 大連軟景公寓開發有限公司 (Dalian Softview Apartment Development Co., Ltd.) has obtained the Civil Defense Facilities Use Rights Certificate and is entitled to lease the property or use it legally.
- (iv) As confirmed by 大連軟景公寓開發有限公司 (Dalian Softview Apartment Development Co., Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Construction Works Completion Examination Certificate	Yes
Business License	Yes

(11) In valuing the property, we have assumed about RMB15,385 per sq m for the residential portion, RMB28,357 per sq m for the retail portion and RMB150,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of residential premises, retail and car parking spaces within the same district which have characteristics comparable to the property. The prices of domestic premises range from about RMB14,583 to RMB16,000 per sq m. The prices of retail premises range from about RMB15,750 to RMB39,500 per sq m. The prices of car parking spaces are about RMB150,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
18. Unsold units in Warm Maner, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises two plots (035A3 and 035B1) with a total area of approximately 178,606.40 sq m upon which a residential development was erected and completed in about 2013.</p> <p>The property abuts Xinshui Road on the west, a planned road on the north, the third phase project of Dadonggou on the south and a planned road on the east.</p> <p>The property is in the centre of Dalian BEST City Core Area Business Park which will become the science and technology innovation base of Dalian. Developments in the vicinity comprise mainly residential and office buildings with facilities. It is about 30-40 minutes' driving distance from the Dalian railway station. The property is served by public bus routes.</p> <p>As advised by the Group, the property has a total gross floor area of approximately 59,484.75 sq m comprising the following:</p>	As at the date of valuation, the property was vacant.	RMB1,457,000,000  (100% interest attributable to the Group : RMB1,457,000,000)

Portion	Gross Floor Area (sq m)
Residential	59,484.75

The land use rights of the property have been granted for terms due to expire on November 21, 2080 for residential use and due to expire on November 21, 2050 for commercial use.

**Notes:**

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 39,469.30 sq m were agreed to be sold at a total consideration of RMB976,749,044. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to 2 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局甘井子分局 (Dalian State-owned Land Resources and Housing Bureau Ganjingzi Branch), the land use rights of the property with a site area of approximately 178,606.40 sq m, and 80,381.00 sq m of which have been vested in 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.), and 98,225.40 sq m of which have been vested in 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) with details as follows:

Company	Certificate No.	Site Area (sq m)	Use
Dalian Sheng'an Real Estate Development Ltd.	DGGY (2010) 40029	80,381.00	Residential
Dalian Shengren Real Estate Development Ltd.	DGGY (2010) 40033	98,225.40	Residential

- (3) Pursuant to Planning Permit for Construction Use of Land No. DZ210211201010029 and No. DZ210211201010028 dated December 7, 2010 issued by 大連市甘井子區規劃局 (Dalian Ganjingzi District Urban Planning Bureau), the construction site with an area of approximately 303,518.6 sq m is in compliance with the requirements of urban planning.

- (4) According to 2 Planning Permits for Construction Works issued by 大連市甘井子區規劃局 (Dalian Ganjingzi District Urban Planning Bureau), the construction works property with a total gross floor area of 137,344 sq m are in compliance with the works requirement and have been approved.

Permit No.	Gross Floor Area (sq m)	Issue Date
JZ210211201110019	66,535	May 6, 2011
JZ210211201110020	70,809	May 6, 2011

- (5) According to 6 Permits for Commencement of Construction Works issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the construction works of the development are permitted to commence with a total gross floor area of 137,344 sq m with details as follows:

Permit No.	Gross Floor Area (sq m)	Issue Date
210200201106022501	20,063.51	June 2, 2011
210200201106022601	21,720.07	June 2, 2011
210200201106022701	24,751.42	June 2, 2011
210200201106023001	19,634.49	June 2, 2011
210200201106022901	27,433.27	June 2, 2011
210200201106022801	23,741.24	June 2, 2011

- (6) According to 5 Pre-sale Permits issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) was permitted for pre-sale of portion of the property of a total gross floor area of 38,228.00 sq m, and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) was permitted for pre-sale of portion of the property with a total gross floor area of 40,172.00 sq m with details as follows:

Permit No.	Pre-sale Area (sq m)	Issue Date
DFYXZ20110092	26,714.84	September 28, 2011
DFYXZ20110060	11,513.16	July 14, 2011
DFYXZ20120040	5,321.32	June 4, 2012
DFYXZ20110061	22,995.28	July 14, 2011
DFYXZ20110091	11,855.40	September 28, 2011

- (7) According to Business License No. QHLDZZD019587, 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) was established with a registered capital of RMB563,000,000 as a limited liability company on October 8, 2010.

According to Business License No. QHLDZZD019588, 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) was established with a registered capital of RMB257,700,000 as a limited liability company on October 8, 2010.

- (8) According to the PRC legal opinion,
- (i) 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have obtained the land use rights of the property and are the legal land users of the property. 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term subject to the mortgage without paying any grant fee or land cost retroactively;
  - (ii) The project under construction by 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iii) 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have the right to pre-sell the buildings according to the Pre-sale Permits;

- (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership;
- (v) A portion of the property is subject to a mortgage; and
- (vi) As confirmed by 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (9) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate       | Yes |
| Planning Permit for Construction Use of Land  | Yes |
| Planning Permit for Construction Works        | Yes |
| Permit for Commencement of Construction Works | Yes |
| Pre-sale Permit                               | Yes |
| Business License                              | Yes |
- (10) In valuing the property, we have assumed about RMB24,000 per sq m for the townhouse portion.

In undertaking our valuation, we have made reference to sales prices of townhouse premises within the same district which have characteristics comparable to the property. The prices of townhouse premises range from about RMB20,000 to RMB26,000 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including locality, accessibility, building age, maintenance standard, size, floor level and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014								
19. Unsold units in phase I of Perfect Garden, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises two plots (035A2 and 035B2), with a total area of approximately 64,833.60 sq m upon which a residential development was erected and completed in about 2013.</p> <p>The property abuts Xinshui Road on the west, a planned road on the north, the third phase project of Dadonggou on the south and a planned road on the east.</p> <p>The property is in the centre of Dalian BEST City Core Area Business Park which will become the science and technology innovation base of Dalian. Developments in the vicinity comprise mainly residential and, office buildings with retail facilities. It is about 30-40 minutes' driving distance from the Dalian railway station. The property is served by public bus routes.</p> <p>As advised by the Group, the property has a total gross floor area of approximately 29,247.38 sq m comprising the following:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>15,715.36</td> </tr> <tr> <td>Underground</td> <td>13,532.02</td> </tr> <tr> <td><b>Total:</b></td> <td><b>29,247.38</b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms due to expire on November 21, 2080 for residential use and due to expire on November 21, 2050 for commercial use.</p>	Portion	Gross Floor Area (sq m)	Residential	15,715.36	Underground	13,532.02	<b>Total:</b>	<b>29,247.38</b>	As at the date of valuation, the property was vacant.	RMB287,000,000  (100% interest attributable to the Group: RMB287,000,000)
Portion	Gross Floor Area (sq m)										
Residential	15,715.36										
Underground	13,532.02										
<b>Total:</b>	<b>29,247.38</b>										

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 17,656.19 sq m were agreed to be sold at a total consideration of RMB142,174,000. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to 2 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局甘井子分局 (Dalian State-owned Land Resources and Housing Bureau Ganjingzi Branch), the land use rights of the property with a site area of approximately 49,919.00 sq m of which have been vested in 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.), and 14,914.60 sq m of which have been vested in 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) with details as follows:

Company	Certificate No.	Site Area (sq m)	Use
Dalian Sheng'an Real Estate Development Ltd.	DGGY (2010) 40031	49,919.00	Residential
Dalian Shengren Real Estate Development Ltd.	DGGY (2010) 40032	14,914.60	Residential

- (3) Pursuant to Planning Permit for Construction Use of Land Nos. DZ210211201010029 and DZ210211201010028 dated December 7, 2010 issued by 大連市甘井子區規劃局 (Dalian Ganjingzi District Urban Planning Bureau), the construction site with an area of approximately 303,518.6 sq m is in compliance with the requirements of urban planning.

- (4) According to 2 Planning Permits for Construction Works issued by 大連市甘井子區規劃局 (Dalian Ganjingzi District Urban Planning Bureau), the construction works of the property with a total gross floor area of 334,676.00 sq m are in compliance with the works requirements and have been approved.

Permit No.	Gross Floor Area (sq m)	Issue Date
JZ210211201110030	253,145.00	August 22, 2011
JZ210211201110031	81,531.00	August 22, 2011

- (5) According to 2 Permits for Commencement of Construction Works issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the construction works of the development are permitted to commence with a total gross floor area of 167,483.00 sq m with details as follows:

Permit No.	Gross Floor Area (sq m)	Issue Date
210200201109161001	85,952.00	September 16, 2011
210200201109161101	81,531.00	September 16, 2011

- (6) According to 3 Pre-sale Permits issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) was permitted for pre-sale of portion of the property of a total gross floor area of 86,437.00 sq m, and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) was permitted for pre-sale of portion of the property with a total gross floor area of 14,020.00 sq m with details as follows:

Permit No.	Pre-sale Area (sq m)	Issue Date
DFYXZ20110090	12,754.00	September 28, 2011
DFYXZ20120021	73,683.00	April 19, 2012
DFYXZ20110089	14,020.00	September 28, 2011

- (7) According to Business License No. QHLDZZD019587, 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) was established with a registered capital of RMB563,000,000 as a limited liability company on October 8, 2010.

According to Business License No. QHLDZZD019588, 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) was established with a registered capital of RMB257,700,000 as a limited liability company on October 8, 2010.

- (8) According to the PRC legal opinion,
- (i) 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have obtained the land use rights of the property and is the legal land user of the property. 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term subject to the mortgage without paying any grant fee or land cost retroactively;
  - (ii) The project under construction by 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iii) 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have the right to pre-sell the buildings according to the Pre-sale Permits;
  - (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership;

- (v) A portion of the property is subject to a mortgage; and
- (vi) As confirmed by 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (9) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate       | Yes |
| Planning Permit for Construction Use of Land  | Yes |
| Planning Permit for Construction Works        | Yes |
| Permit for Commencement of Construction Works | Yes |
| Pre-sale Permit                               | Yes |
| Business License                              | Yes |
- (10) In valuing the property, we have assumed about RMB14,800 per sq m for the multi-storey residential portion and RMB135,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of multi-storey residential premises and car parking spaces within the same district which have characteristics comparable to the property. The prices of multi-storey residential premises range from about RMB11,500 to RMB14,000 per sq m. The prices of car parking spaces range from about RMB110,000 to RMB160,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, accessibility, building age, maintenance standard, size, floor level and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014										
20. Unsold units in Ginkgo Garden, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises the unsold units of Ginkgo Garden completed in 2013.</p> <p>The property is situated in the centre of Dalian BEST City Core Area Business Park. The property abuts a planned road on the east, vacant land on the south, Yintian Street on the west and Chuihu Road on the north.</p> <p>The property is approximately 19 km to the railway station. The property is served by public bus routes.</p> <p>The property has a total gross floor area of approximately 17,949.55 sq m and a total underground area of 29,672.52 sq m comprising the following:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>1,001.42</td> </tr> <tr> <td>Residential</td> <td>16,948.13</td> </tr> <tr> <td>Underground</td> <td>29,672.52</td> </tr> <tr> <td><b>Total:</b></td> <td><b>47,622.07</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Retail	1,001.42	Residential	16,948.13	Underground	29,672.52	<b>Total:</b>	<b>47,622.07</b>	As at the date of valuation, the property was vacant.	RMB275,000,000  (100% interest attributable to the Group: RMB275,000,000)
Portion	Gross Floor Area (sq m)												
Retail	1,001.42												
Residential	16,948.13												
Underground	29,672.52												
<b>Total:</b>	<b>47,622.07</b>												
	The land use rights of the property have been granted for a term due to expire on December 31, 2080 for residential use.												

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 8,715.32 sq m were agreed to be sold at a total consideration of RMB101,668,488. We have included such portions in our valuation and taken into account such amount.

According to the information provided by the Company, as at March 31, 2014, 21 car parking lots with a total gross floor area of approximately 891 sq m were agreed to be sold at a total consideration of approximately RMB3,315,000. We have included such portions in our valuation and taken into account such amount.

- (2) Pursuant to State-owned Land Use Rights Certificate No. (2010) 40028 dated November 18, 2010 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with a site area of approximately 55,592.20 sq m have been vested in 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.).
- (3) Pursuant to Planning Permit for Construction Use of Land No. 210211201010020 dated October 28, 2010 issued by 大連市甘井子區規劃局 (Dalian Gangjingzi Planning Bureau), the construction site with an area of approximately 55,592.2 sq m is in compliance with the requirements of urban planning.
- (4) Pursuant to Planning Permit for Construction Works No. 210211201010028 dated November 19, 2010 issued by 大連市甘井子區規劃局 (Dalian Gangjingzi Planning Bureau), the construction works of the property with a total gross floor area of 124,380 sq m are in compliance with the works requirements and have been approved .
- (5) Pursuant to Permit for Commencement of Construction Works No. 210200201012302201 dated December 30, 2010 issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the construction works of the development are permitted to commence with a total gross floor area of 124,380 sq m.

- (6) Pursuant to 3 Commodity Housing Pre-sale Permits issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), 14 units with a total gross floor area of 89,032 sq m, including residential units and retail are permitted for pre-sale with details as follows:

<u>Permit No.</u>	<u>Issue Date</u>	<u>Pre-sale Area (sq m)</u>
20110035	April 20, 2011	39,902.97
20110068	August 3, 2011	44,177.03
20110119	December 19, 2011	4,952
<b>Total</b>		<b>89,032</b>

- (7) According to Dalian Real Estate Surveying Report of Gingko Garden, the gross floor area of the property for commercial use is 126,092.01 sq m including civil defense area of 8,528.33 sq m.

- (8) According to Business License No. 2102001110021, 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on June 25, 2010.

- (9) According to the PRC legal opinion,

- (i) 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.
- (ii) The project under construction by 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates.
- (iii) 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) has the rights to pre-sell the residential portions in specified scope according to the above Pre-sale Permits;
- (iv) According to the Company, the civil defense area, being 8,000 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
- (v) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
- (vi) As confirmed by 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Real Estate Surveying Report	Yes
Business License	Yes

- (11) In valuing the property, we have assumed about RMB11,600 per sq m for the residential portion, RMB15,000 per sq m for the commercial portion and RMB150,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB9,600 to RMB11,000 per sq m. The prices of commercial premises range from about RMB16,000 to RMB33,000 per sq m. The prices of car parking spaces range from about RMB130,000 per lot to RMB180,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, accessibility, transportation, maintenance standard, size, floor and other relevant factors.



## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>
21. Portions of Supreme Mansion, Qingcheng Mountain Town held for sale, Dujiangyan City, Sichuan Province, the PRC	<p>The property comprises certain multi-storey residential buildings completed in about 2011.</p> <p>The property is situated in the east of Huaizhong Road. The property is nearby Qingcheng Mountain natural scenic area which is well-known in China.</p> <p>Developments in the vicinity comprise mainly townhouse, low-rise residential and hotel, such as Qingcheng 365 House and Howard Johnson Qingcheng Hotel.</p> <p>The property is approximately 2.5 km to fast rail which connects to Chengdu.</p> <p>The property has a total gross floor area of approximately 9,307 sq m.</p> <p>The land use rights of the property have been granted for a term due to expire on September 26, 2075 for residential use.</p>	As at the date of valuation, the property was vacant.	RMB107,000,000  (100% interest attributable to the Group: RMB107,000,000)

Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 817.30 sq m had been presold at a total consideration of RMB9,810,651. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to State-owned Land Use Rights Certificate No. DGY (2005) 07781 dated November 17, 2005 issued by 都江堰市人民政府 (Dujiangyan People's Government), the land use rights of the property with a site area of approximately 151,561.90 sq m have been vested in 四川億興發展置業有限公司 (Sichuan Yixing Real Estate Development Ltd.).
- (3) Part of the property has been granted with Building Ownership Certificates issued by Dujiangyan Housing Bureau, the details are as follow:

<u>Certificate No.</u>	<u>Block No.</u>	<u>Gross Floor Area (sq m)</u>
0380423	32	2,333.7
0380432	36	1,722.84
0380431	37	2,333.7
0380428	38	1,722.84
0380425	39	1,722.84
0420827	40	1,722.78
0420825	41	1,722.78
0420826	42	2,895.35
0420824	46	495.5
0420823	47	495.5
0420822	48	495.5
<b>Total</b>		<b>17,663.33</b>

- (4) Pursuant to Planning Permit for Construction Use of Land No. (2005) 64 dated October 8, 2005 issued by 都江堰市規劃管理局 (Dujiangyan Planning and Management Bureau), the construction site of the property with a net site area of approximately 227.3 mu is in compliance with the requirements of urban planning.
- (5) Pursuant to Planning Permit for Construction Works No. 510181200831007 dated March 3, 2008 issued by 都江堰市規劃管理局 (Dujiangyan Planning and Management Bureau), the construction works of the property with a total gross floor area of approximately 41,942.91 sq m, including 1,128 sq m of underground, are in compliance with the requirements of urban planning and have been approved.

(6) Pursuant to Permit for Commencement of Construction Works No. 510181200804230101 dated April 23, 2008 issued by 都江堰市建設局 (Dujiangyan Construction Bureau), the property with a total gross floor area of approximately 41,942.91 sq m has been permitted to be constructed.

(7) Pursuant to Pre-sale permit issued by Dujiangyan Housing Bureau, the property was permitted for presale.

<u>Certificate No.</u>	<u>Block No.</u>	<u>Use</u>	<u>Gross Floor Area (sq m)</u>
859	1-14,25	Residential	18,030.89
910	15,18,19,20,24	Residential	8,597.02
886	16-17	Residential	3,946.22
949	21,22,23	Residential	1,319.46
971	26-30,35	Residential	5,732.99
1005	31,32,36-39	Residential	11,559.20
992	33-34,59-63	Commercial/Residential	2,895.49
1032	55-58	Commercial	2,351.94
1077	40-54,64	Residential/Ancillary house	22,471.82
<b>Total</b>			<b>76,905.03</b>

(8) Pursuant to Construction Works Completion Examination Certificates issued by Dujiangyan Construction Bureau, the property was completed.

<u>Certificate No.</u>	<u>Block No.</u>	<u>Gross Floor Area (sq m)</u>
A08-2011-06	15-24	13,862.97
A08-2011-046	26-39	18,289.44
A0 8-2011-63	40-54,64	22,471.82
<b>Total</b>		<b>54,624.23</b>

(9) According to Business License No. 510181000035346, 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) was established with a registered capital of RMB30,000,000 as a limited company on April 28, 2003.

(10) According to the PRC legal opinion,

- (i) 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user and the owner of the property. 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and the building ownership of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) The project under construction by 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
- (iii) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership;
- (iv) A portion of the property is subject to a mortgage; and
- (v) As confirmed by the Company, except for the mortgage mentioned above, the land use right and the building ownership of the property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

(11) In valuing the property, we have assumed about RMB11,500 per sq m for the residential portion.

In undertaking our valuation, we have made reference to sales prices of residential premises with the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB9,500 to RMB11,800 per sq m. The unit rate assumed by us are consistent with the relevant comparable after due adjustments.

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

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes (part)
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Permit for Pre-sale	Yes
Construction works completion examination Certificate	Yes
Business License	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
22. Unsold units in Centrium, Building No. 3, Bai Jia Zhuang Bei Li, Chaoyang District, Beijing, the PRC	<p>The property comprises various unsold residential and retail spaces and car parking spaces on various basement levels completed in 2012.</p> <p>The property is situated on the south of an unnamed road which branches off East 3rd Ring North Road to the west and segregates the property from Pacific Century Place on the north.</p> <p>Developments in the vicinity comprise hotels, commercial buildings and residential developments, such as Zhaolong Hotel, Comfort Inn, Heng An Building, Pacific Century Place, Sanlitun Village, New Sanlitun and Chateau Edinburgh.</p> <p>The property is approximately 80 m to the south of Gong Ren Ti Yu Chang North Road. It is served by public bus routes and Metro Line No. 10.</p> <p>The property has a total gross floor area of approximately 19,022.18 sq m.</p>	As at the date of valuation, the property was vacant.	RMB505,000,000  (35% interest attributable to the Group: RMB176,750,000)
	<b>Portion</b>	<b>Approximate Gross Floor Area (sq m)</b>	
	Residential	6,022.57	
	Retail	608.91	
	Underground	12,390.70	
	Total:	<u>19,022.18</u>	
	The land use rights of the property have been granted for terms due to expire on March 23, 2076, March 23, 2056 and March 23, 2046 for residential use, basement car park and basement office (property management office) use and retail use respectively.		

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 1,947.03 sq m were agreed to be sold at a total consideration of RMB92,762,230. We have included such portion in our valuation and taken into account such amount.
- (2) Pursuant to State-owned Land Use Rights Certificate No. (2009) 0395 dated July 13, 2009 issued by 北京市朝陽區人民政府 (Beijing Chaoyang District Municipal Government), the land use rights of the property with a site area of approximately 14,123.43 sq m have been vested in 北京啟夏房地產開發有限公司 (Beijing Qixia Real Estate Development Co. Ltd.).
- (3) Pursuant to Building Ownership Certificate No. 1188346 issued by 北京市朝陽區房屋管理局 (Beijing Chaoyang District Building Administrative Bureau) dated December 5, 2012, the building ownership of the property having a total gross floor area approximately 48,375.44 sq m has been vested in 北京啟夏房地產開發有限公司 (Beijing Qixia Real Estate Development Co. Ltd.) for residential, retail, car park and others uses.
- (4) According to Business License No. 110000410286609, 北京啟夏房地產開發有限公司 (Beijing Qixia Real Estate Development Co. Ltd.) was established with a registered capital of USD91,000,000 as a limited company on April 21, 2006.

(5) According to the PRC legal opinion,

- (i) 北京啟夏房地產開發有限公司 (Beijing Outsell Health Product Develop Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 北京啟夏房地產開發有限公司 (Beijing Outsell Health Product Develop Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively; and
- (ii) As confirmed by 北京啟夏房地產開發有限公司 (Beijing Outsell Health Product Develop Co., Ltd.), the land use rights and property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

(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:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	Yes

(7) In undertaking our valuation, we have made reference to sales price of residential premises and car parking spaces within the same district which have characteristics comparable to the property. The prices of domestic premises range from about RMB68,001 to RMB90,000 per sq m. The prices of car parking spaces range from about RMB559,000 to RMB851,000 per lot. In valuing the property, we have assumed about RMB73,784 per sq m for the residential portion and RMB824,000 per lot for the car parking space portion which is generally consistent with the comparables after due adjustments including accessibility, age and maintenance, location and environment and other relevant factors.

In undertaking our valuation, we have made reference to lettings of relevant comparable rental evidences ranging from RMB360 per sq m to RMB450 per sq m for level 1 retail premises. The property comprises a clubhouse as well as dozens of residential units. The monthly market rent adopted for clubhouse in our valuation is approximately RMB374 per sq m which is generally consistent with the comparables after due adjustments including use, location and environment, decoration standard and appearance, size and other relevant factors.

The capitalization rate adopted in our valuation is 6% which is in line with the market norm of similar property types in the area.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014										
23. Unsold units of Plot E06 of Dalian Tiandi, W2-A of Huangnichuan, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises unsold townhouse and residential spaces that have been completed in 2012.</p> <p>The property is situated in the west of the Software Park of Huangnichuan Dalian Tiandi, it abuts the business center and experimental school of High-tech Industrial Zone.</p> <p>Developments in Plot E06 comprise mainly residential buildings, such as townhouse and high-rise residential blocks.</p> <p>The property is approximately 22 km to the city centre. The property is connected to the downtown of Lvshun to the west. The natural environment of the property is good. The property is served by public bus routes.</p> <p>The property has a total gross floor area of approximately 54,986.18 sq m.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Portion</th> <th style="text-align: right;">Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Townhouse</td> <td style="text-align: right;">19,533.52</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">4,280.66</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">31,172.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><u>54,986.18</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term due to expire on June 29, 2080 for residential use.</p>	Portion	Gross Floor Area (sq m)	Townhouse	19,533.52	Residential	4,280.66	Underground	31,172.00	<b>Total</b>	<u>54,986.18</u>	As at the date of valuation, the property was vacant.	RMB532,000,000  (30% interest attributable to the Group: RMB159,600,000)
Portion	Gross Floor Area (sq m)												
Townhouse	19,533.52												
Residential	4,280.66												
Underground	31,172.00												
<b>Total</b>	<u>54,986.18</u>												

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 6,917.82 sq m were agreed to be sold at a total consideration of RMB105,288,800. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to State-owned Land Use Rights Certificate No. GXYQGY (2010) D05046 dated July 8, 2010 issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Zone Branch), the land use rights of the property with a site area of approximately 120,522.6 sq m have been vested in 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.).
- (3) According to Planning Permit for Construction Use of Land No. DZD210211201058896 dated April 23, 2010 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction site with an area of approximately 207,576.5 sq m is in compliance with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works No. JZD210211201020011 dated July 25, 2010 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction works of the property with a total gross floor area of 159,187 sq m are in compliance with the works requirements and have been approved.

- (5) According to 2 Permits for Commencement of Construction Works dated August 26, 2010 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction works of the development are permitted to commence with a total gross floor area of 159,187 sq m with details as follows:

<u>Certificate No.</u>	<u>Gross Floor Area (sq m)</u>
210230201008261401	68,186
210230201008261301	91,001
<b>Total</b>	<b><u>159,187</u></b>

- (6) Pursuant to Construction Works Completion Examination Certificate No. 2012010 dated September 6, 2012 issued by 大連高新技術產業園區建設工程竣工驗收備案部門 (Dalian High-tech Industrial Park Construction Works Completion Examination Bureau), the podium and basement with a total gross floor area of 158,325.24 sq m was completed.

- (7) According to 2 Pre-sale Permits issued by 大連高新技術產業園區房產局 (Dalian High-tech Industrial Park Real Estate Bureau), 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was permitted to pre-sell portion of the property with a total gross floor area of 104,002.48 sq m.

<u>Certificate No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
DGFYXZD20100015	45,966	September 30, 2010
DGFYXZD20100020	58,036.48	December 10, 2010
<b>Total</b>	<b><u>104,002.48</u></b>	

- (8) According to Real Estate Surveying Report, the gross floor area of the subject property for residential use is 104,728.85 sq m.

- (9) According to the copy of Business License No. DXGSQFZ 2102311101644 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was established with a registered capital of RMB1,900,000,000 as a limited company on May 16, 2008.

- (10) According to the PRC legal opinion,

- (i) 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user and the owner of the property. 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.

- (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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Construction Works Completion Examination Certificate	Yes
Real Estate Surveying Report	Yes
Business License	Yes

- (12) In valuing the property, we have assumed about RMB24,300 per sq m for the townhouse portion, RMB11,900 per sq m for the residential portion and RMB150,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of townhouse, residential premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of townhouse premises range from about RMB19,500 to RMB26,100 per sq m. The prices of residential premises range from about RMB11,500 to RMB13,700 per sq m. The prices of car parking spaces range from about RMB130,000 to RMB160,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location and environment, accessibility, maintenance standard, size, floor level, and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
24. Unsold units of Plot C14 of Dalian Tiandi, W2-A of Huangnichuan, North of Lvshun South Road, High-Tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises unsold residential spaces completed in 2013.</p> <p>The property is situated in the north of the Software Park of Huangnichuan Dalian Tiandi, it abuts Jinchuan Road on the west.</p> <p>The property is approximately 22 km to the city centre. The property is connected to the downtown of Lvshun to the west. The natural environment of the property is good. The property is served by public bus routes.</p> <p>The property has a total gross floor area of approximately 22,706.17 sq m.</p>	As at the date of valuation, the property was vacant.	RMB37,000,000  (30% interest attributable to the Group: RMB11,100,000)
	<b>Portion</b>	<b>Gross Floor Area (sq m)</b>	
	Residential	205.17	
	Underground	22,501.00	
	<b>Total</b>	<b>22,706.17</b>	
	The land use rights of the property have been granted due to expire on June 29, 2080 for residential use.		

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 205.17 sq m were agreed to be sold at a total consideration of RMB1,991,000. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to State-owned Land Use Rights Certificate No. GXYQGY (2010) D05059 dated August 9, 2010 issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Zone Branch), the land use rights of the property with a site area of approximately 19,450 sq m have been vested in 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.).
- (3) According to Planning Permit for Construction Use of Land No. DZD210211201058896 dated April 23, 2010 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction site with an area of approximately 207,576.5 sq m is in compliance with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works No. JZD2102112011200020 dated May 5, 2011 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction works of the property with a total gross floor area of 59,328.5 sq m works requirements and have been approved.
- (5) According to Permit for Commencement of Construction Works No. 210200201107040101 dated July 4, 2011 issued by 大連城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the construction works of the development are permitted to commence with a total gross floor area of 59,328.5 sq m.
- (6) According to the Pre-sale Permits issued by 大連高新技術產業園區房產局 (Dalian High-tech Industrial Park Real Estate Bureau), 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was permitted to pre-sell portion of the property with a total gross floor area of 32,528.84 sq m.
- (7) According to Real Estate Surveying Report, the gross floor area of the property is 58,498.68 sq m.
- (8) According to the copy of Business License No. DXGSQFZ 2102311101644 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was established with a registered capital of RMB1,900,000,000 as a limited company on May 16, 2008.



(9) According to the PRC legal opinion,

- (i) 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user and the owner of the property. 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Real Estate Surveying Report	Yes
Business License	Yes

(11) In valuing the property, we have assumed about RMB9,600 per sq m for the residential portion and RMB150,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of residential premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB11,500 to RMB13,700 per sq m. The prices of car parking spaces range from about RMB130,000 to RMB160,000 per lot. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location and environment, accessibility, maintenance standard, size, floor level, and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014										
25. Unsold units in Phase II of Eastern Santaclara, Hongling Road, Miaoling Village, High Tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises various unsold residential, retail and car parking units within Phase II of Eastern Santaclara completed in about 2013.</p> <p>The property is situated in the north of Ruanjianyuan Road and abuts Beichen Road to the east, Hongling Road to the west and the mountain to the north. The property is mainly surrounded by schools, residential, office buildings and commercial buildings.</p> <p>The property is approximately 200 m to the Ruanjianyuan Road. The property is served by public bus routes.</p> <p>The property has a total unsold gross floor area of approximately 83,782.14 sq m.</p>	As at the date of valuation, the property was vacant.	RMB881,000,000  (100% interest attributable to the Group : RMB881,000,000)										
	<table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>40,156.52</td> </tr> <tr> <td>Retail</td> <td>3,006.22</td> </tr> <tr> <td>Underground</td> <td>40,619.4</td> </tr> <tr> <td><b>Total:</b></td> <td><b>83,782.14</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Residential	40,156.52	Retail	3,006.22	Underground	40,619.4	<b>Total:</b>	<b>83,782.14</b>		
Portion	Gross Floor Area (sq m)												
Residential	40,156.52												
Retail	3,006.22												
Underground	40,619.4												
<b>Total:</b>	<b>83,782.14</b>												
	<p>The land use rights of the property have been granted for a term due to expire on 9 September 2079 for residential use.</p>												

## Notes:

- (1) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 39,720.7 sq m were agreed to be sold at a total consideration of RMB474,111,134. We have included such portions in our valuation and taken into account such amount.
- (2) Pursuant to State-owned Land Use Rights Certificate issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), the land use rights of the property have been vested in 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) with details as follows:
- | Certificate No. | Site Area (sq m) | Use         | Expiry Date      |
|-----------------|------------------|-------------|------------------|
| (2010) 05061    | 68,533.80        | Residential | 9 September 2079 |
- (3) Pursuant to Planning Permit for Construction Use of Land No. 210211200920575 dated October 28, 2009 issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction site with an area of approximately 119,328.2 sq m is in compliance with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction works of the development are permitted to plan with detail as follows:

Permit No.	Gross Floor Area (sq m)	Issue Date
210211201120002	239,065	January 28, 2010

- (5) According to Permit for Commencement of Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the property with a total gross floor area of approximately 239,065 sq m. The details are as follows:

<u>Permit No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
210230201103141401	51,407.00	March 14, 2011
210230201103141501	137,315.00	March 14, 2011
210230201103141301	50,343.00	March 14, 2011

- (6) According to Pre-sale Permit issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) was permitted for pre-sale of portion of the property with detail as follows:

<u>Permit No.</u>	<u>Sales Area (sq m)</u>	<u>Issue Date</u>
20110019	152,940.91	September 16, 2011

- (7) Pursuant to Construction Works Completion Examination Certificate No. 2014005 dated March 26, 2014 issued by 大連高新技術產業園區建設工程竣工驗收部門 (Dalian High-Tech Industry Park Construction Project Completion Inspection and Acceptance for the Record Department), the project with a total gross floor area of 239,052.76 sq m was completed.

- (8) According to Business License No. 2102311101540, 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) was established with a registered capital of RMB200,000,000 as a limited liability company on September 5, 2008.

- (9) According to the PRC legal opinion,

- (i) 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) The project under construction by 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
- (iii) According to the Company, the civil defense area, being 7,769.4 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
- (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
- (v) As confirmed by 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Business License	Yes

- (11) In valuing the property, we have assumed about RMB17,000 per sq m for the residential portion, RMB20,300 per sq m for the commercial portion and RMB210,000 per lot for the car parking space portion.

In undertaking our valuation, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB13,000 to RMB16,500 per sq m. The prices of commercial premises range from about RMB20,000 to RMB25,000 per sq m. The prices of car parking spaces range from about RMB230,000 to RMB250,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, building age, maintenance standard, size, accessibility, floor level and other relevant factors.

## VALUATION CERTIFICATE

## Group III – Property interests held by the Group for owner occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
26. Various units in Yida Plaza 4, No. 93 Dongbei Road, Shahekou District, Dalian, Liaoning Province, the PRC	<p>The property comprises various office units on the basement, Levels 1-5 and 7-11 within an 11-storey office building completed in about 1999.</p> <p>The property has a total gross floor area of approximately 17,981.34 sq m.</p> <p>The property abuts Dongbei Road on the east, Minzheng Street on the south, Zhengren Street on the west and Huanghe Road on the north.</p> <p>Developments in the vicinity comprise mainly residential and retail buildings. The property near Zhongshan Park and is approximately 4 km from the Dalian railway station. It is served by public bus routes.</p> <p>The land use rights of the property have been granted for terms due to expire on August 25, 2068 for residential use and due to expire on August 25, 2038 for commercial use.</p>	As at the date of valuation, the property was occupied by the Group for self use.	RMB250,000,000  (100% interest attributable to the Group: RMB250,000,000)

## Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. DGY (2006) 03110 dated November 22, 2006 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of Yida Plaza 4 with a site area of approximately 9,969.9 sq m have been vested in 大連億達房地產股份有限公司 and 大連富華房地產有限公司 (Dalian Yida Real Estate Incorporated Company and Dalian Fuhua Real Estate Co., Ltd.).

(2) Pursuant to 2 Building Ownership Certificates issued by 大連市房地產登記發證中心 (Dalian Real Estate Registration Certification Center), the building ownership of the property with a total gross floor area of approximately 17,981.34 sq m has been vested in 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) with details as follows:

Certificate No.	Location	Gross Floor Area (sq m)	Use	Issue Date
DFQZSDZ2004600220	No. 93 Dongbei Road	16,872.03	Non-residential	April 30, 2004
DFQZSDZ2004600223	No. 93 Dongbei Road	1,109.31	Non-residential	April 30, 2004

(3) According to Business License No. DGSQFZ2102001103088, 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) was established with a registered capital of RMB150,000,000 as an incorporated company on May 14, 1988.

(4) According to the PRC legal opinion,

(i) 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) has obtained the land use rights and building ownership of the property and is the legal land user and the owner of the property;

(ii) A portion of the property is subject to a mortgage;

(iii) 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) has the right to occupy, use, lease or otherwise dispose of the property within the land use term subject to the mortgage.

(iv) As confirmed by the Company, except for the mortgage mentioned above, the land use right and the building ownership of the property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Business License	Yes
Building Ownership Certificate	Yes

- (6) In undertaking our valuation, we have made reference to lettings within the subject property as well as other relevant comparable rental evidences ranging from RMB65 per sq m to RMB75 per sq m for retail premises. The monthly market rent adopted in our valuation is approximately RMB89 per sq m which is generally consistent with the comparables after due adjustments including locality, building age, maintenance standard, size, frontage, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 5.0% which is in line with the market norm of similar property types in the area.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
27. Portions of Block 8 of Dalian Software Park held for owner occupation, No. 1 Shuma Square, Shahekou District, Dalian, Liaoning Province, the PRC	<p>The property comprises portions of a 5-storey office building with a basement completed in about 2004.</p> <p>The property has a total gross floor area of approximately 3,551.74 sq m.</p> <p>The property abuts Wuyi Road on the south, Shuma Square on the west, Block 7 of Dalian Software Park on the north and Phase 2 of Student Apartment on the west.</p> <p>Developments in the vicinity comprise mainly residential and office buildings, such as other office buildings of Dalian Software Park, Project E-Dream, interspersed with a few retail facilities.</p> <p>The land use rights of the property have been granted for a term due to expire on November 30, 2050 for industrial use.</p>	As at the date of valuation, the property was occupied by the Group for self use.	RMB24,500,000 (100% interest attributable to the Group : RMB24,500,000)

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. (2004)12021 dated August 5, 2004 issued by 大連高新技術產業園區管理委員會 (Dalian High-tech Industrial Park Management Committee), the land use rights of the property with a site area of approximately 3,330.1 sq m have been vested in 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company).
- (2) Pursuant to Building Ownership Certificate No. 20050492 dated March 3, 2005 issued by 大連高新技術產業園區房產局 (Dalian High-Tech Industrial Park Real Estate Bureau), the building ownership of a total gross floor area of 9,012.74 sq m, of which the property forms part, has been vested in 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company).
- (3) According to Business License No. 2102001100720, 大連軟件園股份有限公司 (Dalian Software Park Incorporated Company) was established with a registered capital of RMB660,000,000 as a limited company on June 20, 1995.
- (4) According to the PRC legal opinion,
  - (i) The property is subject to a mortgage;
  - (ii) 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively;
  - (iii) The project under construction by 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) mentioned above has been legally approved by relevant government departments legally without being repealed, modified and abolished. The Company has been entitled to develop the project in compliance with the certificates;
  - (iv) State-owned Land Use Rights, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (v) As confirmed by 大連軟件園股份有限公司 (Dalian Software Park Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	Yes

(6) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Office	RMB71	5%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB60 to RMB69 per sq m.

We have gathered and analysed the rates of return of relevant market segment which indicate a yield of approximately 5% for office portion.

The above market rent assumed by us is consistent with the relevant comparables after due adjustments. The capitalization rate adopted is reasonable having regard to the analysed yields.

## VALUATION CERTIFICATE

## Group IV – Property interests held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014								
28.	Office development of Ambo Valley, Zone A Pochegou, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	As at the date of valuation, the property was under construction and is scheduled to be completed in May 2014.	No commercial value  (100% interest attributable to the Group: No commercial value)  (See Note 1)								
	<p>The property comprises a site with an area of approximately 17,178.30 sq m upon which two office buildings of 7 storeys and 21 storeys are being constructed within Phase II of Dalian Software Industrial Belt on Lvshun South Road.</p> <p>The property, in the Lvshun South Road Software Industry Belt, is situated to the south of Lvshun South Road, to the north of Huaxin Building and to the south of residential buildings.</p> <p>The property is approximately 20 km to Dalian Railway Station and 20 km to Dalian Zhoushuizi International Airport. The property is served by public routes.</p> <p>As advised by the Group, upon completion, the property will have a total gross floor area of approximately 64,405.9 sq m comprising the following:</p> <table border="1" data-bbox="475 974 965 1144"> <thead> <tr> <th>Portion</th> <th>Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>47,721.9</td> </tr> <tr> <td>Underground</td> <td>16,684.0</td> </tr> <tr> <td><b>Total</b></td> <td><b>64,405.9</b></td> </tr> </tbody> </table>	Portion	Planned Gross Floor Area (sq m)	Office	47,721.9	Underground	16,684.0	<b>Total</b>	<b>64,405.9</b>		
Portion	Planned Gross Floor Area (sq m)										
Office	47,721.9										
Underground	16,684.0										
<b>Total</b>	<b>64,405.9</b>										
	The land use rights of the property have been granted for a term due to expire on August 30, 2060 for science and education uses.										

## Notes:

- (1) According to its Grant Contract of Land Use Rights, the property is subject to sale, lease and transfer restrictions. As advised by the Company, full land premium was paid for the land use rights of granted land. The Company has subsequently applied to the local government which approved letting of the property to certain types of tenants on March 21, 2014. However, the property is still subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to assess the worth of the property in its existing state on a non-market value basis. Such worth, known as investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasized that investment value is not market value.

Having regard to the above, the investment value of the property in existing state as at March 31, 2014 to the Group was RMB417,000,000 (100% interest attributable to the Group: RMB417,000,000).

- (2) Pursuant to State-owned Land Use Rights Certificate No. 201105023 dated April 29, 2011 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with a site area of approximately 17,178.30 sq m have been vested in 大連軟件園恒瑞房地產開發有限公司 (Dalian Software Park Hengrui Real Estate Development Ltd.).

- (3) According to Planning Permit for Construction Use of Land No. 210211201020037 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau) on December 21, 2010, the construction site of a parcel of land with a site area of 17,178.30 sq m is in compliance with the urban planning requirements.



- (4) According to Planning Permit for Construction Works No. 2102112011200021 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau) on May 26, 2011, the construction works of the property, with a total gross floor area of 65,259 sq m, are in compliance with the construction works requirements and have been approved.
- (5) According to Pre-Surveying Report No. 2013005 of Ambo Valley, the gross floor area of the property for office use is 47,721.90 sq m.
- (6) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB124,000,000. The estimated total construction cost was approximately RMB231,000,000. In the course of our valuation on investment value (non-market value) basis to the Group as described in Note (1) above, we have taken into account such costs.
- (7) The value of the property when completed on investment value (non-market value) basis to the Group as described in Note (1) above, as at March 31, 2014 was approximately RMB579,000,000.
- (8) According to Business License No. DXGSQFZ2102311101950, 大連軟件園恒瑞房地產開發有限公司 (Dalian Software Park Hengrui Real Estate Development Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on June 29, 2011.
- (9) According to the PRC legal opinion,
- (i) 大連軟件園恒瑞房地產開發有限公司 (Dalian Software Park Hengrui Real Estate Development Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連軟件園恒瑞房地產開發有限公司 (Dalian Software Park Hengrui Real Estate Development Ltd.) is entitled to occupy, use, and develop the land for self use within the land use term. The property can be rented to the introduced enterprises of software and outsourcing when it is completed. According to its Grant Contract of Land Use Rights, the property is subject to sale restrictions. As advised by the Company, however, full land premium was paid for the land use rights of granted land. The Company has applied to the local government which approved to remove such letting restriction on March 21, 2014;
  - (ii) The project under construction by 大連軟件園恒瑞房地產開發有限公司 (Dalian Software Park Hengrui Real Estate Development Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iii) According to the Company, the civil defense area, being 3,893 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連軟件園恒瑞房地產開發有限公司 (Dalian Software Park Hengrui Real Estate Development Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
  - (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園恒瑞房地產開發有限公司 (Dalian Software Park Hengrui Real Estate Development Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership;
  - (v) The property is subject to a mortgage; and
  - (vi) As confirmed by 大連軟件園恒瑞房地產開發有限公司 (Dalian Software Park Hengrui Real Estate Development Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (10) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Real Estate Surveying Report	Yes
Business License	Yes

(11) The property was under construction as at the date of valuation. In undertaking our valuation of the property when completed on investment value (non-market value) basis to the Group as described in Note (1) above, we have made reference to lettings of relevant comparable rental evidences ranging from RMB60 per sq m to RMB69 per sq m for office. The monthly reversionary rent adopted in our valuation is approximately RMB63 per sq m which is generally consistent with the comparables after due adjustments including location and environment, accessibility, age and maintenance, decoration standard and appearance, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 5% which is in line with the norm of similar property types in the area after due adjustments.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
29. Phase I of office development of Information Valley, situated in Liangjiabeigou, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 46,934 sq m upon which a commercial building is being constructed.</p> <p>The property is situated in High-tech Industrial Zone. The project abuts Lvshun South Road to the south, and bare land of Phase II of Information Valley office on the north.</p> <p>Upon completion, the property will be developed as an office project including office, retail and car parks with a total gross floor area of approximately 86,879.44 sq m.</p> <p>As advised by the Group, the details of the development scheme are summarized as follows:</p>	As at the date of valuation, the property was under construction and is scheduled to be completed in 2014.	No commercial value  (100% interest attributable to the Group: No commercial value)  (See Note 1)

Portion	Gross Floor Area (sq m)
Office	66,207.73
Retail	1,838.07
Underground	18,833.64
<b>Total:</b>	<b><u>86,879.44</u></b>

The land use rights of the property have been granted due to expire on August 30, 2060 for Science and Design use.

Notes:

- (1) According to its Grant Contract of Land Use Rights, the property is subject to sale, lease and transfer restrictions. As advised by the Company, full land premium was paid for the land use rights of granted land. The Company has subsequently applied to the local government which approved letting of the property to certain types of tenants on March 21, 2014. However, the property is still subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to assess the worth of the property in its existing state on a non-market value basis. Such worth, known as investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasized that investment value is not market value.

Having regard to the above, the investment value of the property in existing state as at March 31, 2014 to the Group was RMB639,000,000 (100% interest attributable to the Group: RMB639,000,000).

- (2) Pursuant to State-owned Land Use Rights Certificate No. GXYQ (2011) 05004 dated January 21, 2011 by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Zone Branch), the land use rights of the property with a site area of approximately 46,934 sq m have been vested in 大連億達信息諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.).
- (3) Pursuant to Planning Permit for Construction Use of Land No. DZD210211201020031 dated November 30, 2010 issued by Bureau of Urban Planning of Dalian Municipality, 大連億達信息諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) is permitted to develop a site located in Liangjiabeigou, North of Lvshun South Road, high-tech zone, with a total site area of 145,112.8 sq m.

- (4) Pursuant to Planning Permit for Construction Works issued by Bureau of Urban Planning of Dalian Municipality, the property is permitted to be developed at a construction scale with a gross floor area of 86,879.44 sq m.
- (5) According to Permit for Commencement of Construction Works issued by Bureau of Urban Planning of Dalian Municipality, the construction works of the property are permitted to be developed.
- (6) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB259,482,120. The estimated total construction cost was approximately RMB336,658,067. In the course of our valuation on investment value (non-market value) basis to the Group as described in Note (1) above, we have taken into account such costs.
- (7) The value of the property when completed on investment value (non-market value) basis to the Group as described in Note (1) above, as at March 31, 2014 was approximately RMB834,000,000.
- (8) According to Business License No. DXGSQF210231110195, 大連億達信息諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on April 6, 2010.
- (9) According to the PRC legal opinion,:
- (i) 大連億達資訊諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連億達資訊諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) is entitled to occupy, use, and develop the land for self use within the land use term, but must not sell, let or transfer in strata titles of the land use rights and must not change the use. According to its Grant Contract of Land Use Rights, the property is subject to sale restrictions. As advised by the Company, however, full land premium was paid for the land use rights of granted land. The Company has applied to the local government which approved to remove such letting restriction on March 21, 2014;
  - (ii) The project under construction by 大連億達資訊諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company is entitled to develop the project in compliance with the certificates;
  - (iii) According to the Company, the civil defense area, being 4,166 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連億達資訊諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
  - (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate of the property, 大連億達資訊諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (v) As confirmed by 大連億達資訊諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.), the property has been mortgaged to The Export-Import Bank of China. Except for the mortgage mentioned above, the property is not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (10) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business License	Yes

(11) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Reversionary Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Office	RMB62	5%
Retail	RMB61	5%
Car parking space	RMB368	3.5%

In undertaking our valuation of the property when completed on investment value (non-market value) basis to the Group as described in Note (1) above, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB60 to RMB69 per sq m, the monthly rental levels of major retail premises range from approximately RMB105 to RMB136 per sq m and the monthly rental levels of major car parking space range from approximately RMB300 to RMB390 per lot.

The above rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalization rates adopted are reasonable having regard to the analyzed yields after due adjustments.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
30. Block J, H and I, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises three sites with a total area of approximately 109,461.1 sq m upon which three commercial buildings are being constructed.</p> <p>The property is situated in Dalian BEST City Core Area Business Park. The project abuts planned roads to the east, planned roads to the west, Site G on the north, and Site L and Site M on the south.</p>	As at the date of valuation, the property was under construction and is scheduled to be completed in 2014.	RMB1,162,000,000 (100% interest attributable to the Group: RMB1,162,000,000)

Upon completion, the property will be developed as an office project including office and car parks with a total gross floor area of approximately 222,810 sq m.

As advised by the Group, the details of the development scheme are summarized as follows:

Portion	Gross Floor Area (sq m)
Office	148,230
Underground	74,580
<b>Total:</b>	<b>222,810</b>

The land use rights of the property have been granted due to expire on November 21, 2060 and October 31, 2060 for science and education uses respectively.

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局甘井子分局 (Dalian State-owned Land Resources and Housing Bureau Ganjingzi District Branch), the land use rights of the property with a total site area of approximately 109,461.1 sq m have been vested in 大連科技城欣同開發有限公司 (Dalian BEST City Xintong Development Company Ltd.), 大連科技城昌得開發有限公司 (Dalian BEST City Changde Development Company Ltd.) and 大連科技城欣原開發有限公司 (Dalian BEST City Xinyuan Development Company Ltd.) respectively. Details of the said certificates are cited as follows:

Certificate No.	Usage	Owner	Land Use Term	Issue Date	Site Area (sq m)
DGGY (2011) 40004	Science and Education	大連科技城欣同開發有限公司 (Dalian BEST City Xintong Development Company Ltd.)	50 years due to expire on November 21, 2060	January 10, 2011	37,044.9
DGGY (2011) 40003	Science and Education	大連科技城昌得開發有限公司 (Dalian BEST City Changde Development Company Ltd.)	50 years due to expire on November 21, 2060	January 10, 2011	36,950.8
DGGY (2010) 40027	Science and Education	大連科技城欣原開發有限公司 (Dalian BEST City Xinyuan Development Company Ltd.)	50 years due to expire on October 31, 2060	November 18, 2010	35,465.4

- (2) Details of the Planning Permits for Construction Use of Land issued by Bureau of Urban Planning of Dalian Municipality are cited as follows:

<u>Permit No.</u>	<u>Site Area (sq m)</u>	<u>Issue Date</u>
DZD210211201110024	37,044.9	December 2, 2010
DZD210211201110025	36,950.8	December 6, 2010
DZD210211201010021	35,465.4	October 28, 2010

- (3) Pursuant to Planning Permits for Construction Works issued by Bureau of Urban Planning of Dalian Municipality, the property is permitted to be developed at a construction scale with a gross floor area of 222,810 sq m. The details are as follows:

<u>Permit No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
JZD210211201010030	73,810	December 2, 2010
JZD210211201010024	74,500	June 13, 2012
JZD210211201210025	74,500	June 13, 2012

- (4) According to Permits for Commencement of Construction Works issued by Bureau of Urban Planning of Dalian Municipality, the construction works of the property are permitted to commence. The details are as follows:

<u>Permit No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
21023201103210101	73,810	February 21, 2011
210200201107231301	74,500	July 23, 2011
210200201107231201	74,500	July 23, 2011

- (5) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB580,503,013. The estimated total construction cost was approximately RMB1,058,430,000. In the course of our valuation, we have taken into account such costs.

- (6) The market value when completed of the property as at March 31, 2014 was approximately RMB1,947,000,000.

- (7) The details of the copies of business licenses are as follows:

<u>Name</u>	<u>License No.</u>	<u>Registered Capital</u>	<u>Issue Date</u>
大連科技城欣同開發有限公司 (Dalian BEST City Xintong Development Company Ltd.)	DGSQF2102001110022	RMB10,000,000	June 25, 2010
大連科技城昌得開發有限公司 (Dalian BEST City Changde Development Company Ltd.)	DGSQF2102001110025	RMB10,000,000	June 25, 2010
大連科技城欣原開發有限公司 (Dalian BEST City Xinyuan Development Company Ltd.)	DGSQF2102001110023	RMB10,000,000	June 25, 2010

- (8) According to the PRC legal opinion,

- (i) The owners of the properties have obtained the land use rights of the property and are the legal land users of the property. The owners are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) The projects under construction mentioned above have been legally approved by relevant government departments without being repealed, modified and abolished. The company is entitled to develop the project in compliance with the certificates;
- (iii) According to the Company, the civil defense area, being 31,495.6 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連科技城欣同開發有限公司 (Dalian BEST City Xintong Development Company Ltd.), 大連科技城昌得開發有限公司 (Dalian BEST City Changde Development Company Ltd.) and 大連科技城欣原開發有限公司 (Dalian BEST City Xinyuan Development Company Ltd.) are entitled to lease the property or use it legally after application and acquisition of the occupation permit.

- (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate of the property, the owners have the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
- (v) As confirmed by 大連科技城欣同開發有限公司 (Dalian BEST City Xintong Development Company Ltd.), 大連科技城昌得開發有限公司 (Dalian BEST City Changde Development Company Ltd.) and 大連科技城欣原開發有限公司 (Dalian BEST City Xinyuan Development Company Ltd.), Block J has been mortgaged to The Export-Import Bank of China, Blocks H and I have been mortgaged to Industrial and Commercial Bank of China Dalian Ganjingzi Branch. Except for the mortgage mentioned above, the land use rights and projects under construction are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (9) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business License	Yes

- (10) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Office	RMB63-64	5%
Car parking space	RMB368	3.5%

In undertaking our valuation of the property when completed, we have made reference to lettings within the subject property as well as other similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB60 to RMB69 per sq m and the monthly rental levels of major car parking space range from approximately RMB300 to RMB390 per lot.

The above market rents assumed by us are consistent with the relevant comparables after due adjustments. The capitalization rates adopted are reasonable having regard to the analyzed yields.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014																				
31. ButterFly Garden and Public Rental Housing Project, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>ButterFly Garden comprises a site with an area of approximately 82,640.90 sq m upon which a residential development with retail facilities is being constructed.</p> <p>Public Rental Housing Project comprises a site with an area of approximately 21,285.20 sq m upon which a residential development with retail facilities is being constructed.</p> <p>The property is situated in the centre of Dalian BEST City Core Area Business Park. The property abuts planned road on the east, Jinghongdong Road on the south, the ditch on the west and the vacant land on the north.</p> <p>The property is approximately 19 km to the railway station. The property is served by public bus routes.</p> <p>As advised by the Group, upon completion, the property will have a total gross floor area of approximately 344,100 sq m comprising the following:</p> <p>ButterFly Garden:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>6,280</td> </tr> <tr> <td>Residential</td> <td>120,500</td> </tr> <tr> <td>Underground</td> <td>127,720</td> </tr> <tr> <td><b>Total:</b></td> <td><b>254,500</b></td> </tr> </tbody> </table> <p>Public Rental Housing Project:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>3,900</td> </tr> <tr> <td>Residential</td> <td>58,900</td> </tr> <tr> <td>Underground</td> <td>26,800</td> </tr> <tr> <td><b>Total:</b></td> <td><b>89,600</b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms due to expire on December 30, 2082 for residential use.</p>	Portion	Planned Gross Floor Area (sq m)	Retail	6,280	Residential	120,500	Underground	127,720	<b>Total:</b>	<b>254,500</b>	Portion	Planned Gross Floor Area (sq m)	Retail	3,900	Residential	58,900	Underground	26,800	<b>Total:</b>	<b>89,600</b>	<p>As at the date of valuation, ButterFly Garden was under construction and is scheduled to be completed in the third quarter of 2016.</p> <p>The public rental housing was under construction and is scheduled to be completed in the fourth quarter of 2014.</p>	<p>RMB1,147,000,000</p> <p>(100% interest attributable to the Group: RMB1,147,000,000)</p>
Portion	Planned Gross Floor Area (sq m)																						
Retail	6,280																						
Residential	120,500																						
Underground	127,720																						
<b>Total:</b>	<b>254,500</b>																						
Portion	Planned Gross Floor Area (sq m)																						
Retail	3,900																						
Residential	58,900																						
Underground	26,800																						
<b>Total:</b>	<b>89,600</b>																						

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property have been vested in 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.). The details are as follows:

Certificate No.	Use	Site Area (sq m)	Issue Date
(2013) 40012	Residential	82,640.90	May 29, 2013
(2013) 40013	Residential	21,285.20	May 29, 2013

- (2) Pursuant to Planning Permit for Construction Use of Land No. 210211201310003 dated March 26, 2013 issued by 大連市甘井子區規劃局 (Dalian Gangjingzi Planning Bureau), the construction site with an area of approximately 111,111.0 sq m is in compliance with the requirements of urban planning.
- (3) Details of the Planning Permits for Construction Works issued by 大連市甘井子區規劃局 (Dalian Gangjingzi Planning Bureau) are as follows:

<u>Permit No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
210211201310017	July 5, 2013	143,554.03
210211201310013	April 27, 2013	89,600
210211201310031	November 19, 2013	110,945.97
<b>Total</b>		<b>344,100</b>

- (4) Pursuant to 4 Permits for Commencement of Construction Works issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the property with a total gross floor area of approximately 344,100.00 sq m. The details are as follows:-

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
210200201306200901	June 20, 2013	89,600
210200201308160901	August 16, 2013	143,554.03
210200201401290701	January 29, 2014	52,584.44
210200201401290801	January 29, 2014	58,361.53
<b>Total</b>		<b>344,100.00</b>

- (5) According to the information provided by the Company, as at March 31, 2014, portions of Butterfly Garden with a total gross floor area of approximately 25,925.50 sq m were agreed to be sold at a total consideration of RMB333,916,103. We have included such portions in our valuation and taken into account such amount.
- (6) According to the information provided by the Company, the expended construction cost of the property as March 31, 2014 was approximately RMB301,402,226. The estimated total construction cost was approximately RMB1,124,890,000. In the course of our valuation, we have taken into account such costs.
- (7) The market value when completed of the property as at March 31, 2014 was approximately RMB2,061,000,000.
- (8) According to Business License No. 2102001110021, 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on June 25, 2010.
- (9) According to the PRC legal opinion,
- (i) 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) has obtained the land use rights and is the legal land user of the property. On the premise of abide by the related mortgage contract, 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
  - (ii) The property is subject to a mortgage;
  - (iii) The project under construction by 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates.
  - (iv) According to the Company, the civil defense area, being 7,825 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連聖躍房地產有限公司 (Dalian Shengyue Real Estate Development Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
  - (v) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (vi) As confirmed by 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.), except for the mortgage mentioned above, the land use rights mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Grant Contract of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business License	Yes

- (11) In valuing the property when completed, we have assumed about RMB10,500 to RMB12,600 per sq m for the residential portion, RMB15,000 to RMB16,000 per sq m for the commercial portion and RMB150,000 to RMB160,000 per lot for the car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB9,800 to RMB11,500 per sq m. The prices of commercial premises range from about RMB16,000 to RMB33,000 per sq m. The prices of car parking spaces range from about RMB130,000 to RMB180,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, accessibility, transportation, maintenance standard, size, floor and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014												
32. Phase V, The Fifth County, Xiaoxinzaizi Village, Xinzaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 62,509.5 sq m upon which a residential development with retail facilities is being constructed.</p> <p>The property is situated in the west of Ganjingzi District Government. The property abuts Jalin Street on the east, Hongyun Road on the south, Zhangqian Road on the west and Hongxia Road on the north.</p> <p>Developments in the vicinity comprise mainly residential, such as Guominyuanzi, Ganlanji, Yihelingxiubin Cheng residence, interspersed with a few retail facilities.</p> <p>The property is approximately 14 km to the railway station. The property is served by public bus routes.</p> <p>As advised by the Group, upon completion, the property will have a total gross floor area of approximately 159,515.47 sq m comprising the following:</p>	As at the date of valuation, the property was under construction and is scheduled to be completed in June 2014.	RMB1,190,000,000  (100% interest attributable to the Group: RMB1,190,000,000)												
		<table border="1"> <thead> <tr> <th>Portion</th> <th>Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>25,645.3</td> </tr> <tr> <td>Residential</td> <td>70,768.87</td> </tr> <tr> <td>Apartment</td> <td>13,100.00</td> </tr> <tr> <td>Underground</td> <td>50,001.30</td> </tr> <tr> <td><b>Total:</b></td> <td><b>159,515.47</b></td> </tr> </tbody> </table>	Portion	Planned Gross Floor Area (sq m)	Retail	25,645.3	Residential	70,768.87	Apartment	13,100.00	Underground	50,001.30	<b>Total:</b>	<b>159,515.47</b>	
Portion	Planned Gross Floor Area (sq m)														
Retail	25,645.3														
Residential	70,768.87														
Apartment	13,100.00														
Underground	50,001.30														
<b>Total:</b>	<b>159,515.47</b>														
	The land use rights of the property have been granted for terms due to expire on November 17, 2074 for residential use and due to expire on November 17, 2044 for commercial use.														

## Notes:

- (1) Pursuant to 2 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property having a total site area of 62,509.5 sq m have been vested in 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.). The details are as follows:

Certificate No.	Use	Site Area (sq m)	Issue Date
(2013) 04058	Residential	40,905.1	October 28, 2013
(2013) 04059	Commercial	21,604.4	October 25, 2013

- (2) Pursuant to Planning Permit for Construction Use of Land No. (2007) 0021 dated February 13, 2007 issued by 大連市規劃局 (Dalian Urban Planning Bureau), 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Company Ltd.) were permitted to develop a site located in Xiaoxinzaizi Village of Xinzaizi Sub-district in Ganjingzi District, Dalian with a total site area of 462,200 sq m (Zone A1 of 38,600 sq m; Zone A2 of 56,300 sq m; Zone A3 of 99,200 sq m; Zone A4 of 91,700 sq m; Zone A5 of 69,200 sq m; Zone B1 of 23,700 sq m; Zone B3 of 28,000 sq m; Zone B4 of 36,600 sq m; Zone B5 of 28,900 sq m).

- (3) Pursuant to Planning Permit for Construction Works No. 210211201200056 dated September 21, 2012 issued by 大連市規劃局 (Dalian Urban Planning Bureau), Zone of A1 the property is permitted to be developed with a total gross floor area of approximately 106,370 sq m.
- (4) Pursuant to Permit for Commencement of Construction Works No. 210201201105310101 dated May 31, 2011 issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the construction works of Zone A1 of the development are permitted to commence with a total gross floor area of 106,370 sq m.
- (5) Pursuant to 2 Commodity Housing Pre-sale Permits issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), 11 units with a total gross floor area of 112,770 sq m, including residential units and retail are permitted for pre-sale with details as follows:

Permit No.	Issue Date	Permitted Pre-sale Area (sq m)
20130030	June 26, 2013	73,970
20130075	October 8, 2013	38,800
<b>Total</b>		<b>112,770</b>

- (6) According to Dalian Real Estate Surveying Report of Phase V, The Fifth County, the gross floor area of the property is 108,335.5 sq m, including civil defense area of 20,866.8 sq m.
- (7) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 19,000 sq m were agreed to be sold at a total consideration of RMB368,233,802. We have included such portions in our valuation and taken into account such amount.
- (8) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB91,606,824. The estimated total construction cost was approximately RMB248,610,000. In the course of our valuation, we have taken into account such costs.
- (9) The market value when completed of the property as at March 31, 2014 was approximately RMB1,546,000,000.
- (10) According to Business License No. 2102001107929, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) was established with a registered capital of RMB120,000,000 as a limited company on April 21, 2006.
- (11) According to the PRC legal opinion,
- (i) 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abide by the related mortgage contract, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
  - (ii) A portion of the property is subject to a mortgage;
  - (iii) The project under construction by 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iv) According to the Company, the civil defense area, being 22,266 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
  - (v) 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has the right to pre-sell the residential in specified scope according the above Pre-sale Permits;
  - (vi) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (vii) As confirmed by 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Real Estate Surveying Report	Yes
Business License	Yes

(13) In valuing the property when completed, we have assumed about RMB16,000 per sq m for the residential portion, RMB13,800 per sq m for the apartment portion, RMB16,500 to RMB18,000 per sq m for the commercial portion and RMB180,000 per lot for the car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential, apartment and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB17,000 to RMB21,000 per sq m. The prices of apartments range from about RMB13,000 to RMB14,000 per sq m. The prices of commercial premises range from about RMB16,000 to RMB33,000 per sq m. The prices of car parking spaces range from about RMB130,000 to RMB180,000 per lot.

The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, accessibility, transportation, maintenance standard, size, floor and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014																				
33. Sunny Bay and Phase II of Perfect Garden, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>Sunny Bay comprises a site with an area of approximately 43,741.90 sq m upon which a residential development is being constructed.</p> <p>Phase II of Perfect Garden comprises a site with an area of approximately 16,606.70 sq m upon which a residential development is being constructed.</p> <p>The property abuts Xinsui Road on the west, a Planning Road on the north, the third phase project of Dadonggou on the south and a Planning Road on the east.</p> <p>The property is in the centre of Dalian BEST City Core Area Business Park which will become the science and technology innovation base of Dalian. It is about 30-40 minutes' driving distance from the Dalian railway station. The property is served by public bus routes.</p> <p>As advised by the Group, upon completion, the property will have a total gross floor area of approximately 231,333 sq m comprising the following:</p> <p>Sunny Bay:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Portion</th> <th style="text-align: right;">Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">12,100</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">125,201</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">29,892</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b>167,193</b></td> </tr> </tbody> </table> <p>Phase II of Perfect Garden:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Portion</th> <th style="text-align: right;">Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">4,750</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">32,308</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">27,082</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b>64,140</b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms due to expire on November 21, 2080 for residential use and due to expire on November 21, 2050 for commercial use.</p>	Portion	Planned Gross Floor Area (sq m)	Retail	12,100	Residential	125,201	Underground	29,892	<b>Total:</b>	<b>167,193</b>	Portion	Planned Gross Floor Area (sq m)	Retail	4,750	Residential	32,308	Underground	27,082	<b>Total:</b>	<b>64,140</b>	<p>As at the date of valuation, Sunny Bay was under construction and is scheduled to be completed in 2015.</p> <p>As at the date of valuation, Phase II of Perfect Garden was under construction and is scheduled to be completed in 2014.</p>	<p>RMB1,456,000,000</p> <p>(100% interest attributable to the Group : RMB1,456,000,000)</p>
Portion	Planned Gross Floor Area (sq m)																						
Retail	12,100																						
Residential	125,201																						
Underground	29,892																						
<b>Total:</b>	<b>167,193</b>																						
Portion	Planned Gross Floor Area (sq m)																						
Retail	4,750																						
Residential	32,308																						
Underground	27,082																						
<b>Total:</b>	<b>64,140</b>																						

**Notes:**

- (1) Pursuant to 2 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局甘井子分局 (Dalian State-owned Land Resources and Housing Bureau Ganjingzi Branch), the land use rights of the property with a site area of approximately 43,741.90 sq m have been vested in 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.), and 16,606.70 sq m have been vested in 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.).

<u>Company</u>	<u>Certificate No.</u>	<u>Site Area (sq m)</u>	<u>Use</u>
Dalian Sheng'an Real Estate Development Ltd.	DGGY (2010) 40030	43,741.90	residential
Dalian Shengren Real Estate Development Ltd.	DGGY (2011) 40013	16,606.70	residential

- (2) Pursuant to Planning Permit for Construction Use of Land Nos. JZ210211201010029 and JZ210211201010028 dated 7 December 2010 issued by 大連市甘井子區規劃局 (Dalian Ganjingzi District Urban Planning Bureau), the construction site with an area of approximately 303,518.6 sq m is in compliance with the requirements of urban planning.
- (3) According to 2 Planning Permits for Construction Works No. JZ210211201110030 issued by 大連市甘井子區規劃局 (Dalian Ganjingzi District Urban Planning Bureau), the construction works of the property with a total gross floor area of 334,676 sq m are in compliance with the works requirements and have been approved.

<u>Permits No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
JZ210211201110030	253,145	August 22, 2011
JZ210211201110031	81,531	August 22, 2011

- (4) According to 2 Permits for Commencement of Construction Works Nos. 210200201109161101 and 210200201109161201 issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the construction works of the development are permitted to commence with a total gross floor area of 248,724 sq m.

<u>Permits No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
210200201109161201	167,193	September 16, 2011
210200201109161101	81,531	September 16, 2011

- (5) According to 3 Pre-sale Permits issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) was permitted for pre-sale of portion of the property with a total gross floor area of 183,918 sq m, and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) was permitted for pre-sale of portion of the property with a total gross floor area of 37,058 sq m.

<u>Permits No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
DFYXZ20120102	110,235	November 26, 2012
DFYXZ20120021	73,683	April 19, 2012
DFYXZ20130025	37,058	May 21, 2013

- (6) According to the information provided by the Company, as at March 31, 2014, portions of Sunny Bay with a total gross floor area of approximately 37,423.23 sq m were agreed to be sold at a total consideration of RMB424,121,592 and portions of Phase II of Perfect Garden with a total gross floor area of approximately 24,152.80 sq m were agreed to be sold at a total consideration of RMB278,391,946. We have included such portions in our valuation and taken into account such amount.
- (7) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB642,722,433. The estimated total construction cost was approximately RMB957,810,000. In the course of our valuation, we have taken into account such costs.
- (8) The market value when completed of the property as at March 31, 2014 was approximately RMB2,216,000,000.
- (9) According to Business License No. QHLDZZD019587, 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) was established with a registered capital of RMB563,000,000 as a limited liability company on 8 October 2010.

According to Business License No. QHLDZZD019588, 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) was established with a registered capital of RMB257,700,000 as a limited liability company on 8 October 2010.

- (10) According to the PRC legal opinion,
- (i) 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have obtained the land use rights of the property and is the legal land



user of the property. 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term subject to the mortgage without paying any grant fee or land cost retroactively;

- (ii) The project under construction of 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iii) 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have the right to pre-sale the buildings according to the Pre-sale Permits;
  - (iv) Stated-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) have the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership;
  - (v) According to the Company, the civil defense area, being 12,077 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit;
  - (vi) A portion of the property is subject to a mortgage; and
  - (vii) As confirmed by 大連聖安房地產開發有限公司 (Dalian Sheng'an Real Estate Development Ltd.) and 大連聖仁房地產開發有限公司 (Dalian Shengren Real Estate Development Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above have no limitation on any guarantee, mortgage, confiscation etc and compulsory acquisition.
- (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:

State-owned Land Use Rights Certificate	Yes
Grant Contract of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Business License	Yes

- (12) In valuing the property if completed, we have assumed about RMB11,500 per sq m for the high-rise residential portion, RMB14,550 per sq m for the multi-storey residential portion, RMB16,000 per sq m for the retail portion and RMB135,000 per lot for the car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential premises, retail and Car parking spaces within the same district which have characteristics comparable to the property. The prices of high-rise residential premises range from about RMB9,500 to RMB13,000 per sq m. The prices of multi-storey residential premises range from about RMB11,500 to RMB14,000 per sq m. The prices of retail premises range from about RMB16,000 to RMB33,000 per sq m. The prices of car parking spaces range from about RMB110,000 to RMB160,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, accessibility, building age, maintenance standard, size, floor level and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
34. Supreme City, Groups 4 and 5, Guanfeng Village, Xingfu Town, Dujiangyan, Sichuan Province, the PRC	<p>The property comprises a site with an area of approximately 40,292.81 sq m.</p> <p>According to the information provided by the Group, the property is proposed to be developed into a composite residential and commercial development with a total planned gross floor area of approximately 119,782.65 sq m.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB179,000,000  (100% interest attributable to the Group: RMB179,000,000)

Portion	Planned Gross Floor Area (sq m)
Residential	49,856.58
Commercial	34,467.63
Underground	35,458.44
<b>Total:</b>	<b>119,782.65</b>

The land use rights of the property have been granted for terms due to expire on January 18, 2083 for residential use and due to expire on January 18, 2053 for commercial use.

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. (2013) 2434 dated April 9, 2013 issued by 都江堰市國土資源局 (Dujiangyan State-owned Land Resources Bureau), the land use rights of the property with a site area of approximately 40,292.81 sq m have been vested in 四川億興置業發展有限公司 (Sichuan Yixing Property Development Ltd.).
- (2) Pursuant to Planning Permit for Construction Works No. 510181201331031 issued by 都江堰市規劃管理局 (Dujiangyan Planning and Management Bureau), the construction works with a gross floor area of 119,782.65 sq m are in compliance with the construction works requirements and have been approved.
- (3) Pursuant to Planning Permit for Construction Use of Land No. 510181201321011 dated May 6, 2013 issued by 都江堰市規劃管理局 (Dujiangyan Planning and Management Bureau), the construction site with an area of approximately 40,292.81 sq m is in compliance with the requirements of urban planning.
- (4) Pursuant to Permit for Commencement of Construction Work No. 510181201401070101 dated January 7, 2014 issued by 都江堰市城鄉建設局 (Dujiangyan Urban and Rural Construction Bureau), the construction works of the development are permitted to commence with a total gross floor area of 119,782.65 sq m.
- (5) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB 40,590,000. The estimated total construction cost was approximately RMB 388,360,000. In the course of our valuation, we have taken into account such costs.
- (6) The market value when completed of the property as at March 31, 2014 was approximately RMB 781,000,000.
- (7) According to Business License No. 510181000035346, 四川億興置業發展有限公司 (Sichuan Yixing Property Development Ltd.) was established with a registered capital of RMB30,000,000 as a limited company on April 28, 2003.
- (8) According to the PRC legal opinion,
  - (i) 四川億興置業發展有限公司 (Sichuan Yixing Property Development Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 四川億興置業發展有限公司 (Sichuan Yixing Property Development Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively;

- (ii) According to the Company, the civil defense area, less than 17,410 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 四川億興置業發展有限公司 (Sichuan Yixing Property Development Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit;
- (iii) The project under construction by 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
- (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 四川億興置業發展有限公司 (Sichuan Yixing Real Estate Development Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
- (v) A portion of the property is subject to a mortgage; and
- (vi) As confirmed by 四川億興置業發展有限公司 (Sichuan Yixing Property Development Ltd.), except for the mortgage mentioned above, the land use rights and property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (9) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Works	Yes
Business License	Yes
Planning Permit for Construction use of land	Yes
Permit for Commencement of Construction Works	Yes

- (10) In valuing the property, we have assumed about RMB1,561 per sq m on gross floor area for residential land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises range from about RMB1,191 to RMB1,828 per sq m on gross floor area.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>
35. Phase III of Eastern Santaclara, Hongling Road, Miaoling Village, High-Tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 38,013.2 sq m upon which a residential development with retail facilities is being constructed.</p> <p>The property is situated in the north of Ruanjianyuan Road and abuts Beichen Road to the east, Hongling Road to the west and the mountain to the north. The property is mainly surrounded by schools, residential, office buildings and commercial buildings.</p>	As at the date of valuation, the property was under construction and is scheduled to be completed in 2015.	RMB1,404,000,000  (100% interest attributable to the Group : RMB1,404,000,000)

The property is approximately 200 m to Ruanjianyuan Road. The property is served by public bus routes.

As advised by the Group, upon completion, the property will have a total gross floor area of approximately 243,391 sq m comprising the following:

<u>Use</u>	<u>Planned Gross Floor Area (sq m)</u>
Retail	19,524.08
Residential	133,595.19
Others	8,291.73
Underground	81,980.00
<b>Sub-total:</b>	<b>243,391.00</b>

The land use rights of the property have been granted for a term due to expire on January 30, 2083 for residential use.

Notes:

- (1) Pursuant to a State-owned Land Use Rights Certificate issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), the land use rights of the property have been vested in 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) with details as follows:

<u>Certificate No.</u>	<u>Site Area (sq m)</u>	<u>Use</u>	<u>Issue Date</u>	<u>Expiry Date</u>
(2013) 05004	38,013.2	Residential	January 24, 2013	January 30, 2083

- (2) Pursuant to a Planning Permit for Construction Use of Land issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction site with an area of approximately 38,013.2 sq m is in compliance with the requirements of urban planning. The details are as follows:

<u>Certificate No.</u>	<u>Site area (sq m)</u>	<u>Issue Date</u>
210211201220033	38,013.2	December 11, 2012

- (3) Pursuant to a Planning Permit for Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction works with a gross floor area of 243,391 sq m is in compliance with the construction works requirements and have been approved. The details are as follows:

<u>Certificate No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
210211201320006	243,391	March 20, 2013

- (4) According to 2 Permits for Commencement of Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction works of the development were permitted to commence with details as follows:

<u>Permit No.</u>	<u>Gross Floor Area (sq m)</u>	<u>Issue Date</u>
210230201304070801	105,026	April 7, 2013
210230201304070901	138,365	April 7, 2013
<b>Sub-total:</b>	<b><u>243,391</u></b>	

- (5) According to Pre-sale Permit No. 20130019 dated 5 August 2013 issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) was permitted for pre-sale of portion of the property of a gross floor area of 153,119.27 sq m.
- (6) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 30,156 sq m were agreed to be sold at a total consideration of RMB412,156,000. We have included such portions in our valuation and taken into account such amount.
- (7) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB354,500,000. The estimated total construction cost was approximately RMB917,000,000. In the course of our valuation, we have taken into account such costs.
- (8) The market value when completed of the property as at March 31, 2014 was approximately RMB2,763,000,000.
- (9) According to Business License No. 2102311101540, 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) was established with a registered capital of RMB200,000,000 as a limited liability company on September 5, 2008.
- (10) According to the PRC legal opinion,
- (i) 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term and complied with relevant mortgage contracts without paying any grant fee or land cost retroactively;
  - (ii) The project under construction by 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iii) According to the Company, the civil defense area, being 6,175 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit;
  - (iv) the property is subject to a mortgage;
  - (v) 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) is entitled to pre-sell the property under construction within the pre-sale limit in compliance with Pre-sale Permit;
  - (vi) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (vii) As confirmed by 大連軟件園發展有限公司 (Dalian Software Park Development Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

(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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Business License	Yes

(12) In valuing the property, we have assumed about RMB15,000 per sq m for the residential portion, RMB22,200 per sq m for the commercial portion and RMB204,000 per lot for the car parking space portion.

In undertaking our valuation of the property if completed, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB13,000 to RMB16,500 per sq m. The prices of commercial premises range from about RMB20,000 to RMB25,000 per sq m. The prices of car parking spaces range from about RMB230,000 to RMB250,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, building age, maintenance standard, size, accessibility, floor level and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
36. Provence Stone Valley, Liangjianangou, Lvshun South Road, High-Tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 160,552.2 sq m upon which a residential development with retail facilities is being constructed.</p> <p>The property is located in the High-Tech Industrial Zone. The property is situated in the south of Lvshun South Road and surrounded by mountain on the south, east and west. Developments in the vicinity are mainly residential projects, such as Oak Manor, Noble Coastal Garden.</p>	As at the date of valuation, the property was under construction and is scheduled to be completed in 2014.	RMB2,198,000,000  (59.5% interest attributable to the Group: RMB1,307,810,000)

As advised by the Group, upon completion, the property will have a total gross floor area of approximately 299,769.5 sq m comprising the following:

Portion	Planned Gross Floor Area (sq m)
Retail	4,966.44
Residential	211,801.40
Others	6,669.08
Underground	76,332.58
<b>Total:</b>	<b>299,769.50</b>

The land use rights of the property have been granted for a term due to expire on August 14, 2080 for residential use.

## Notes:

- Pursuant to State-owned Land Use Rights Certificate No. (2011) 05024 issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High Tech Industrial Zone Branch), the land use rights of the property having a site area of 160,552.2 sq m have been vested in 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.) for residential use until August 14, 2080.
- Pursuant to Planning Permit for Construction Use of Land No. 2102112011200018 dated April 12, 2011 issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction site with an area of approximately 160,552.2 sq m is in compliance with the requirements of urban planning.
- According to Planning Permit for Construction Works No. 2102112011200025 dated June 13, 2011 issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the property is permitted to be developed with a total gross floor area of 299,769.5 sq m.
- According to Permit for Commencement of Construction Works No. 210230201107150401 dated July 15, 2011 issued by 大連高新技術產業園區規劃建設局 (Dalian High Tech Industrial Park Planning and construction Bureau), the construction works of the development are permitted to commence with a total gross floor area of 299,769.5 sq m.
- According to Pre-sale Permit, the permitted pre-sale area of portion of the property is 109,724.50 sq m, with details as follows:

Permit No.	Usage	Gross Floor Area (sq m)
20130014	Residential	109,724.50

- (6) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 16,263 sq m were agreed to be sold at a total consideration of RMB223,330,000. We have included such portions in our valuation and taken into account such amount.
- (7) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB855,720,000. The estimated total construction cost was approximately RMB1,372,500,000. In the course of our valuation, we have taken into account such costs.
- (8) The market value when completed of the property as at March 31, 2014 was approximately RMB3,452,000,000.
- (9) According to Business License No. 019281, 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.) was established with a registered capital of RMB550,000,000 as a limited liability company on April 19, 2010.
- (10) According to the PRC legal opinion,
- (i) 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term and complied with relevant mortgage contracts without paying any grant fee or land cost retroactively;
  - (ii) The project under construction by 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iii) According to the Company, the civil defense area, being 15,162 sq m, is provided in the portion of the development under construction. Pursuant to Dalian Civil Defense Facilities Administrative Regulations, civil defense facilities are national assets which should not be transferred, mortgaged and dismantled without the examination from Civil Defense Office and acceptance from Dalian Municipal Government. 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.) is entitled to lease the property or use it legally after application and acquisition of the occupation permit.
  - (iv) The property is subject to a mortgage;
  - (v) 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.) is entitled to pre-sell the property under construction within the pre-sale limit in compliance with Pre-sale Permit;
  - (vi) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (vii) As confirmed by 大連軟件園世通開發有限公司 (Dalian Software Park Shitong Development Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (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:
- |   |            |
|---|------------|
| State-owned Land Use Rights Certificate       | Yes        |
| Planning Permit for Construction Use of Land  | Yes        |
| Planning Permit for Construction Works        | Yes        |
| Permit for Commencement of Construction Works | Yes        |
| Pre-sale Permit                               | Yes (part) |
| Business License                              | Yes        |
- (12) In valuing the property when completed, we have assumed about RMB14,100 per sq m to RMB15,300 per sq m for the residential portion, RMB18,500 per sq m for the commercial portion and RMB210,000 per lot for the car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB12,000 to RMB16,500 per sq m. The prices of commercial premises range from about RMB20,000 to RMB24,000 per sq m. The prices of car parking spaces range from about RMB230,000 to RMB250,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including locality, building age, maintenance standard, size, accessibility, floor level and other relevant factors.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
37. Cultural and Sports Center, Sanbali Village, Shuishiyang Street, Lvshunkou District, Dalian, Liaoning Province, the PRC	<p>The property is developed in two phases.</p> <p>The property is situated in the east of Lvshunkou District Court. The property abuts Xincheng Avenue to the south and planned roads on the north, east and west.</p> <p>Developments in the vicinity comprise mainly residential projects and government departments, such as Lvshunkou District Government and Sun Bordeaux.</p> <p>Phase I comprises a 3-storey building plus one floor basement for culture and sports use completed in 2011. The gross floor area is approximately 11,156 sq m.</p> <p>According to the information provided by the Company, the planned gross floor area of Phase II is approximately 16,958.7 sq m.</p> <p>The land use rights of the property have been granted for a terms due to expire on November 19, 2059 for culture and sports uses.</p>	As at the date of valuation, Phase I was completed whilst Phase II was under construction.	RMB136,000,000  (100% interest attributable to the Group: RMB136,000,000)

**Notes:**

- (1) Pursuant to State-owned Land Use Rights Certificate issued by 大連市國土資源和房屋局旅順口國土資源分局 (Dalian State-owned Land Resources and Housing Bureau, Lvshunkou District Branch), the land use rights of the property with the total site area of approximately 15,508 sq m have been vested in 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.).
- (2) Pursuant to Building Ownership Certificate No. 201203563 dated June 18, 2012 issued by 大連市旅順口房產局 (Dalian Lvshunkou District Housing Bureau), the building ownership of the property comprising a total gross floor area of 9,631.73 sq m has been vested in 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.).
- (3) Pursuant to Planning Permit for Construction Use of Land No. 210212200900055 dated November 24, 2009 issued by 大連市旅順口區規劃局 (Dalian Lvshunkouqu District Planning Bureau), the construction site with an area of approximately 15,508 sq m is in compliance with the requirements of urban planning.
- (4) Pursuant to 2 Planning Permits for Construction Works Nos. 210212200900062 and 210212201300013 dated December 18, 2009 and February 19, 2013 respectively issued by 大連市旅順口區規劃局 (Dalian Lvshunkouqu District Planning Bureau), the construction works with a total gross floor area of 28,114.7 sq m are in compliance with the construction works requirements and have been approved.
- (5) Pursuant to 2 Permits for Commencement of Construction Works Nos. 210212201004140101 and 210212201303150101 dated respectively April 14, 2010 and March 15, 2013 respectively issued by 大連市旅順口區城市建設管理局 (Dalian Lvshunkou Urban Construction and Management Bureau), the construction works with a total gross floor area of 21,817.9 sq m are in compliance with the requirements for works commencement and have been permitted.
- (6) Pursuant to Construction Works Completion Examination Certificate No. 2012-013 dated May 18, 2012 issued by 大連市旅順口區建設工程竣工驗收部門 (Dalian Lvshunkou Industry Zone Construction Work Completion Acceptance Department), the project with a total gross floor area of 11,156 sq m was completed.
- (7) According to the information provided by the Company, the expended construction cost of Phase II of the property as at March 31, 2014 was approximately RMB11,681,819. In the course of our valuation, we have taken into account such costs.
- (8) According to Business License No. 2102121102015, 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) was established with a registered capital of RMB250,000,000 as a limited company on March 14, 2008.

- (9) According to the PRC legal opinion,
- (i) A portion of the property is subject to a mortgage;
  - (ii) 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) has obtained the land use rights and building ownership of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively;
  - (iii) The project under construction by 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
  - (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (v) As confirmed by 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes (part)
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes (part)
Real Estate Surveying Report	Yes (part)
Construction Works Completion Examination Certificate	Yes (part)
Business License	Yes

- (11) In valuing the land portion of the property, we have assumed about RMB404 per sq m on gross floor area basis. In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of land of similar use range from about RMB374 to RMB645 per sq m on gross floor area basis. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014												
38. Phases I and II, First County, Sanbali Village, Shuishiyang Street, Lvshunkou District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 258,019.76 sq m upon which a residential development is being constructed.</p> <p>The property is situated in the northeast of Lvshunkou District Court. The property abuts Jiangshui Road to the north, Xincheng Avenue on the south, planned roads on the east and west.</p> <p>Developments in the vicinity comprise mainly residential projects and government departments, such as Lvshunkou District Government and Sun Bordeaux.</p> <p>As advised by the Group, upon completion, the property will have a total gross floor area of approximately 464,334.86 sq m comprising the following:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Portion</th> <th>Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>287,238.32</td> </tr> <tr> <td>Retail</td> <td>5,790.08</td> </tr> <tr> <td>Underground</td> <td>170,652.78</td> </tr> <tr> <td>Others</td> <td>653.68</td> </tr> <tr> <td><b>Total:</b></td> <td><b>464,334.86</b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms due to expire on March 13, 2081 for residential use and due to expire on March 13, 2051 for commercial use.</p>	Portion	Planned Gross Floor Area (sq m)	Residential	287,238.32	Retail	5,790.08	Underground	170,652.78	Others	653.68	<b>Total:</b>	<b>464,334.86</b>	As at the date of valuation, the property was under construction and is scheduled to be completed in 2016.	RMB1,711,000,000  (52.57% interest attributable to the Group: RMB899,472,700)
Portion	Planned Gross Floor Area (sq m)														
Residential	287,238.32														
Retail	5,790.08														
Underground	170,652.78														
Others	653.68														
<b>Total:</b>	<b>464,334.86</b>														

## Notes:

- (1) Pursuant to 5 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局旅順口國土資源分局 (Dalian State-owned Land Resources and Housing Bureau, Lvshunkou District Branch), the land use rights of the property with the total site area of approximately 258,019.76 sq m have been vested in 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.) and 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.). The details are as follows:

Certificate No.	Site Area (sq m)	Use	Issue Date	Owner
(2011) 110026FZC	79,721.06	Residential and commercial	May 20, 2011	Dalian Yize Real Estate Co., Ltd.
(2011) 110035FZC	50,146.53	Residential and commercial	June 15, 2011	Dalian Yize Real Estate Co., Ltd.
(2011) 110025FZC	50,580.9	Residential and commercial	May 20, 2011	Dalian Yihong Real Estate Co., Ltd.
(2011) 110023FZC	40,828.74	Residential and commercial	May 20, 2011	Dalian Yihong Real Estate Co., Ltd.
(2011) 110024FZC	36,742.53	Residential and commercial	May 20, 2011	Dalian Yihong Real Estate Co., Ltd.

- (2) Pursuant to 2 Planning Permits for Construction Use of Land Nos. 210212201100005 and 210212201100007 respectively dated March 1, 2011 and March 31, 2011 respectively issued by 大連市旅順口區規劃局 (Dalian Lvshunkouqu District Planning Bureau), the construction site with an area of approximately 258,019.76 sq m is in compliance with the requirements of urban planning.
- (3) Pursuant to 2 Planning Permits for Construction Works Nos. 210212201100036 and 210212201100037 dated July 4, 2011 issued by 大連市旅順口區規劃局 (Dalian Lvshunkouqu District Planning Bureau), the construction works with a gross floor area of 464,335.18 sq m are in compliance with the construction works requirements and have been approved.

- (4) Pursuant to 5 Permits for Commencement of Construction Works dated August 30, 2011 issued by 大連市旅順口區城市建設管理局 (Dalian Lvshunkou Urban Construction and Management Bureau), the construction works with a total gross floor area of 449,303.84 sq m are in compliance with the requirements for works commencement and have been permitted. The details are as follows:

Permit No.	Gross Floor Area (sq m)
210212201108300101	117,780.42
210212201108300201	83,896.39
210212201108300301	108,829.20
210212201108300401	73,746.32
210212201108300501	65,051.51

- (5) Pursuant to 2 Pre-sale Permits Nos. 20120206 and 20130013 dated June 8, 2012 and July 2, 2013 respectively issued by 大連市旅順口區房產局 (Dalian Lvshunkou District Housing Bureau), 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.) and 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.) were permitted for pre-sale of portion of the property with a total gross floor area of 157,436.96 sq m.
- (6) According to the information provided by the Company, the expended construction cost of Plots C02 and C10 as at March 31, 2014 was approximately RMB611,248,921. The estimated total construction cost was approximately RMB988,800,000. In the course of our valuation, we have taken into account such costs.
- (7) According to the information provided by the Company, as at March 31, 2014, portions of Plots C02 and C10 with a total gross floor area of approximately 55,478.31 sq m were agreed to be sold at a total consideration of RMB507,256,601. We have included such portions in our valuation and taken into account such amount.
- (8) The market value when completed of the property as March 31, 2014 was approximately RMB3,638,000,000.
- (9) According to Business License No. 019772, 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.) was established with a registered capital of RMB347,230,000 as a limited company on December 21, 2010.

According to Business License No. 019773, 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.) was established with a registered capital of RMB314,770,000 as a limited company on December 22, 2010.

- (10) According to the PRC legal opinion,
- (i) A portion of the property is subject to a mortgage;
  - (ii) 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.) and 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.) has respectively obtained the land use rights of the property and are the legal land users of the property. On the premise of abiding by the related mortgage contracts, 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.) and 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
  - (iii) The project under construction by 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.) and 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The companies have been entitled to develop the project in compliance with the certificates;
  - (iv) 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.) and 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.) have respectively the rights to pre-sell the residential in specified scope according to Pre-sale Permits mentioned above; and
  - (v) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificates, 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.) and 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
  - (vi) As confirmed by 大連億鴻房地產開發有限公司 (Dalian Yihong Real Estate Co., Ltd.) and 大連億澤房地產開發有限公司 (Dalian Yize Real Estate Co., Ltd.), except for the mortgage mentioned above, the land use rights and permits mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

(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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes (part)
Business License	Yes

(12) In valuing the property when completed, we have assumed about RMB9,400 to RMB13,000 per sq m for the residential portion, RMB22,000 per sq m for the commercial portion and RMB150,000 per lot for the car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential and commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB7,500 to RMB10,600 per sq m. The prices of commercial premises range from about RMB19,000 to RMB25,000 per sq m. The prices of car parking spaces range from about RMB100,000 to RMB140,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location, accessibility, maintenance, floor and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014								
39. Phases II and III of Yida Forever, No. 116 Shuangyuan Road, Dongling District, Shenyang, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 132,625.39 sq m upon which a low-rise townhouse residential development is being constructed.</p> <p>Yida Forever is situated in the southwest of Shenyang Botanic Garden. The project abuts planned roads to the north and west, Mountain Fairyland on the east and Poly Twelve Oaks Manor to the south.</p> <p>Developments in the vicinity comprise mainly low density residential projects, such as Mountain Fairyland, Poly Twelve Oaks Manor and Notting Hill British villa.</p> <p>Phase II-1 of the property has a gross floor area of 18,385.36 sq m for townhouse use.</p> <p>As advised by the Group, upon completion, Phases II-2 and III of the property will have a total gross floor area of approximately 42,069 sq m comprising the following:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Portion</th> <th style="text-align: center;">Planned Gross Floor Area</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Townhouse</td> <td style="text-align: center;">40,980.59</td> </tr> <tr> <td style="text-align: center;">Other</td> <td style="text-align: center;">1,088.41</td> </tr> <tr> <td style="text-align: center;"><b>Total</b></td> <td style="text-align: center;"><b>42,069</b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term due to expire on January 17, 2057 for residential use.</p>	Portion	Planned Gross Floor Area	Townhouse	40,980.59	Other	1,088.41	<b>Total</b>	<b>42,069</b>	As at the date of valuation, Phase II-1 of the property was completed, and Phases II-2 and III of the property were under construction and are scheduled to be completed in 2015.	RMB588,000,000  (100% interest attributable to the Group: RMB588,000,000)
Portion	Planned Gross Floor Area										
Townhouse	40,980.59										
Other	1,088.41										
<b>Total</b>	<b>42,069</b>										

## Notes:

- (1) Pursuant to 2 State-owned Land Use Rights Certificates Nos. (2007) 001 and (2007) 002 dated January 18, 2007 issued by 瀋陽市規劃和國土資源局棋盤山國際風景旅遊度假區分局 (Qipanshan International Scenery Tourism Development Zone Branch of Shenyang Plan and Land Resources Bureau), the land use rights of the property with a total site area of approximately 132,625.39 sq m have been vested in 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.).
- (2) Pursuant to Planning Permit for Construction Use of Land No. (07) 002 dated January 17, 2007 issued by 瀋陽市規劃和國土資源局棋盤山國際風景旅遊度假區分局 (Qipanshan International Scenery Tourism Development Zone Branch of Shenyang Plan and Land Resources Bureau), the construction site with an area of approximately 180,538 sq m is in compliance with the requirements of urban planning.
- (3) Pursuant to Notification of Content Change of Planning Permit for Construction Works No. 2011003 dated July 5, 2011 issued by 瀋陽市規劃和國土資源局棋盤山國際風景旅遊度假區分局 (Qipanshan International Scenery Tourism Development Zone Branch of Shenyang Plan and Land Resources Bureau), the construction works of Phase II with a gross floor area of 47,210.99 sq m are in compliance with the construction works requirements and have been approved.

Pursuant to Notification of Content Change of Planning Permit for Construction Works No. 2012006 dated August 28, 2012 issued by 瀋陽市規劃和國土資源局棋盤山國際風景旅遊度假區分局 (Qipanshan International Scenery Tourism Development Zone Branch of Shenyang Plan and Land Resources Bureau), the construction works of Phase III with a gross floor area of 20,943.29 sq m are in compliance with the construction works requirements and have been approved.

- (4) Pursuant to 6 Permits for Commencement of Construction Works issued by 瀋陽棋盤山國際風景旅遊度假區建設管理局 (Shenyang Qipanshan International Scenery Tourism Development Zone Construction and Management Bureau), the construction works with a gross floor area of 68,471.65 sq m are in compliance with the requirements for works commencement and have been permitted. The details are as follows:

Permit No.	Gross Floor Area (sq m)	Issue Date
210112201011260101	13,514.24	November 26, 2010
210112201011260201	12,571.04	November 26, 2010
210112201103150101	21,125.71	August 15, 2011
2102112201112230101	10,625.97	December 23, 2011
210112201203060101	5,073.33	March 6, 2012
210112201203080101	5,561.36	March 8, 2012

- (5) According to 4 Real Estate Sale Pre-Surveying Reports of Yida Forever, the gross floor area of the property is 63,970.08 sq m. The details are as follows:

Phase	Gross Floor Area (sq m)
II-1	22,511.15
II-2	20,779.21
III	20,679.72

- (6) According to 17 Construction Works Completion Examination Certificates of Phase II of Lujingtianyuan (now known as Yida Forever), Phase II-1 of the project with a total gross floor area of 26,083 sq m was completed. The details were as follows:

Permit No.	Block	Gross Floor Area (sq m)
(2012) 114	1#	1,486
(2012) 115	2#	1,609
(2012) 116	3#	1,486
(2012) 117	4#	1,609
(2012) 118	5#	1,595
(2012) 119	6#	1,595
(2012) 120	7#	1,595
(2012) 121	8#	1,269
(2012) 122	9#	1,269
(2012) 123	10#	1,609
(2012) 124	11#	1,486
(2012) 125	12#	1,609
(2012) 126	13#	1,486
(2012) 127	14#	1,595
(2012) 128	15#	1,595
(2012) 129	16#	1,595
(2012) 130	17#	1,595

- (7) Pursuant to 3 Pre-sale Permits issued by 瀋陽市房產局 (Shenyang Housing Bureau), 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) was permitted for pre-sale of portion of Phases II and III of the property with a total gross floor area of 63,491.74 sq m. The details are as follows:

Permit No.	Phase	Gross Floor Area (sq m)	Issue Date
11190	II	22,511.15	May 13, 2011
11726	II	20,779.21	December 6, 2011
12182	III	20,201.38	May 23, 2012

- (8) According to the information provided by the Company, the expended construction cost of Phases II-2 and III the property as at March 31, 2014 was approximately RMB134,089,112. The estimated total construction cost was approximately RMB199,050,000. In the course of our valuation, we have taken into account such costs.
- (9) According to the information provided by the Company, as at March 31, 2014, portions of the property with a total gross floor area of approximately 1,593.97 sq m were agreed to be sold at a total consideration of RMB16,319,972. We have included such portions in our valuation and taken into account such amount.
- (10) The market value when completed of Phases II-2 and III the property as at March 31, 2014 was approximately RMB571,000,000.

(11) According to Business License No. 210134000003005, 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) was established with a registered capital of RMB20,000,000 as a limited company on August 5, 2005.

(12) According to the PRC legal opinion,

- (i) 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) The project under construction by 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates;
- (iii) 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) has the rights to pre-sell the residential in specified scope according to Pre-sale Permits mentioned above;
- (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to the issuing of Construction Works Completion Examination Certificate, 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership; and
- (v) As confirmed by 遼寧佳業地產開發有限公司 (Liaoning Jiaye Real Estate Co., Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Business License	Yes

(14) In valuing the property when completed, we have assumed about RMB12,800 to RMB15,100 per sq m for the residential portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential premises within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB9,500 to RMB15,000 per sq m. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location, accessibility and other relevant factors.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014														
40. Triumph Hill Project, North of Jiaotongkouan School, Changchun Road, Xigang District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 24,620.90 sq m upon which a residential development with retail facilities is being constructed.</p> <p>The land is located in the southwest of Changchun Road and abuts Dalian transportation port vocational technical school to the south.</p> <p>The property is 11 km away from Dalian Zhoushuizi International Airport, 5 km to Dalian Railway Station, 7 km to Port of Dalian. The property is served by public bus routes.</p> <p>As advised by the Group, upon completion, the property will have a total gross floor area of approximately 80,300 sq m comprising the following:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>1,850</td> </tr> <tr> <td>Residential</td> <td>57,722</td> </tr> <tr> <td>Apartment</td> <td>3,278</td> </tr> <tr> <td>Ancillary</td> <td>1,700</td> </tr> <tr> <td>Underground</td> <td>15,750</td> </tr> <tr> <td><b>Total:</b></td> <td><b>80,300</b></td> </tr> </tbody> </table>	Portion	Planned Gross Floor Area (sq m)	Retail	1,850	Residential	57,722	Apartment	3,278	Ancillary	1,700	Underground	15,750	<b>Total:</b>	<b>80,300</b>	As at the date of valuation, the property was under construction and is scheduled to be completed in April 2014.	RMB858,000,000  (100% interest attributable to the Group: RMB858,000,000)
Portion	Planned Gross Floor Area (sq m)																
Retail	1,850																
Residential	57,722																
Apartment	3,278																
Ancillary	1,700																
Underground	15,750																
<b>Total:</b>	<b>80,300</b>																
	<p>The land use rights of the property have been granted for terms due to expire on May 30, 2081 for residential use and due to expire on May 30, 2051 for commercial use.</p>																

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. 201202001 dated February 1, 2012 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with a site area of approximately 24,620.90 sq m have been vested in 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company).
- (2) According to Planning Permit for Construction Use of Land No. 210203201100042 issued by 大連市規劃局 (Dalian Urban Planning Bureau) on August 22, 2011, the construction site of a parcel of land with a site area of 24,600 sq m is in compliance with the urban planning requirements.
- (3) According to Planning Permit for Construction Works No. 210203201100055 issued by 大連市規劃局 (Dalian Urban Planning Bureau) on September 29, 2011, the construction works of the property, with a total gross floor area of 80,300 sq m, are in compliance with the construction works requirements and have been approved.
- (4) Pursuant to Permit for Commencement of Construction Works No. 210200201203010901 dated March 1, 2012 issued by 大連市城鄉建設委員會 (Dalian Urban and Rural Construction Committee), the construction works of the development are permitted to commence with a total gross floor area of 76,460 sq m.

- (5) According to 3 Pre-sale Permits, the permitted pre-sale area of portion of the property is 74,760 sq m with details as follows:

<u>Permit No.</u>	<u>Block</u>	<u>Usage</u>	<u>Gross Floor Area (sq m)</u>
20120055	Blocks 3 and 7	Residential/Retail	11,448
20120042	Blocks 1 and 6	Residential/Retail	20,658
20120067	Blocks 4, 5 and 8	Residential/Car parking space	42,654
<b>Total</b>			<b><u>74,760</u></b>

- (6) According to the information provided by the Company, portions of the property with a total gross floor area of 23,930.63 sq m have been agreed to be sold at a total consideration of approximately RMB359,229,672. In the course of our valuation, we have taken it in account. The details are as follows:

<u>Usage</u>	<u>Pre-sold Gross Floor Area (sq m)</u>	<u>No. of Unit</u>	<u>Pre-sold Price (RMB)</u>
Residential	17,390.02	166	328,560,000
Retail	39.38	1	1,354,672
CPS	6,501.23	191	29,315,000
<b>Total</b>	<b><u>23,930.63</u></b>	<b><u>358</u></b>	<b><u>359,229,672</u></b>

- (7) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB291,000,000. The estimated total construction cost was approximately RMB316,000,000. In the course of our valuation, we have taken into account such costs.

- (8) The market value when completed of the property as at March 31, 2014 was approximately RMB1,033,000,000.

- (9) According to Business License No. DGSQFZ2102001103088, 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) was established with a registered capital of RMB150,000,000 as a limited company on December 12, 2011.

- (10) According to the PRC legal opinion,

(i) 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) has obtained the land use rights of the property and is the legal land user of the property. 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;

(ii) The property is subject to a mortgage; and

(iii) As confirmed by 大連億達房地產股份有限公司 (Dalian Yida Real Estate Incorporated Company), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

- (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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Business License	Yes

- (12) The property was under construction as at the date of valuation. In valuing the property when completed, we have assumed about RMB20,000 per sq m for residential portion, RMB25,000 per sq m for commercial portion and RMB200,000 per lot for car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential, commercial and car parking spaces within the same district which have characteristics comparable to property. The prices of residential premises range from about RMB17,000 to RMB20,000 per sq m. The prices of commercial premises range from about RMB22,800 to RMB30,000 per sq m. The prices of car parking spaces range from about RMB180,000 to RMB280,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014												
41. Zones B, C and D of Blue Mountain, Longwangtang Street, Yanchang New Village, Lvshunkou District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 201,671.99 sq m upon which a residential development with ancillary retail is being constructed.</p> <p>The property abuts Guoshui Road, Xiaogu mountain on the northeast, Guoshui Road on the southwest, Jiguan Mountain on the west, and Zone A of Blue Mountain on the east.</p> <p>Developments in the vicinity comprise mainly residential and colleges, such as Blue Bay, Blue Branch, Dalian Medical University, Dalian Foreign Languages Institute.</p> <p>The property is approximately 1 km to the Coastline. The property is connected to the downtown of Lvshun to the west and High-tech Industrial Zone to the east. The property is served by public bus routes.</p> <p>As advised by the Group, upon completion, the property will have a total gross floor area of approximately 312,265 sq m comprising the following:</p>	As at the date of valuation, the property was under construction and is scheduled to be completed in November 2015.	RMB1,692,000,000  (100% interest attributable to the Group: RMB1,692,000,000)												
		<table border="1"> <thead> <tr> <th>Portion</th> <th>Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Townhouse</td> <td>62,547.15</td> </tr> <tr> <td>High-rise Residential</td> <td>175,400.90</td> </tr> <tr> <td>Retail</td> <td>1,421.85</td> </tr> <tr> <td>Underground</td> <td>72,895.10</td> </tr> <tr> <td><b>Total:</b></td> <td><b>312,265</b></td> </tr> </tbody> </table>	Portion	Planned Gross Floor Area (sq m)	Townhouse	62,547.15	High-rise Residential	175,400.90	Retail	1,421.85	Underground	72,895.10	<b>Total:</b>	<b>312,265</b>	
Portion	Planned Gross Floor Area (sq m)														
Townhouse	62,547.15														
High-rise Residential	175,400.90														
Retail	1,421.85														
Underground	72,895.10														
<b>Total:</b>	<b>312,265</b>														
	The land use rights of the property have been granted for terms due to expire on March 6, 2079 for residential use and due to expire on March 6, 2049 for commercial use.														

## Notes:

- (1) Pursuant to 3 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局旅順口國土資源分局 (Dalian State-owned Land Resources and Housing Bureau Lvshunkou Branch), the land use rights of the property with a site area of approximately 201,671.99 sq m have been vested in 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.).

Certificate No.	Issue Date	Site Area (sq m)	Land Use
0413401	April 28, 2009	68,473.78	Residential/Commercial
0413400	April 28, 2009	68,244.43	Residential/Commercial
0413399	April 28, 2009	64,953.78	Residential/Commercial
<b>Total</b>		<b>201,671.99</b>	

- (2) According to Planning Permit for Construction Use of Land No. 210212200900002 dated March 2, 2009 issued by 大連市旅順口區規劃局 (Lvshunkou District of Dalian Planning Bureau), the construction site with an area of approximately 265,916.43 sq m is in compliance with the requirements of urban planning.

- (3) According to 2 Planning Permits for Construction Works issued by 大連市旅順口區規劃局 (Lvshunkou District of Dalian Planning Bureau), the property is permitted to be developed with a total gross floor area of 184,422.56 sq m.

<u>Permit No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
210212201000066	September 9, 2010	79,640.82
210212201100001	January 20, 2011	104,781.74
<b>Total</b>		<b><u>184,422.56</u></b>

- (4) According to 3 Permits for Commencement of Construction Works issued by 大連市旅順口區城市建設管理局 (Lvshunkou District of Dalian Urban Construction Administration Bureau), the construction works of the development are permitted to commence with a total gross floor area of 184,422.56 sq m with details as follows:

<u>Permit No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
210212201012100201	December 10, 2010	72,668.99
210212201012100301	December 10, 2010	6,971.83
210212201103280201	March 28, 2011	104,781.74
<b>Total</b>		<b><u>184,422.56</u></b>

- (5) According to 3 Pre-sale Permits issued by 大連市旅順口區房產局 (Lvshunkou District of Dalian Housing Bureau), 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) was permitted for pre-sale of portion of the property with a total gross floor area of 124,649.90 sq m.

<u>Permit No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
20130002	February 6, 2013	15,321.99
20110022	August 16, 2011	60,882.66
20110024	September 16, 2011	48,445.25
<b>Total</b>		<b><u>124,649.90</u></b>

- (6) According to the information provided by the Company, as at March 31, 2014, portions of the residential premises of the property with a total gross floor area of approximately 14,167.15 sq m were agreed to be sold at a total consideration of RMB227,712,485. We have included such portions in our valuation and taken into account such amount.

- (7) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB781,461,727. The estimated total construction cost was approximately RMB1,456,170,000. In the course of our valuation, we have taken into account such costs.

- (8) The market value when completed of the property as at March 31, 2014 was approximately RMB3,329,000,000.

- (9) According to Business License No. 2102121102015, 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) was established with a registered capital of RMB250,000,000 limited company on March 14, 2008.

- (10) According to the PRC legal opinion,

- (i) 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) The project under construction by 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) mentioned above has been legally approved by relevant government departments without being repealed, modified and abolished. The company has been entitled to develop the project in compliance with the certificates.
- (iii) 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) is entitled to pre-sell the property under construction within the pre-sale limit in compliance with Pre-sale Permit;
- (iv) State-owned Land Use Rights Certificates, Planning Permit for Construction Use of Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works of the property have been obtained. Subject to

the issuing of Construction Works Completion Examination Certificate, 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) has the rights to apply for Building Ownership Certificates. There should be no obstacle in law to obtain the legal building ownership on the premise of construction complied with above procedures without any obstacle in law;

- (v) As confirmed by 大連藍灣房地產有限公司 (Dalian Lanwan Real Estate Co., Ltd.) except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes (part)
Business License	Yes

- (12) In valuing the property when completed, we have assumed about RMB24,800 per sq m for the townhouse portion, RMB9,500 per sq m for the residential portion, RMB19,000 per sq m for the commercial portion and RMB150,000 per lot for the car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of townhouse, residential, commercial premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of townhouse premises range from about RMB19,500 to RMB26,100 per sq m. The prices of residential premises range from about RMB7,500 to RMB9,500 per sq m. The prices of commercial premises range from about RMB19,000 to RMB25,000 per sq m. The prices of car parking spaces range from about RMB100,000 to RMB140,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location and environment, accessibility, maintenance standard, size, floor level and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
42. Hekou Bay Project, Dalian Tiandi, High-tech Industrial Zone Dalian, Liaoning Province, the PRC	<p>The property comprises twenty-four plots namely A1 to A11, B1 to B4, C1 to C4, D1 to D2 and E1 to E3.</p> <p>The property has a total site area of approximately 286,000 sq m. The property is situated on the Lvshun South Road Software Industry Belt. The property is located in the south of Lvshun South Road, and the east of Lingjing Hotel.</p> <p>Developments in the vicinity comprise mainly residential and office buildings, such as Grand View, Haichuang Banshan No. 1, POFI Landao and Ascendants of Dalian Software Park.</p> <p>The property is approximately 18 km to Dalian Railway Station, 18 km to Dalian Zhoushuizi International Airport. The property is served by public bus routes.</p> <p>The property is planned to be developed into a residential, commercial and office composite development with a total plot ratio gross floor area of 1,148,530 sq m.</p>	<p>As at the date of valuation, Plots A8, A10, A11, C1, D1 and B3 were under construction. Plots A8, A10, A11, C1, D1, were scheduled for completion in 2014 and Plot B3 was scheduled for completion in 2015. The remaining plots were vacant pending for construction.</p>	<p>RMB5,660,500,000</p> <p>(30% interest attributable to the Group: RMB1,698,150,000)</p>

Portion	Planned Gross Floor Area (sq m)
Residential	524,085
Commercial	390,825
Office	233,620
<b>Total</b>	<b>1,148,530</b>

The land use rights of the property have been granted for two terms due to expire on July 31, 2079 for residential use, due to expire on July 31, 2049 for commercial use and due to expire on July 31, 2059 for office use.

## Notes:

- (1) Pursuant to 8 State-owned Land Use Rights Certificates, the land use rights of the property, comprising a total site area of 114,200 sq m have been vested in 大連軟件園榮達開發有限公司 (Dalian Software Park Rongda Real Estate Development Ltd.).

Certificate No.	Plot	Usage	Site Area (sq m)
2009 05046	A1	Residential	11,100
2009 05047	A8	Residential	10,300
2009 05048	A9	Residential	23,300
2009 05049	A10	Residential	13,200
2009 05050	A11	Residential	8,100
2009 05051	B2	Residential, commercial	22,600
2009 05052	B3	Residential, commercial	9,900
2009 05053	B4	Residential, commercial	15,700
	<b>Total</b>		<b>114,200</b>

Pursuant to 10 State-owned Land Use Rights Certificates, the land use rights of the property, comprising a total site area of 99,700 sq m have been vested in 大連軟件園榮泰開發有限公司 (Dalian Software Park Rongtai Real Estate Development Ltd.) with details as follows:

<u>Certificate No.</u>	<u>Plot</u>	<u>Usage</u>	<u>Site Area (sq m)</u>
2009 05054	A2	Residential	8,400
2009 05055	A3	Residential	10,600
2009 05056	A4	Residential	6,800
2009 05057	A5	Residential	7,400
2009 05058	A6	Residential	4,500
2009 05059	A7	Residential	11,000
2009 05060	B1	Residential, commercial	30,800
2009 05061	E1	Commercial	9,700
2009 05062	E2	Commercial	4,600
2009 05063	E3	Commercial	5,900
<b>Total</b>			<b><u>99,700</u></b>

Pursuant to 6 State-owned Land Use Rights Certificates, the land use rights of the property, comprising a total site area of 72,100 sq m have been vested in 大連軟件園榮源開發有限公司 (Dalian Software Park Rongyuan Real Estate Development Ltd.) with details as follows:

<u>Certificate No.</u>	<u>Plot</u>	<u>Usage</u>	<u>Site Area (sq m)</u>
2009 05064	C1	Office	13,300
2009 05065	C2	Office	18,500
2009 05066	C3	Office	7,500
2009 05067	C4	Office	7,200
2009 05068	D1	Office	12,500
2009 05069	D2	Office	13,100
<b>Total</b>			<b><u>72,100</u></b>

- (2) According to 3 Planning Permits for Construction Use of Land issued by 大連市規劃局 (Dalian Planning Bureau), the construction site of a parcel of land with a site area of 286,000 sq m is in compliance with the urban planning requirements. The details are as follows:

<u>Permit No.</u>	<u>Portion</u>	<u>Issue Date</u>	<u>Site Area (sq m)</u>
210211200920556	Rongda	March 18, 2009	114,200
210211200920557	Rongyuan	March 18, 2009	72,100
210211200920558	Rongtai	March 18, 2009	99,700
<b>Total</b>			<b><u>286,000</u></b>

- (3) According to 6 Planning Permits for Construction Works issued by 大連市規劃局 (Dalian Planning Bureau), the construction works of the property, with a total gross floor area of 298,618 sq m, are in compliance with the construction works requirements and have been approved. The details are as follows:

<u>Permit No.</u>	<u>Issue Date</u>	<u>Location</u>	<u>Gross Floor Area (sq m)</u>
2102112011200019	May 5, 2011	A8 (B09)	49,728
2102112011200018	May 5, 2011	A10 (B13)	65,912
2102112011200033	August 4, 2011	A11 (C01)	21,618
2102112011200030	May 5, 2011	C1 (B02)	65,503
2102112011200036	August 21, 2011	D1 (B03)	60,028
210211201320034	December 13, 2013	B3 (B08)	35,829
<b>Total:</b>			<b><u>298,618</u></b>

- (4) According to 5 Permits for Commencement of Construction Works, the construction works of the development are permitted to commence with a total gross floor area of 238,590 sq m with details as follows:-

<u>Permit No.</u>	<u>Issue Date</u>	<u>Plot</u>	<u>GFA (sq m)</u>
210200201107060101	July 6, 2011	A8(B09)	49,728
210200201107060201	July 6, 2011	A10(B13)	65,912
210200201203140401	March 14, 2012	A11(C01)	21,618
210230201209270701	September 27, 2012	C1(B02)	65,503
210230201312231901	December 23, 2013	B3 (B08)	35,829
		<b>Total</b>	<b><u>238,590</u></b>

- (5) According to 3 Pre-sale Permits, the permitted pre-sale area of portion of the property is 91,316.92 sq m with details as follows:

<u>Permit No.</u>	<u>Plot</u>	<u>Usage</u>	<u>Gross Floor Area (sq m)</u>
No. 20130007	A8 (B09)	Residential	32,165.62
No. 20130008	A10 (B13)	Residential	44,227.30
No. 20130016	A11 (C01)	Residential	14,924.00
		<b>Total</b>	<b><u>91,316.92</u></b>

- (6) According to the information provided by the Company, portions of the property with a total gross floor area of 51,412.03 sq m have been agreed to be sold at a total consideration of approximately RMB594,595,000. In the course of our valuation, we have taken it into account.

- (7) According to the information provided by the Company, the expended construction cost for Plots A8, A10, A11, C1 and D1 of the property as at March 31, 2014 was approximately RMB638,000,000. The estimated total construction cost for Plots A8, A10, A11, C1, D1 and B3 of the property was approximately RMB1,198,000,000. In the course of our valuation, such costs have been taken into account.

- (8) The market value when completed of Plots A8, A10, A11, C1, D1 and B3 of the property as at March 31, 2014 was approximately RMB2,660,000,000.

- (9) According to the copy of Business License No. DXGSQFZ2102311101699, 大連軟件園榮達開發有限公司 (Dalian Software Park Rongda Real Estate Development Ltd.) was established with a registered capital of RMB660,000,000 as a limited company on December 13, 2012.

According to the copy of Business License No. DXGSQFZ2102311101696, 大連軟件園榮泰開發有限公司 (Dalian Software Park Rongtai Real Estate Development Ltd.) was established with a registered capital of RMB100,000,000 as a limited company on March 9, 2012.

According to the copy of Business License No. DXGSQFZ2102311101698, 大連軟件園榮源開發有限公司 (Dalian Software Park Rongyuan Real Estate Development Ltd.) was established with a registered capital of RMB350,000,000 as a limited company on December 13, 2012.

- (10) According to the PRC legal opinion:

- (i) 大連軟件園榮達開發有限公司 (Dalian Software Park Rongda Real Estate Development Ltd.), 大連軟件園榮源開發有限公司 (Dalian Software Park Rongyuan Real Estate Development Ltd.) and 大連軟件園榮泰開發有限公司 (Dalian Software Park Rongtai Real Estate Development Ltd.) have obtained the land use rights of the property and are the legal land users and the owners of the property. 大連軟件園榮達開發有限公司 (Dalian Software Park Rongda Real Estate Development Ltd.), 大連軟件園榮源開發有限公司 (Dalian Software Park Rongyuan Real Estate Development Ltd.) and 大連軟件園榮泰開發有限公司 (Dalian Software Park Rongtai Real Estate Development Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.

- (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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes (Plots A8, A10, A11, C1, D1 and B3)
Permit for Commencement of Construction Works	Yes (Plots A8, A10, A11, C1 and B3)
Pre-sale Permit	Yes (Plots A8, A10, A11)
Business License	Yes



(12) Plots A8, A10, A11, C1 and D1 of the property were under construction as at the date of valuation. In valuing the property when completed, we have assumed about RMB14,300 per sq m for residential portion, RMB10,000 per sq m for office portion and RMB180,000 per lot for car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential and car parking spaces within the same district which have characteristics comparable to property. The prices of residential premises range from about RMB12,500 to RMB15,000 per sq m. The prices of car parking spaces range from about RMB180,000 to RMB200,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments.

We have made reference to lettings of relevant comparable rental evidences ranging from RMB60 per sq m to RMB69 per sq m for office. The monthly market rent adopted in our valuation is approximately RMB54 per sq m which is generally consistent with the comparables after due adjustments including location and environment, accessibility, age and maintenance, decoration standard and appearance, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 5% which is in line with the market norm of similar property types in the area.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
43. Plots D14/D10 under construction of Dalian Tiandi, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises two sites with a total site area of approximately 30,954.77 sq m.</p> <p>Portions of Plot D14 are planned to be developed into an office building. It will be completed in about 2014.</p> <p>Portions of Plot D10 are planned to be developed into a hotel. It will be completed in about 2015.</p> <p>The property is situated in the Software Park of Huangnichuan Dalian Tiandi, Plot D14 abuts the business center and low-carbon park and Plot D10 abuts Hongchuan Road on the south.</p> <p>The property is approximately 22 km to the city centre. The property is connected to the downtown of Lvshun to the west. The natural environment of the property is good. The property is served by public bus routes.</p> <p>The property is planned to be developed into office and commercial composite development with a total planned plot ratio gross floor area of 72,314.44 sq m.</p>	As at the date of valuation, the property was under construction.	RMB508,000,000  (30% interest attributable to the Group: RMB152,400,000)
		<b>Planned Gross Floor Area (sq m)</b>	
	<b>Portion</b>		
	Office	36,359.00	
	Hotel	35,955.44	
	<b>Total</b>	<u>72,314.44</u>	
			The land use rights of Plot D14 have been granted due to expire on March 2, 2056 for scientific research use.
			The land use rights of Plot D10 have been granted due to expire on June 29, 2050 for commercial use.

## Notes:

- (1) Pursuant to 2 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Park Zone Branch), the land use rights of the property with a site area of approximately 71,427 sq m with details as follows:

Certificate No.	Issue Date	Site Area (sq m)	Land Use	Expiry Date	Owner
GXYQGY (2010) D05088	November 25, 2010	45,096.6	Scientific research	March 2, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05050	July 19, 2010	26,330.4	Commercial	June 29, 2050	Dalian Software Park Zhongxing Development Co., Ltd.

- (2) According to 2 Planning Permits for Construction Use of Land issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction site with an area of approximately 124,947.30 sq m is in compliance with the requirements of urban planning.

<u>Permit No.</u>	<u>Issue Date</u>	<u>Site Area (sq m)</u>	<u>Owner</u>
DZD210211200820528	October 6, 2008	67,600	Dalian Jiadao Science and Technology Development Co., Ltd.
DZD210211201058895	April 23, 2010	57,347.3	Dalian Software Park Zhongxing Development Co., Ltd.

- (3) According to 2 Planning Permits for Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the property is permitted to be developed with a total gross floor area of 256,490 sq m.

<u>Permit No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
JZD 210211200820531	December 29, 2008	162,370
JZD210211201020016	July 27, 2010	94,120

- (4) According to 2 Permits for Commencement of Construction Works issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction works of the development are permitted to commence with a total gross floor area of 208,656 sq m with details as follows:

<u>Permit No.</u>	<u>Issue Date</u>	<u>Gross Floor Area (sq m)</u>
210211201003250701	March 25, 2010	114,536
210230201010152201	October 10, 2010	94,120

- (5) According to Real Estate Surveying Reports, the gross floor area of the property is as follows:

<u>Plot</u>	<u>Gross Floor Area (sq m)</u>
D10	95,551.23

- (6) According to the information provided by the Company, the expended construction costs of the property as at March 31, 2014 was approximately RMB268,762,415 and the estimated total construction cost was approximately RMB395,342,320. In the course of our valuation, we have taken into account such costs.

- (7) The market value when completed of the property as at March 31, 2014 was approximately RMB777,000,000.

- (8) According to the copy of Business License No. QHLDZZD015895, 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) was established with a registered capital of RMB300,000,000 as a limited company on June 20, 2007.

According to the copy of Business License No. DXGSQFZ 2102311101644 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was established with a registered capital of RMB1,900,000,000 as a limited company on May 16, 2008.

- (9) According to the PRC legal opinion:

- (i) 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) and 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) have obtained the land use rights of the property and are the legal land users and the owners of the property. 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) and 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Real Estate Surveying Report	Yes (Part)
Business License	Yes

(11) Our key assumptions of the valuation are:

<u>Portion</u>	<u>Market Monthly Rent (per sq m or per lot)</u>	<u>Capitalization Rate</u>
Office	RMB43	5%

In undertaking our valuation of the property when completed, we have made reference to lettings similar properties within the same district. The monthly rental levels of major office premises range from approximately RMB60 to RMB69 per sq m.

We have gathered and analyzed the rates of return of relevant market segment which indicate a yield of approximately 5% for office portion.

The above market rent assumed by us is consistent with the relevant comparables after due adjustments including location and environment, accessibility, maintenance standard, size, floor level, and other relevant factors. The capitalization rate adopted is reasonable having regard to the analyzed yields.

## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>
44. Residential project under construction of Dalian Tiandi, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises two sites with a total site area of approximately 103,384.38 sq m upon which a residential development is proposed to be developed.</p> <p>The property is situated in the west and north of the Software Park of Huangnichuan Dalian Tiandi, it abuts Lvshun South Road on the south.</p> <p>The property is approximately 22 km to the city centre. The property is connected to the downtown of Lvshun to the west. The natural environment of the property is good. The property is served by public bus routes.</p> <p>The property has a total planned plot ratio gross floor area of approximately 228,112 sq m.</p> <p>The land use rights of the property have been granted for terms due to expire on June 29, 2080 and June 11, 2078 for residential use.</p>	As at the date of valuation, the property was under construction and is scheduled to be completed in 2016.	RMB870,000,000  (30% interest attributable to the Group: RMB261,000,000)

Notes:

- (1) Pursuant to 3 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Park Zone Branch), the land use rights of the property with a site area of approximately 151,949.50 sq m have been vested in 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.).

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Site Area (sq m)</u>	<u>Land Use</u>	<u>Expiry Date</u>
GXYQGY (2010) D05055	August 10, 2010	24,352.5	Residential	June 29, 2080
GXYQGY (2010) D05060	August 9, 2010	58,026	Residential	June 29, 2080
GXYQGY (2009) D05013	December 29, 2008	69,571	Residential/Commercial	June 11, 2078

- (2) According to 3 Planning Permits for Construction Use of Land issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau), the construction site with an area of approximately 748,630.7 sq m is in compliance with the requirements of urban planning.

<u>Certificate No.</u>	<u>Issue Date</u>	<u>Site Area (sq m)</u>
DZD210211201058896	April 23, 2010	207,576.5
DZD210211201058894	April 23, 2010	39,542.2
DZD210211200820532	October 21, 2008	501,512

- (3) According to 2 Planning Permits for Construction Works Nos. JZD210211201320008 and JZD2102112011200026 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau) on March 23, 2013, and June 27, 2011 respectively, the construction works of the property, with a total gross floor area of 146,070.91 sq m, are in compliance with the construction works requirements and have been approved.

- (4) According to 2 Permits for Commencement of Construction Works Nos. 210230201304011401 and 210230201112060501 issued by 大連高新技術產業園區規劃建設局 (Dalian High-tech Industrial Park Planning and Construction Bureau) on April 1, 2013 and December 6, 2011 respectively, the construction works of the development are permitted to commence with a total gross floor area of 146,070.91 sq m are in compliance with the construction works requirements and have been approved.

- (5) According to the information provided by the Company, the expended construction cost of the property as at March 31, 2014 was approximately RMB184,000,000. The estimated total construction cost was approximately RMB1,026,000,000. In the course of our valuation, we have taken into account such costs.

- (6) The market value when completed of the property as at March 31, 2014 was approximately RMB2,364,000,000.

- (7) According to the copy of Business License No. DXGSQFZ 2102311101644 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was established with a registered capital of RMB1,900,000,000 as a limited company on May 16, 2008.

(8) According to the PRC legal opinion,

- (i) 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user and the owner of the property. 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business License	Yes

(10) In valuing the property when completed, we have assumed about RMB11,000 per sq m for the residential portion, and RMB150,000 per lot for the car parking space portion.

In undertaking our valuation of the property when completed, we have made reference to sales prices of residential premises as well as car parking spaces within the same district which have characteristics comparable to the property. The prices of residential premises range from about RMB11,500 to RMB13,700 per sq m. The prices of car parking spaces range from about RMB130,000 to RMB160,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location and environment, accessibility, maintenance standard, size, floor level, and other relevant factors.

## VALUATION CERTIFICATE

## Group V – Property interests held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
45. Phase III, First County, Sanbali Village, Shuishiyong Street, Lvshunkou District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 71,119.94 sq m upon which a residential development with a total planned plot ratio gross floor area of approximately 113,792 sq m is proposed to be developed.</p> <p>The property is situated in the northeast of Lvshunkou District Court. The property abuts Jiangshui Road on the north, a vacant land on the east, Plot C02 of First County on the west and Plot C05 of First County on the south.</p> <p>Developments in the vicinity comprise mainly residential projects and government departments, such as Lvshunkou district Government and Sun Bordeaux.</p> <p>The land use rights of the property have been granted for terms due to expire on July 30, 2082 for residential use and due to expire on July 30, 2042 for commercial use.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB266,000,000  (100% interest attributable to the Group: RMB266,000,000)

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. (2012) 110069FZC dated August 20, 2012 issued 大連市國土資源和房屋局旅順口國土資源分局 (Dalian State-owned Land Resources and Housing Bureau, Lvshunkou District Branch), the land use rights of the property with the site area of approximately 71,119.94 sq m have been vested in 大連聖和房地產開發有限公司 (Dalian Shenghe Real Estate Co., Ltd.).
- (2) According to Business License No. 2102121102083, 大連聖和房地產開發有限公司 (Dalian Shenghe Real Estate Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on July 8, 2009.
- (3) According to the PRC legal opinion,
  - (i) The property is subject to a mortgage;
  - (ii) 大連聖和房地產開發有限公司 (Dalian Shenghe Real Estate Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連聖和房地產開發有限公司 (Dalian Shenghe Real Estate Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively; and
  - (iii) As confirmed by 大連聖和房地產開發有限公司 (Dalian Shenghe Real Estate Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
 

State-owned Land Use Rights Certificate	Yes
Business License	Yes
- (5) In valuing the property, we have assumed about RMB2,210 per sq m on gross floor area basis. In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of land of similar use range from about RMB1,684 to RMB2,051 per sq m on gross floor area basis. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
46. Springfield●Eternity, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 50,431.80 sq m and is proposed to be developed into a residential project with a total planned gross floor area of approximately 91,340 sq m.</p> <p>The property is situated in the centre of Dalian BEST City Core Area Business Park. The property abuts a planned road to the east, Jinghongdong Road to the south, a vacant land to the west and some other projects under construction to the north.</p> <p>The property is in the centre of Dalian BEST City Core Area Business Park which will become the science and technology innovation base of Dalian. Developments in the vicinity comprise mainly residential, office and retail premises.</p> <p>The land use rights of the property have been granted for a term due to expire on February 20, 2083 for residential use.</p>	As at the date of valuation, the property was a vacant residential site pending for construction.	RMB151,000,000  (100% interest attributable to the Group: RMB151,000,000)

Notes:

(1) Pursuant to Grant Contract of Land Use Rights No. 2102011G2012B6011 dated March 29, 2013, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 50,431.80 sq m have been contracted to be granted to 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) at a consideration of RMB127,540,000. As advised by the Company, the land premium has been fully settled as at the date of valuation.

(2) According to Business License No. 2102001110021, 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on June 25, 2010.

(3) According to the PRC legal opinion,

State-owned Construction Land Use Right Transfer Contract, a legal and valid contract which can be executed, is legally binding on the parties. All the land-transferring fees in accordance with the provisions of the land transfer contract has been paid, the assignee will obtain State-owned Land Use Certificate under such land grant contract without substantial legal obstacles.

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

State-owned Land Use Rights Certificate	No
Grant Contract of Land Use Rights	Yes
Business License	Yes

(5) In valuing the property, we have assumed about RMB2,717 per sq m on gross floor area basis for residential land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises range from about RMB1,937 to RMB3,494 per sq m on gross floor area basis.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
47. Lakeside Square, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 7,184.90 sq m proposed to be developed into a retail project with car parking facilities of a total planned gross floor area of approximately 14,000 sq m.</p> <p>The property is situated in the centre of Dalian BEST City Core Area Business Park abutting a hill to the east, the projects under construction to the south, a hill to the west and Cuihu Road to the north.</p> <p>The property is in the centre of Dalian BEST City Core Area Business Park which will become the science and technology innovation base of Dalian. Developments in the vicinity comprise mainly residential and office buildings with retail facilities.</p> <p>The property is approximately 19 km to the Qingniwa Bridge retail area. It is about 30-40 minutes' driving distance from the Dalian Railway Station.</p> <p>The land use rights of the property have been granted for a term due to expire on December 30, 2052 for commercial use.</p>	As at the date of valuation, the property was a vacant land pending for construction.	RMB42,000,000  (100% interest attributable to the Group: RMB42,000,000)

Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. (2013) 40011 dated May 29, 2013 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with a site area of approximately 7,184.90 sq m have been vested in 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.).
- (2) Pursuant to Planning Permit for Construction Use of Land No. 210211201310003 dated March 26, 2013 issued by Bureau of Urban Planning of Dalian Municipality, the construction site with an area of approximately 111,111.0 sq m in which the property is located thereon, is in compliance with the requirements of urban planning.
- (3) According to Business License No. 2102001110021, 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on June 25, 2010.
- (4) According to the PRC legal opinion,
  - (i) 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.
  - (ii) As confirmed by 大連聖躍房地產開發有限公司 (Dalian Shengyue Real Estate Development Company Ltd.), the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Business License	Yes

(6) In valuing the property, we have assumed about RMB2,978 per sq m on gross floor area basis for commercial land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises range from about RMB2,612 to RMB2,826 per sq m on gross floor area basis.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014												
48. Grand Manor, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises six sites with a total area of approximately 305,835.5 sq m and is proposed to be developed into a mixed use project including townhouse, high-rise residential, retail and car parking facilities with a total planned gross floor area of approximately 258,433 sq m.</p> <p>The property is situated in Dalian BEST City Core Area Business Park abutting Project 035 on the north, Mountain Forest on the east, Area E on the south and Gingko Garden on the west.</p> <p>As advised by the Group, the details of the development scheme are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Townhouse</td> <td>215,433</td> </tr> <tr> <td>Apartment</td> <td>5,000</td> </tr> <tr> <td>Retail</td> <td>25,000</td> </tr> <tr> <td>Car park</td> <td>13,000</td> </tr> <tr> <td><b>Total:</b></td> <td><b>258,433</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Townhouse	215,433	Apartment	5,000	Retail	25,000	Car park	13,000	<b>Total:</b>	<b>258,433</b>	As at the date of valuation, the property was a vacant site pending development.	RMB936,500,000  (100% interest attributable to the Group: RMB936,500,000)
Portion	Gross Floor Area (sq m)														
Townhouse	215,433														
Apartment	5,000														
Retail	25,000														
Car park	13,000														
<b>Total:</b>	<b>258,433</b>														
	<p>The land use rights of the property have been granted due to expire on December 30, 2080 for residential use and December 30, 2050 for retail use.</p>														

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局甘井子分局 (Dalian State-owned Land Resources and Housing Bureau Ganjingzi District Branch), the land use rights of the property with a total site area of approximately 305,835.5 sq m have been vested in 大連昌和房地產開發有限公司 (Dalian Changhe Real Estate Development Company Ltd.) and 大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.) respectively. Details of the said certificates are cited as follows:

Certificate No.	Usage	Owner	Land Use Term	Site Area (sq m)
DGGY (2011) 40031	Residential	大連昌和房地產開發有限公司 (Dalian Changhe Real Estate Development Company Ltd.)	70 years due to expire on December 30, 2080	63,565.3
DGGY (2011) 40032	Residential	大連昌和房地產開發有限公司 (Dalian Changhe Real Estate Development Company Ltd.)	70 years due to expire on December 30, 2080	87,197.6
DGGY (2011) 40026	Residential	大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.)	70 years due to expire on December 30, 2080	13,333.70
DGGY (2011) 40027	Residential	大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.)	70 years due to expire on December 30, 2080	64,775.60
DGGY (2011) 40028	Residential	大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.)	70 years due to expire on December 30, 2080	52,789.70
DGGY (2011) 40029	Commercial	大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.)	40 years due to expire on December 30, 2050	24,173.60

- (2) Pursuant to Planning Permit for Construction Use of Land No. DZD210211201410001 dated January 27, 2014 issued by Bureau of Urban Planning of Dalian Municipality, 大連昌和房地產開發有限公司 (Dalian Changhe Real Estate Development Company Ltd.) and 大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.) are permitted to develop a site located in Dadonggou Village, Xinzhaizi, with a total site area of 150,762.9 sq m.

Pursuant to Planning Permit for Construction Use of Land No. DZD210211201410002 dated January 27, 2014 issued by Bureau of Urban Planning of Dalian Municipality, 大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.) and 大連科技城泰楓開發有限公司 (Dalian BEST City Taifeng Development Company Ltd.) are permitted to develop a site located in Dadonggou Village, Xinzhaizi, with a total site area of 155,072.6 sq m.

- (3) The details of the copies of business licenses are as follows:

<u>Name</u>	<u>Business License No.</u>	<u>Registered Capital</u>	<u>Issue Date</u>
大連昌和房地產開發有限公司 (Dalian Changhe Real Estate Development Company Ltd.)	DGSQF2102001110136	RMB10,000,000	August 3, 2012
大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.)	DGSQF2102001110135	RMB10,000,000	August 3, 2012

- (4) According to the PRC legal opinion:

- (i) 大連昌和房地產開發有限公司 (Dalian Changhe Real Estate Development Company Ltd.) and 大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.) have obtained the land use rights of the properties and are the legal land users of the properties. 大連昌和房地產開發有限公司 (Dalian Changhe Real Estate Development Company Ltd.) and 大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term and complied with relevant mortgage contracts without paying any grant fee or land cost retroactively; and
- (ii) As confirmed by 大連昌和房地產開發有限公司 (Dalian Changhe Real Estate Development Company Ltd.) and 大連益通房地產開發有限公司 (Dalian Yitong Real Estate Development Company Ltd.), the property has been mortgaged to the Sichuan Trust Co., Ltd. Except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Business License	Yes

- (6) In valuing the property, we have assumed about RMB6,403 to RMB6,746 per sq m on gross floor area basis for residential land and RMB3,312 per sq m on gross floor area basis for retail land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of residential land range from about RMB4,091 to RMB5,060 per sq m on gross floor area basis, and the prices of retail land range from about RMB2,777 to RMB2,950 per sq m on gross floor area basis.

The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location, date of transaction and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014								
49. Office Project 020, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with a total area of approximately 71,723.50 sq m proposed to be developed into an office project including office and car parking facilities with a total planned gross floor area of approximately 108,000 sq m.</p> <p>The property is situated in Dalian BEST City Core Area Business Park. The project abuts Mingzhu Road to the south and site P on the south.</p> <p>As advised by the Group, the details of the development scheme are summarized as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Portion</th> <th>Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>72,600</td> </tr> <tr> <td>Underground</td> <td>35,400</td> </tr> <tr> <td><b>Total:</b></td> <td><b>108,000</b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted due to expire on February 19, 2063 for science and education use.</p>	Portion	Planned Gross Floor Area (sq m)	Office	72,600	Underground	35,400	<b>Total:</b>	<b>108,000</b>	As at the date of valuation, the property was a vacant site pending development.	RMB106,000,000  (100% interest attributable to the Group: RMB106,000,000) (See Note 1)
Portion	Planned Gross Floor Area (sq m)										
Office	72,600										
Underground	35,400										
<b>Total:</b>	<b>108,000</b>										

## Notes:

- (1) Pursuant to Grant Contract of Land Use Rights No. 2102011G2013B6003 dated March 29, 2013, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 71,723.50 sq m have been contracted to be granted to 大連科技城欣同開發有限公司 (Dalian BEST City Xintong Development Company Ltd.) at a consideration of RMB85,010,000. As advised by the Company, the land premium has been fully settled as at the date of valuation.
- (2) According to the copy of Business License No. DGSQF2102001110022, 大連科技城欣同開發有限公司 (Dalian BEST City Xintong Development Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on June 25, 2010.
- (3) According to the PRC legal opinion:
- (i) State-owned Construction Land Use Right Transfer Contract, a legal and valid contract which can be executed, is legally binding on the parties. All the land-transferring fees in accordance with the provisions of the land transfer contract has been paid, the assignee will obtain State-owned Land Use Certificate under such land grant contract without substantial legal obstacles.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate | No  |
| Grant Contract of Land Use Rights       | Yes |
| Business License                        | Yes |
- (5) In valuing the property, we have assumed about RMB1,455 per sq m on gross floor area basis.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of land of similar use range from about RMB988 to RMB1,804 per sq m on gross floor area basis.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014										
50. Sites L, M and G, Dalian BEST City Core Area Business Park, Dadonggou Village, Xinzhaizi Sub-district, Ganjingzi District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with a total area of approximately 201,236.6 sq m and is proposed to be developed into an office project including office, retail and car parking facilities with a total planned gross floor area of approximately 449,530 sq m.</p> <p>The property is situated in Dalian BEST City Core Area Business Park. The project abuts planned roads to the west, Mingzhu Road to the south, Project Lingering on the east and Spring Field on the north.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB566,000,000  (100% interest attributable to the Group: RMB566,000,000)										
	As advised by the Group, the details of the development scheme are summarized as follows:												
	<table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>257,769</td> </tr> <tr> <td>Retail</td> <td>51,601</td> </tr> <tr> <td>Underground</td> <td>140,160</td> </tr> <tr> <td><b>Total:</b></td> <td><b>449,530</b></td> </tr> </tbody> </table>	Portion	Gross Floor Area (sq m)	Office	257,769	Retail	51,601	Underground	140,160	<b>Total:</b>	<b>449,530</b>		
Portion	Gross Floor Area (sq m)												
Office	257,769												
Retail	51,601												
Underground	140,160												
<b>Total:</b>	<b>449,530</b>												
	The land use rights of the property have been granted due to expire on November 21, 2060 and December 30, 2060 for science and education use, and expire on December 30, 2050 for commercial use.												

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局甘井子分局 (Dalian State-owned Land Resources and Housing Bureau Ganjingzi District Branch), the land use rights of the property with a total site area of approximately 201,236.6 sq m have been vested in 大連科技城泰銳開發有限公司 (Dalian BEST City Tairui Development Company Ltd.), 大連科技城欣銳開發有限公司 (Dalian BEST City Xinrui Development Company Ltd.) and 大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.) respectively. Details of the said certificates are cited as follows:

Certificate No.	Usage	Owner	Land Use Term	Site Area (sq m)
DGGY (2011) 40001	Science and Education	大連科技城泰銳開發有限公司 (Dalian BEST City Tairui Development Company Ltd.)	50 years due to expire on November 21, 2060	27,578.90
DGGY (2011) 40002	Science and Education	大連科技城欣銳開發有限公司 (Dalian BEST City Xinrui Development Company Ltd.)	50 years due to expire on November 21, 2060	32,971.10
DGGY (2011) 40015	Science and Education	大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	50 years due to expire on December 30, 2060	16,416.30
DGGY (2011) 40016	Commercial	大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	40 years due to expire on December 30, 2050	15,913.40
DGGY (2011) 40017	Science and Education	大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	50 years due to expire on December 30, 2060	35,232.30

**APPENDIX III**
**PROPERTY VALUATION REPORT**

<u>Certificate No.</u>	<u>Usage</u>	<u>Owner</u>	<u>Land Use Term</u>	<u>Site Area (sq m)</u>
DGGY (2011) 40018	Science and Education	大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	50 years due to expire on December 30, 2060	22,122.30
DGGY (2011) 40019	Science and Education	大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	50 years due to expire on December 30, 2060	6,064.8
DGGY (2011) 40020	Commercial	大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	40 years due to expire on December 30, 2050	14,440.10
DGGY (2011) 40021	Science and Education	大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	50 years due to expire on December 30, 2060	9,156.30
DGGY (2011) 40022	Science and Education	大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	50 years due to expire on December 30, 2060	21,341.10
<b>Total</b>				<b><u>201,236.6</u></b>

- (2) Details of the Planning Permits for Construction Use of Land issued by Bureau of Urban Planning of Dalian Municipality are cited as follows:

<u>Permit No.</u>	<u>Site Area (sq m)</u>	<u>Issue Date</u>
DZD210211201110026	27,578.90	December 6, 2010
DZD210211201110027	32,971.10	December 6, 2010
DZD210211201110009	140,686.60	April 12, 2011

- (3) The details of the copies of business licenses are as follows:

<u>Name</u>	<u>Business License No.</u>	<u>Registered Capital</u>	<u>Issue Date</u>
大連科技城泰銳開發有限公司 (Dalian BEST City Tairui Development Company Ltd.)	DGSQF2102001110028	RMB10,000,000	June 25, 2010
大連科技城欣銳開發有限公司 (Dalian BEST City Xinrui Development Company Ltd.)	DGSQF2102001110027	RMB10,000,000	June 25, 2010
大連科技城常源開發有限公司 (Dalian BEST City Changyuan Development Company Ltd.)	DGSQF2102001110024	RMB10,000,000	June 25, 2010

- (4) According to the PRC legal opinion:

- (i) The owners of the properties have obtained the land use rights of the property and are the legal land users of the property. The owners of the property are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term and complied with relevant mortgage contracts without paying any grant fee or land cost retroactively; and
- (ii) As confirmed by the owner of the property, the property has been mortgaged to Bank of Dalian. Except for the mortgage mentioned above, the land use rights mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

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

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Business License	Yes

- (6) In valuing the property, we have assumed about RMB1,435 to RMB1,596 per sq m on gross floor area basis for office land and RMB2,910 per sq m on gross floor area basis for retail land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of office land range from about RMB988 to RMB1,804 per sq m on gross floor area basis, and the prices of retail land range from about RMB2,777 to RMB2,950 per sq m on gross floor area basis.

The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location, date of transaction and other relevant factors.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
51. The office project, Information Valley Phase II, situated in Liangjiabeigou, north of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with a total area of approximately 98,178.8 sq m and is proposed to be developed into an office project including office and car parking facilities with a total planned gross floor area of approximately 118,797.79 sq m.</p> <p>The property is situated in high-tech zone. North of the project is Phase I of office development of Information Valley, other sides are mountain forest.</p>	As at the date of valuation, the property was a vacant site pending development.	No commercial value  (100% interest attributable to the Group: No commercial value)

(See Note 1)

As advised by the Group, the details of the development scheme are summarized as follows:

Portion	Planned Gross Floor Area (sq m)
Office	94,062.79
Underground	24,735
<b>Total:</b>	<b>118,797.79</b>

The land use rights of the property have been granted due to expire on August 30, 2060 for science and education uses.

## Notes:

- (1) According to its Grant Contract of Land Use Rights, the property is subject to sale, lease and transfer restrictions. As advised by the Company, full land premium was paid for the land use rights of granted land. The Company has subsequently applied to the local government which approved letting of the property to certain types of tenants on March 21, 2014. However, the property is still subject to sale and transfer restrictions. Therefore, we have ascribed no commercial value to the property on market value basis.

For the Group's management reference, however, we are requested to assess the worth of the property in its existing state on a non-market value basis. Such worth, known as investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. It must be emphasized that investment value is not market value.

Having regard to the above, the investment value of the property in existing state as at March 31, 2014 to the Group was RMB169,500,000 (100% interest attributable to the Group: RMB169,500,000).

- (2) Pursuant to State-owned Land Use Rights Certificate No. GXYQ (2011) 05052 dated August 23, 2011 issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Zone Branch), the land use rights of the property with a site area of approximately 98,178.8 sq m have been vested in 大連億達信息諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.).
- (3) Pursuant to Planning Permit for Construction Use of Land No. DZD210211201020031 dated November 30, 2010 issued by Bureau of Urban Planning of Dalian Municipality, 大連億達信息諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) is permitted develop a site located in Liangjiabeigou, North of Lvshun South Road, high-tech zone, with a total site area of 145,112.8 sq m.
- (4) According to the copy of Business License No. DXGSQF210231110195, 大連億達信息諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on April 6, 2010.

(5) According to the PRC legal opinion,:

- (i) 大連億達資訊諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連億達資訊諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.) is entitled to occupy, use, and develop the land for self use within the land use term, but must not sell, let or transfer in strata titles of the land use rights and must not change the use. According to its Grant Contract of Land Use Rights, the property is subject to sale restrictions. As advised by the Company, however, full land premium was paid for the land use rights of granted land. The Company has applied to the local government which approved to remove such letting restriction on March 21, 2014;
- (ii) As confirmed by 大連億達信息諮詢有限公司 (Dalian Yida Information Consultant Company Ltd.), the land use rights are not subject to any guarantee, mortgage, foreclosure or compulsory acquisition.

(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:

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Business License	Yes

(7) In valuing the property on investment value (non-market value) basis to the Group as described in Note (1) above, we have assumed about RMB1,595 per sq m on gross floor area basis.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of land of similar use range from about RMB988 to RMB1,804 per sq m on gross floor area basis.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
52. The residential project of Information Valley, Plot B situated in Liangjiabeigou, north of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with a total area of approximately 113,586.9 sq m and is proposed to be developed into a residential project a total planned gross floor area of approximately 172,188 sq m for residential use.</p> <p>The property is situated in high-tech zone. South of the project is a planned road and the three sides are mountain forest.</p> <p>The land use rights of the property have been granted for a term due to expire on August 30, 2080 for residential use.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB551,500,000  (100% interest attributable to the Group: RMB551,500,000)

Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. GXYQ (2011) 05076 dated December 20, 2011 issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Zone Branch), the land use rights of the property with a site area of approximately 113,586.9 sq m have been vested in 大連軟件園恒榮開發有限公司 (Dalian Software Park Hengrong Development Company Ltd.).
- (2) According to the copy of Business License No. DXGSQF2102311101949, 大連軟件園恒榮開發有限公司 (Dalian Software Park Hengrong Development Company Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on August 25, 2010.
- (3) According to the PRC legal opinion:
- (i) 大連軟件園恒榮開發有限公司 (Dalian Software Park Hengrong Development Company Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連軟件園恒榮開發有限公司 (Dalian Software Park Hengrong Development Company Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term and complied with relevant mortgage contracts without paying any grant fee or land cost retroactively; and
- (ii) As confirmed by 大連軟件園恒榮開發有限公司 (Dalian Software Park Hengrong Development Company Ltd.), the property has been mortgaged to China Railway Trust Co., Ltd. Except for the mortgage mentioned above, the land use rights mentioned above is not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate | Yes |
| Business License                        | Yes |
- (5) In valuing the property, we have assumed about RMB5,437 per sq m on gross floor area basis.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of land of similar use range from about RMB4,091 to RMB5,060 per sq m on gross floor area basis.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014										
53. Land for retail development of Qingyun, Qingyun Street, Zhongshan District, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with a total area of approximately 80,585.90 sq m and is proposed to be developed into a residential and retail project with car parking facilities with a total planned gross floor area of approximately 590,000 sq m for residential and retail use.</p> <p>As advised by the Group, the details of the development scheme are summarized as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Portion</th> <th style="text-align: right;">Planned Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">298,500</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">122,480</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">169,020</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b>590,000</b></td> </tr> </tbody> </table> <p>All of the residential portions and 16,300 sq m of the commercial portions of the property are required to be handed over to the local government to accommodate the relocated households at fixed prices.</p> <p>The property abuts Jiefang Road and Area B of Qingyuntianxia on the west, Jiefang Road on the east, Shikui Road on the north and Jieshan Street on the south.</p> <p>Developments in the vicinity are mainly residential in nature such as Qingyunlinhai, Haosenmingjia, interspersed with few retail facilities.</p> <p>The property is located in the downtown of Dalian. The property is served by public bus routes.</p> <p>The land use rights of the property have been granted for terms due to expire on May 31, 2083 for residential use and due to expire on May 31, 2053 for commercial use.</p>	Portion	Planned Gross Floor Area (sq m)	Residential	298,500	Commercial	122,480	Underground	169,020	<b>Total:</b>	<b>590,000</b>	As at the date of valuation, the property was a vacant site pending development.	RMB1,016,000,000  (100% interest attributable to the Group: RMB1,016,000,000)
Portion	Planned Gross Floor Area (sq m)												
Residential	298,500												
Commercial	122,480												
Underground	169,020												
<b>Total:</b>	<b>590,000</b>												

Notes:

- (1) Pursuant to Grant Contract of Land Use Rights No. 2102022013A002 dated March 7, 2013, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 176,556.50 sq m have been contracted to be granted to 大連聖北開發有限公司 (Dalian Shengbei Development Co., Ltd.) and 大連青雲天下房地產開發有限公司 (Dalian Qingyuntianxia Real Estate Development Co., Ltd.) at a consideration of RMB2,908,790,000. As advised by the Company, the land premium has been fully settled as at the date of valuation.
- (2) Pursuant to State-owned Land Use Rights Certificate No. (2014)01028 dated June 3, 2014 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with a site area of approximately 80,585.90 sq m have been vested in 大連聖北開發有限公司 (Dalian Shengbei Development Company Limited).
- (3) According to Business License No. 2102001111454, 大連聖北開發有限公司 (Dalian Shengbei Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on January 31, 2013.

According to Business License No. 020857, 大連青雲天下房地產開發有限公司 (Dalian Qingyuntianxia Real Estate Development Co., Ltd.) was established with a registered capital of RMB2,963,280,000 as a limited company on February 19, 2013.

(4) According to the PRC legal opinion,

- (i) 大連聖北開發有限公司 (Dalian Shengbei Development Co., Ltd.) and 大連青雲天下房地產開發有限公司 (Dalian Qingyuntianxia Real Estate Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連聖北開發有限公司 (Dalian Shengbei Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively.

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

State-owned Land Use Rights Certificate	Yes
Grant Contract of Land Use Rights	Yes
Business License	Yes

(6) In valuing the property, we have assumed about RMB2,684 per sq m on gross floor area basis for commercial land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises range from about RMB4,370 to RMB5,176 per sq m on gross floor area basis.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
54.	<p>Land for residential development of Qingyun, Qingyun Street, Zhongshan District, Dalian, Liaoning Province, the PRC</p> <p>The property comprises a site and is with a total area of approximately 95,970.6 sq m proposed to be developed into a complex project including residential, retail and car parking facilities with a total planned gross floor area of approximately 550,000 sq m.</p> <p>The property and Jiefang Road are divided by Area B of Qingyun Sky. The mountain is on the west and north, Area B of Qingyun Sky is on the east and Jieshan Street on the south.</p> <p>Developments in the vicinity are mainly residential in nature, such as Qingyunlinhai, Haosenmingjia, interspersed with few retail facilities.</p> <p>The property is located in the downtown of Dalian. The property is served by public bus routes.</p> <p>The land use rights of the property have been granted for terms due to expire on May 31, 2083 for residential use and due to expire on May 31, 2053 for commercial use.</p>	<p>As at the date of valuation, the property was a vacant site pending development.</p>	<p>RMB2,640,000,000</p> <p>(25% interest attributable to the Group: RMB660,000,000)</p>

Notes:

(1) Pursuant to Grant Contract of Land Use Rights No. 2102022013A002 dated March 7, 2013, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 176,556.50 sq m have been contracted to be granted to 大連聖北開發有限公司 (Dalian Shengbei Development Co., Ltd.) and 大連青雲天下房地產開發有限公司 (Dalian Qingyuntianxia Real Estate Development Co., Ltd.) at a consideration of RMB2,908,790,000. As advised by the Company, the land premium has been fully settled as at the date of valuation.

(2) According to Business License No. 2102001111454, 大連聖北開發有限公司 (Dalian Shengbei Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on January 31, 2013.

According to Business License No. 020857, 大連青雲天下房地產開發有限公司 (Dalian Qingyuntianxia Real Estate Development Co., Ltd.) was established with a registered capital of RMB2,963,280,000 as a limited company on February 19, 2013.

(3) According to the PRC legal opinion,

(i) 大連聖北開發有限公司 (Dalian Shengbei Development Co., Ltd.) and 大連青雲天下房地產開發有限公司 (Dalian Qingyuntianxia Real Estate Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 大連聖北開發有限公司 (Dalian Shengbei Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights and building ownership of the property within the land use term without paying any grant fee or land cost retroactively.

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

State-owned Land Use Rights Certificate	No
Grant Contract of Land Use Rights	Yes
Business License	Yes

(5) In valuing the property, we have assumed about RMB7,173 per sq m on gross floor area basis for residential land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises range from about RMB6,959 to RMB8,451 per sq m on gross floor area basis.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
55. Project Gorky Road, north of Gaoerji Road, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with a total area of approximately 107,500.50 sq m and is proposed to be developed into a residential/ commercial composite with a total gross floor area of approximately 527,236 sq m.</p> <p>The plot was one of the previous high-end residential areas of Dalian. The land is situated in a quiet and ideal living region. Developments in the vicinity comprise retail facilities like Wanda Plaza, Walmart and Electronic City.</p> <p>The property is approximately 3 km to Dalian Railway Station and 8 km to Dalian Zhoushuizi International Airport. The property is served by public bus routes.</p> <p>The land use rights of Plots 2, 6 and 9 have been granted for terms due to expire on December 9, 2082 for residential use and due to expire on December 9, 2052 for commercial use.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB2,682,000,000  (100% interest attributable to the Group: RMB2,682,000,000)

## Notes:

- (1) Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of part of the property, comprising a total site area of 27,153 sq m, have been vested in 大連高基房地產開發有限公司 (Dalian Gaoji Real Estate Development Ltd.).

Certificate No.	Location	Site Area (sq m)
201302014	Plot 2, Gaoerji Road	9,096.7
201302016	Plot 6, Gaoerji Road	8,065.3
201302015	Plot 9, Gaoerji Road	9,991.0
<b>Total</b>		<b><u>27,153.0</u></b>

- (2) Pursuant to Grant Contract of Land Use Rights No. 2102032012A003, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 107,500.50 sq m have been contracted to be granted to 大連高基房地產開發有限公司 (Dalian Gaoji Real Estate Development Ltd.) at a consideration of RMB1,691,700,000. As advised by the Company, the land premium has been fully settled as at the date of valuation.
- (3) According to Planning Permit for Construction Use of Land No. 210203200900068 issued by 大連市規劃局 (Dalian Urban Planning Bureau) on September 27, 2009, the construction site of a parcel of land with a site area of 107,100 sq m is in compliance with the urban planning requirements.
- (4) According to Business License No. DGSQFZ2102001107867, 大連高基房地產開發有限公司 (Dalian Gaoji Real Estate Development Ltd.) was established with a registered capital of RMB561,000,000 as a limited company on June 1, 2012.
- (5) According to the PRC legal opinion,
- 大連高基房地產開發有限公司 (Dalian Gaoji Real Estate Development Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連高基房地產開發有限公司 (Dalian Gaoji Real Estate Development Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term and complied with relevant mortgage contracts without paying any grant fee or land cost retroactively;
  - The property is subject to a mortgage; and
  - As confirmed by 大連高基房地產開發有限公司 (Dalian Gaoji Real Estate Development Ltd.), except for the mortgage mentioned above, the land use rights mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

- (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:

State-owned Land Use Rights Certificate	Yes (part)
Grant Contract of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Business License	Yes

- (7) In valuing the property, we have assumed about RMB8,800 per sq m on gross floor area basis. In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of land of similar use range from about RMB6,959 to RMB8,767 per sq m on gross floor area basis. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction and other relevant factors.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
56. The remaining undeveloped land of Dalian Ascendas IT, north of Lvshun South Road, Qixianling, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises a land with a site area of approximately 119,941.8 sq m.</p> <p>According to the information provided to us by the Group, the property is planned to develop into an office development with a total gross floor area of approximately 95,953.44 sq m.</p> <p>The property situated on the north of Lvshun South Road. Developments in the vicinity comprise mainly residential and office buildings, such as Nano building and Jiachuang building. The property is approximately 16 km from the Dalian Railway Station. It is served by public bus routes.</p> <p>The land use rights of the property have been granted for a term due to expire on September 26, 2055 for industrial use.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB188,000,000  (50% interest attributable to the Group: RMB94,000,000)

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. DGY (2005) Z05034 dated November 8, 2005 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property have been vested in 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.). The total area of the land is 275,944.4 sq m.
- (2) Pursuant to Grant Contract of Land Use Rights No. DA2005-0047 dated September 27, 2005, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 345,919.5 sq m have been contracted to be granted to 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) at a consideration of RMB190,000,000.
- (3) According to Business License No. QHLDZZD012188, 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) was established with a registered capital of USD52,720,000 as a limited liability company on November 11, 2004.
- (4) According to the PRC legal opinion,
  - (i) 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) has obtained the land use rights of the property and is the legal land user and the owner of the property. 大連軟件園騰飛發展有限公司 (Dalian Software Park Ascendas Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively; and
  - (ii) As confirmed by the Company, the land use rights of the property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
 

State-owned Land Use Rights Certificate	Yes
Grant Contract of Land Use Rights	Yes
Business License	Yes
- (6) In valuing the property, we have assumed about RMB1,924 per sq m on gross floor area basis.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of land of similar use range from about RMB1,677 to RMB2,516 per sq m on gross floor area basis. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
57. Phase VI, The Fifth County, Xiaoxinzhazi Village, Xinzhaizi Sub-district, Ganjingzi District Dalian, Liaoning Province, the PRC	<p>The property comprises a site with an area of approximately 36,663.3 sq m and is proposed to be developed into a medical project with a total planned gross floor area of approximately 18,332 sq m.</p> <p>The property is situated in the southeast of Ganjingzi District Government. The property abuts Yalin Street on the east, Hongyu Road on the south, Yilin Street on the west and Hongyun Road on the north.</p> <p>Developments in the vicinity are mainly residential in nature, such as Guomingyuanzi, Ganlanji, Yihelinxiubincheng, interspersed with a few retail facilities.</p> <p>The property is approximately 13 km to the railway station. The property is served by public bus routes.</p> <p>The land use rights of the property have been granted for terms due to expire on November 17, 2054 for medical land use.</p>	As at the date of valuation, the property was a vacant site pending for construction.	RMB46,600,000  (100% interest attributable to the Group: RMB46,600,000)

## Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate No. (2007) 04132 dated December 20, 2007 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with a site area of approximately 36,663.3 sq m have been vested in 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.).
- (2) According to Business License No. 2102001107929, 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) was established with a registered capital of RMB120,000,000 as a limited company on April 21, 2006.
- (3) According to the PRC legal opinion,
  - (i) 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user of the property. 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively; and
  - (ii) As confirmed by 大連億達美加房地產開發有限公司 (Dalian Yida Meijia Real Estate Development Co., Ltd.), except for the mortgage mentioned above, the land use rights and projects under construction mentioned above are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
 

State-owned Land Use Rights Certificate	Yes
Business License	Yes
- (5) In valuing the property, we have assumed about RMB1,270 per sq m on site area for medical land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises range from about RMB999 to RMB1,912 per sq m on site area.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
58. Starbridge, No. 100 Starbridge Street, Jinjiang District, Chengdu, Sichuan Province, the PRC	<p>The property comprises a site with a total area of approximately 622.75 sq m.</p> <p>The property is located at No. 100 of Xinqiao Street, Jinjiang District. The property abuts the fifth section of First Ring Road, Xinqiao Street to the west, Greenland to the south, a land plot to the north and another land plot to the east.</p> <p>Properties around the district are mainly high-end residential, retails, offices and high-end hotels. Residential developments include Longhu Jinlanbandao, the Bund, the Waterfront, etc. Retail premises include Jiuyuanqiao Bar Street, etc. Office premises include Yangguang Xinye Center, West Financial Center, Times No. 1, Times No. 8 etc. Hotel premises include Shangri-la hotel, Hejiangting Hanwen Hotel, Mingyu Royal Hotel, Chengdu Oriental Plaza Hotel, Rhombus Chengdu Hotel. The district belongs to Jiuyan Bridge Business Hub, adjacent to the Metro Line 6, with multiple bus lines, such as 12, 27, 34, 56, 82, 92, 343, etc.</p> <p>The land use rights of the property have been granted for a term due to expire on March 27, 2038 for commercial use.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB29,000,000 (80% interest attributable to the Group: RMB23,200,000)

Notes:

- (1) Pursuant to State-owned Land Use Rights Certificate CGY (2008) 1026 dated November 5, 2008 issued by 成都市人民政府 (Chengdu People's Government), the land use rights of the property with a site area of approximately 622.75 sq m have been vested in 文化新天地 (成都) 房地產開發有限公司 (New Culture World (Chengdu) Real Estate Development Ltd.).
- (2) According to Business License No. 510100400010765, 文化新天地 (成都) 房地產開發有限公司 (New Culture World (Chengdu) Real Estate Development Ltd.) was established with a registered capital of USD1,500,000 as a limited company on March 2, 2007.
- (3) According to the PRC legal opinion,
- (i) 文化新天地 (成都) 房地產開發有限公司 (New Culture World (Chengdu) Real Estate Development Ltd.) has obtained the land use rights of the property and is the legal land user of the property. On the premise of abiding by the related mortgage contract, 文化新天地 (成都) 房地產開發有限公司 (New Culture World (Chengdu) Real Estate Development Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively;
- (ii) As confirmed by 文化新天地 (成都) 房地產開發有限公司 (New Culture World (Chengdu) Real Estate Development Ltd.), the land use rights and property are not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate | Yes |
| Business License                        | Yes |
- (5) In valuing the property, we have assumed about RMB6,977 per sq m on gross floor area for commercial land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises range from about RMB5,149 to RMB7,100 per sq m on gross floor area.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at March 31, 2014</u>
59. Phases II, III, IV and V of Wuhan First City, Wuhan, Hubei Province, the PRC	<p>The property comprises four sites with a total site area of approximately 827,684.72 sq m (including roads and green areas) subject to a total planned plot ratio gross floor area of approximately 918,743.02 sq m.</p> <p>The property is situated in the Wuhan Huashan ECO-city which is located in the Wuhan National Independent Innovation Demonstration Zone—Wuhan East Lake High-Tech Development Zone.</p> <p>Developments in the vicinity comprise mainly residential and soft industrial-office buildings, such as Country Garden ECO-city, Phase I of Wuhan First City, interspersed with a comprehensive exhibition hall.</p> <p>The property is approximately 6 km to the Third Ring Road and 1.5 km to Fuyin Expressway. The property is not served by public transport so far.</p> <p>The land use rights of Phases II and III of Wuhan First City have been granted for terms due to expire on January 22, 2063 for industrial uses.</p> <p>The land use rights of Phases IV and V of Wuhan First City have been granted for terms due to expire on June 30, 2063 and July 1, 2063 for industrial uses.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB508,500,000  (50% interest attributable to the Group: RMB254,250,000)

Notes:

- (1) Pursuant to 4 State-owned Land Use Rights Certificates issued by 武漢市國土資源和規劃局 (Wuhan State-owned Land Resources and Planning Bureau), the land use rights of Phases II, III, IV and V of Wuhan First City have been vested in 武漢軟件新城發展有限公司 (Wuhan First City Development Co., Ltd.).

<u>Certificate No.</u>	<u>Net Site Area (sq m)</u>	<u>Use</u>	<u>Expiry Date</u>
No. 022186091	185,871.72	industrial	January 22, 2063
No. 022186093	186,506.56	industrial	January 22, 2063
No. 022186391	130,024.41	industrial	June 30, 2063
No. 022186392	116,359.30	industrial	July 1, 2063

- (2) According to Business License No. 42010000303648, 武漢軟件新城發展有限公司 (Wuhan First City Development Co., Ltd.) was established with a registered capital of RMB400,000,000 as a limited company on May 15, 2012.
- (3) According to the PRC legal opinion,
- (i) 武漢軟件新城發展有限公司 (Wuhan First City Development Co., Ltd.) has obtained the land use rights of Phases II, III, IV and V of Wuhan First City legally and the rights are protected by laws in mainland China. It can dispose of the land use rights of the property by transaction, letting, mortgage and other legal means within the terms due to expire on January 22, 2063;
- (ii) A portion of the property is subject to a mortgage; and
- (iii) As confirmed by 武漢軟件新城發展有限公司 (Wuhan First City Development Co., Ltd.), except for the mortgage mentioned above, The land use rights of Phases II, III, IV and V of Wuhan First City are not subject to guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisitions.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Business License	Yes

(5) In valuing the property, we have assumed about RMB610 per sq m on site area for industrial land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises are in the range of about RMB480 per sq m on site area.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
60. The land for scientific research of Dalian Tiandi On Huangnichuan, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with a total area of approximately 363,225 sq m and is proposed to be developed into a scientific research project with a total planned gross floor area of approximately 657,559.37 sq m.</p> <p>The property is situated in the southeast of the Software Park of Huangnichuan Dalian Tiandi, it abuts Lvshun South Road on the south.</p> <p>Developments in the Software Park of the Huangnichuan Dalian Tiandi comprise mainly residential buildings, commercial buildings, office buildings and schools, etc.</p> <p>The property is approximately 22 km to the city centre. The property is connected to the downtown of Lvshun to the west. The natural environment of the property is good. The property is served by public bus routes.</p> <p>The land use rights of the property have been granted for terms due to expire on March 2, 2056 and June 11, 2058 for scientific research use.</p>	As at the date of valuation, the property was a vacant land.	RMB1,074,500,000  (30% interest attributable to the Group: RMB322,350,000)

**Notes:**

- (1) Pursuant to 20 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Zone Branch), the land use rights of the property with a total site area of approximately 312,338.8 sq m with details as follows:

Certificate No.	Issue Date	Site Area (sq m)	Land Use	Expiry Date	Owner
GXYQGY (2010) D05095	December 02, 2010	31,681.9	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05096	December 02, 2010	12,253.2	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05097	December 02, 2010	11,265.8	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05098	December 02, 2010	10,432.9	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05099	December 02, 2010	20,214.3	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05101	December 21, 2010	18,443.8	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05104	December 21, 2010	4,068.4	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05102	December 21, 2010	17,521.4	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05103	December 21, 2010	12,037.9	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05106	December 21, 2010	23,920.3	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05105	December 21, 2010	23,851.2	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05107	December 21, 2010	22,146.9	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2010) D05108	December 21, 2010	18,536.8	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.

Certificate No.	Issue Date	Site Area (sq m)	Land Use	Expiry Date	Owner
GXYQGY (2010) D05090	December 02, 2010	11,714.5	Scientific Research	March 02, 2056	Dalian Jiadao Science and Technology Development Co., Ltd.
GXYQGY (2009) D05009	December 29, 2008	8,550.6	Scientific Research	June 11, 2058	Dalian Software Park Shuion Development Co., Ltd.
GXYQGY (2009) D05001	December 29, 2008	3,526.5	Scientific Research	June 11, 2058	Dalian Software Park Shuion Development Co., Ltd.
GXYQGY (2009) D05011	December 02, 2008	21,354	Scientific Research	June 11, 2058	Dalian Software Park Shuion Development Co., Ltd.
GXYQGY (2012) D05070	October 12, 2012	17,733.7	Scientific Research	June 11, 2058	Dalian Software Park Shuion Development Co., Ltd.
GXYQGY (2012) D05069	October 12, 2012	11,653.1	Scientific Research	June 11, 2058	Dalian Software Park Shuion Development Co., Ltd.
GXYQGY (2009) D05004	December 29, 2008	11,431.6	Scientific Research	June 11, 2058	Dalian Software Park Shuion Development Co., Ltd.

- (2) Pursuant to 10 Grant Contracts of Land Use Rights and 1 Transfer Agreement of Land Use Rights, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 363,225 sq m have been contracted to be granted. As advised by the Company, the land premium has been fully settled as at the date of valuation.

Certificate No.	Issue Date	Site Area (sq m)	Owner	Grant Fee/ Transfer Fee (RMB)
2010-27	May 27, 2010	22,400.60	Dalian Software Park Zhongxing Development Co., Ltd.	43,600,000
Transfer Agreement	September 12, 2007	754,567 (of which 266,574.90 sq m falls within the property)	Dalian Jiadao Science and Technology Development Co., Ltd.	357,822,370
2008-039	June 12, 2008	8,550.57	Dalian Software Park Shuion Development Co., Ltd.	6,985,816
2008-034	June 12, 2008	3,526.5	Dalian Software Park Shuion Development Co., Ltd.	2,881,151
2008-029	June 12, 2008	21,354.01	Dalian Software Park Shuion Development Co., Ltd.	17,446,227
2008-038	June 12, 2008	16,404.05	Dalian Software Park Shuion Development Co., Ltd.	13,402,109
2008-031	June 12, 2008	49.85	Dalian Software Park Shuion Development Co., Ltd.	40,728
2008-030	June 12, 2008	1,279.66	Dalian Software Park Shuion Development Co., Ltd.	1,045,483
2008-037	June 12, 2008	10,491.01	Dalian Software Park Shuion Development Co., Ltd.	8,571,156
2008-036	June 12, 2008	1,162.1	Dalian Software Park Shuion Development Co., Ltd.	949,436
2008-035	June 12, 2008	11,431.63	Dalian Software Park Shuion Development Co., Ltd.	9,339,642

- (3) According to the copy of Business License No. QHLDZZD015895, 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.) was established with a registered capital of RMB300,000,000 as a limited company on June 20, 2007.

According to the copy of Business License No. DXGSQFZ2102311101697, 大連軟件園瑞安開發有限公司 (Dalian Software Park Shuion Development Co., Ltd.) was established with a registered capital of RMB600,000,000 as a limited company on June 25, 2007.

According to the copy of Business License No. DXGSQFZ 2102311101644, 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) was established with a registered capital of RMB1,900,000,000 as a limited company on May 16, 2008.

- (4) According to the PRC legal opinion,

- (i) 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.), 大連軟件園瑞安開發有限公司 (Dalian Software Park Shuion Development Co., Ltd.) and 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) have obtained the land use rights of

the property and are the legal land users and the owners of the property. 大連嘉道科技發展有限公司 (Dalian Jiadao Science and Technology Development Co., Ltd.), 大連軟件園瑞安開發有限公司 (Dalian Software Park Shuion Development Co., Ltd.) and 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively; and

- (ii) According to the above-mentioned documents, Grant Contract of Land Use Rights (DG2010-27) is legal, valid, enforceable and legally binding on the parties to the contract. According to the contract, after paying all grant fee, the assignee of the land can obtain the land use rights of the Grant Contract of Land Use Rights mentioned in W2-A (A plot F03 with 22,400.6 sq m) within the land use term without material legal obstacles.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes (part)
Grant Contract of Land Use Rights	Yes
Business License	Yes

- (6) In valuing the property, we have assumed about RMB1,581 per sq m on gross floor area basis for scientific research land.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices range from about RMB969 to RMB1,804 per sq m on gross floor area basis.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
61. The land for residential and commercial of Dalian Tiandi, North of Lvshun South Road, High-tech Industrial Zone, Dalian, Liaoning Province, the PRC	<p>The property comprises a site with a total area of approximately 515,176.11 sq m and is proposed to be developed into a complex project including residential, retail and car parking facilities with a total planned plot ratio gross floor area of approximately 302,808.78 sq m.</p> <p>The property is planned to develop for residential and commercial uses.</p> <p>The property is situated in the west and north of the Software Park of Huangnichuan Dalian Tiandi, it abuts Lvshun South Road on the south.</p> <p>Developments in the Software Park of the Huangnichuan Dalian Tiandi comprise mainly residential buildings, commercial buildings, office buildings and schools, etc.</p> <p>The property is approximately 22 km to the city centre. The property is connected to the downtown of Lvshun to the west and the natural environment of the property is good. The property is served by public bus routes.</p> <p>The land use rights of the property have been granted for terms due to expire on June 29, 2080 or June 11, 2078 for residential use and due to expire on June 29, 2050 for commercial use.</p>	As at the date of valuation, the property was a vacant land.	RMB964,500,000  (30% interest attributable to the Group: RMB289,350,000)

## Notes:

- (1) Pursuant to 7 State-owned Land Use Rights Certificates issued by 大連市國土資源和房屋局 and 大連市國土資源和房屋局高新園區分局 (Dalian State-owned Land Resources and Housing Bureau, Dalian State-owned Land Resources and Housing Bureau High-tech Industrial Zone Branch), the land use rights of the property with details as follows:

Certificate No.	Issue Date	Site Area (sq m)	Land Use	Expiry Date	Owner
GXYQGY (2009) D05012	December 29, 2008	159,831	Residential/Commercial	June 11, 2078	Dalian Software Park Zhongxing Development Co., Ltd.
GXYQGY (2009) D05014	December 29, 2008	272,110	Residential/Commercial	June 11, 2078	Dalian Software Park Zhongxing Development Co., Ltd.
GXYQGY (2009) D05013	December 29, 2008	69,571	Residential/Commercial	June 11, 2078	Dalian Software Park Zhongxing Development Co., Ltd.
GXYQGY (2010) D05071	September 10, 2010	9,577.9	Residential	June 29, 2080	Dalian Software Park Zhongxing Development Co., Ltd.
GXYQGY (2010) D05074	September 16, 2010	7,227.2	Retail	June 29, 2050	Dalian Software Park Zhongxing Development Co., Ltd.
GXYQGY (2010) D05075	September 16, 2010	11,192.3	Retail	June 29, 2050	Dalian Software Park Zhongxing Development Co., Ltd.
GXYQGY (2010) D05052	July 19, 2010	12,597.4	Commercial	June 29, 2050	Dalian Software Park Zhongxing Development Co., Ltd.

- (2) According to the copy of Business License No. DXGSQFZ2102311101644, 大連軟件園中興開發有限公司 (Dalian Software Zhongxing Development Co., Ltd.) was established with a registered capital of RMB1,900,000,000 as a limited company on May 16, 2008.

- (3) According to the PRC legal opinion,

- (i) 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) has obtained the land use rights of the property and is the legal land user and the owner of the property. 大連軟件園中興開發有限公司 (Dalian Software Park Zhongxing Development Co., Ltd.) is entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term without paying any grant fee or land cost retroactively.

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

State-owned Land Use Rights Certificate	Yes
Business License	Yes

- (5) In valuing the property, we have assumed about RMB3,053 per sq m and RMB3,661 per sq m on gross floor area basis for residential land and commercial land respectively.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of residential land and commercial land range from about RMB3,494 to RMB3,977 per sq m and RMB3,860 to RMB3,988 per sq m on gross floor area basis respectively.

The unit rates assumed by us are consistent with the relevant comparables after due adjustments including location, date of transaction, site configuration and constraint, plot ratio and other relevant factors.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2014
62. Spring Field and Softview, East Lake High-Tech Development Zone, Wuhan, Hubei Province, the PRC	<p>The property comprises two sites with a total area of approximately 246,846.86 sq m subject to a total permissible developable gross floor area of approximately 310,818.75 sq m.</p> <p>The property is situated in the Wuhan Huashan ECO-city which is located in the Wuhan National Independent Innovation Demonstration Zone—Wuhan East Lake High-Tech Development Zone.</p> <p>Developments in the vicinity comprise mainly residential and soft industrial-office buildings, such as Country Garden ECO-city, Phase I of Wuhan First City, interspersed with a comprehensive exhibition hall.</p> <p>The property is approximately 6 km to the Third Ring Road and 1.5 km to Fuyin Expressway. The property is not served by public transport so far.</p> <p>The land use rights of the Property have been granted for terms due to expire on December 12, 2083 for residential uses.</p>	As at the date of valuation, the property was a vacant site pending development.	RMB769,500,000  (100% interest attributable to the Group : RMB769,500,000)

## Notes:

- (1) Pursuant to 2 State-owned Land Use Rights Certificates issued by 武漢市國土資源和規劃局 (Wuhan State-owned Land Resources and Planning Bureau), the land use rights of Wuhan Chuntian site and Wuhan Ruanjing site (both net site area of land use) respectively have been vested in 武漢春田房地產開發有限公司 (Wuhan Chuntian Real Estate Development Co., Ltd.) and 武漢軟景房地產開發有限公司 (Wuhan Ruanjing Real Estate Development Co., Ltd.).

Certificate No.	Net Site Area (sq m)	Use	Expiry Date
No. 022186106	100,821.69	residential	December 12, 2083
No. 022186105	146,025.17	residential	December 12, 2083

- (2) According to Business License No. 420100000373247, 武漢春田房地產開發有限公司 (Wuhan Chuntian Real Estate Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on November 12, 2013.

According to Business License No. 420100000373255, 武漢軟景房地產開發有限公司 (Wuhan Ruanjing Real Estate Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on November 12, 2013.

- (3) According to the PRC legal opinion,

- (i) 武漢春田房地產開發有限公司 (Wuhan Chuntian Real Estate Development Co., Ltd.) and 武漢軟景房地產開發有限公司 (Wuhan Ruanjing Real Estate Development Co., Ltd.) have obtained the land use rights of the property and is the legal land user of the property. 武漢春田房地產開發有限公司 (Wuhan Chuntian Real Estate Development Co., Ltd.) and 武漢軟景房地產開發有限公司 (Wuhan Ruanjing Real Estate Development Co., Ltd.) are entitled to occupy, use, lease or otherwise dispose of the land use rights of the property within the land use term and complied with relevant mortgage contracts without paying any grant fee or land cost retroactively; and
- (ii) As confirmed by 武漢春田房地產開發有限公司 (Wuhan Chuntian Real Estate Development Co., Ltd.) and 武漢軟景房地產開發有限公司 (Wuhan Ruanjing Real Estate Development Co., Ltd.), the land use rights of Spring Field and Softview are not subject to guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisitions.

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

State-owned Land Use Rights Certificate	Yes
Business License	Yes

- (5) In valuing the property, we have assumed about RMB2,595 and RMB2,360 per sq m on gross floor area for residential land of Spring Field and Softview.

In undertaking our valuation, we have made reference to sales prices of land within the same district which have characteristics comparable to the property. The prices of similar premises range from about RMB2,250 to RMB2,455 per sq m on gross floor area.

The unit rate assumed by us is consistent with the relevant comparables after due adjustments including date of transaction, site area, site configuration and constraint, location, plot ratio and other relevant factors.

*This Appendix contains a summary of the Memorandum and Articles of Association of our Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in the section headed "Documents Available for Inspection" in Appendix VI to this prospectus, a copy of the Memorandum and Articles of Association is available for inspection.*

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 26, 2007 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

## **1. MEMORANDUM OF ASSOCIATION**

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have full power and authority to carry out any object and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the world provided that the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

## **2. ARTICLES OF ASSOCIATION**

The Articles were conditionally adopted on June 1, 2014. The following is a summary of certain provisions of the Articles:

### **(a) Directors**

- (i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may

offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A

Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
  - (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
  - (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
  - (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
  - (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its close subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a

Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.



The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

**(b) Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(c) Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(e) Special resolution majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

**(f) Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any

particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**(g) Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

**(h) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statements and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

**(i) Notices of meetings and business to be conducted thereat**

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

**(j) Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of

transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

**(k) Power for the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

**(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

**(m) Dividends and other methods of distribution**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(n) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

**(o) Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.



**(p) Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

**(q) Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

**(r) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

**(s) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the

Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(t) Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(u) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

**(a) Operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

**(b) Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those

shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(c) Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares

unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

**(f) Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Management**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from January 21, 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

**(n) Winding up**

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the

property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

**(o) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(p) Compulsory acquisition**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(q) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**4. GENERAL**

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.



**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on November 26, 2007 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the then effective Companies Ordinance (Chapter 32 of the Laws of Hong Kong) on August 29, 2013. We have established a place of business in Hong Kong at Suites 2903-05, 29th Floor, AIA Central, 1 Connaught Road, Central, Hong Kong. Mr. Law Siu Wo, who resides at Flat F, 17th Floor, 103 Robinson Road, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands Companies Law and its constitution comprising the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Cayman Companies Law is set out in Appendix IV to this prospectus.

**2. Change in share capital**

Our authorized share capital as at the date of our incorporation was US\$50,000 divided into 50,000 shares of US\$1.00 each. On April 2, 2008, one Share was allotted and issued to Offshore Incorporations (Cayman) Limited and such Share was subsequently transferred to Right Won on the same day. On November 27, 2013, our Company allotted and issued 8,056 Shares, 393 Shares, 467 Shares, 394 Shares, 343 Shares and 346 Shares to each of Right Won, Keen Everlasting Harmony, Keen Harmony, Keen Sky Grace, Keen High Keen Source and Keen Sky Harmony, respectively.

On June 1, 2014, our Company sub-divided all its issued and unissued shares with par value of US\$1.00 each into 100 Share of US\$0.01 each. On the same date, our Company increased its authorized share capital to US\$500,000,000 divided into 50,000,000,000 Shares with a par value of US\$0.01 each by the creation of an additional 49,995,000,000 Shares. We allotted and issued an aggregate of 1,999,000,000 Shares to our then existing shareholders pursuant to the Capitalization Issue.

Immediately following completion of the Global Offering and the Capitalization Issue and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be US\$25,800,000 divided into 2,580,000,000 Shares, all fully paid or credited as fully paid and 47,420,000,000 Shares will remain unissued.

Save for the aforesaid and as mentioned in the sub-section headed “3. Resolutions in writing of our Shareholders passed on June 1, 2014” below in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

**3. Resolutions in writing of our Shareholders passed on June 1, 2014**

Pursuant to the written resolutions passed by our Shareholders on June 1, 2014:

- (a) we approved and conditionally adopted the Memorandum of Association and Articles of Association which will become effective upon the Listing Date;
- (b) we subdivided each existing issued and unissued share of US\$1.00 in the capital of the Company into 100 new ordinary shares of US\$0.01 each;
- (c) the authorized share capital of our Company was increased from US\$50,000 to US\$500,000,000 by the creation of an additional 49,995,000,000 Shares;

- (d) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Capitalization Issue and the Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme); (ii) the entering into of the agreement on the Offer Price among our Company and the Joint Global Coordinators (for and on behalf of the Underwriters) on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
- (i) the Global Offering was approved and our Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;
  - (ii) the Over-allotment Option was approved;
  - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the sub-paragraph headed “D. Other information — 1. Share Option Scheme” below in this Appendix, were approved and adopted and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme; and
  - (iv) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, our Directors were authorized to capitalize an amount of US\$19,990,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,999,000,000 Shares, such Shares to be allotted and issued to our Shareholders as of June 1, 2014 on a pro rata basis.
- (e) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and Capitalization Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
- (f) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general

meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

- (g) the general unconditional mandate mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (f) above.

#### 4. Corporate reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. For information relating to the Reorganization, please refer to the section headed “History, Reorganization and Group Structure” in this prospectus.

#### 5. Changes in share capital of subsidiaries

Our subsidiaries are referred to in the Accountants’ Report in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountants’ Report and in the section headed “History, Reorganization and Group Structure”, our Company has no other subsidiaries.

On January 6, 2014, the registered capital of Dalian Yida Development was increased from RMB50,000,000 to RMB100,000,000. Save for this change, there are no other changes in share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

#### 6. Repurchases of our Shares

##### (a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board of Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

##### (i) Shareholders’ approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its Shareholders, either by way of general mandate or by specific approval of a particular transaction.

*Note:* Pursuant to resolution passed by our Shareholders on June 1, 2014, a general unconditional mandate (the “**Buyback Mandate**”) was granted to our Directors authorizing the repurchase of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

**(b) *Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have general authority from its Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

**(c) *Funding of repurchases***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of either or both of the profits of our Company or the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

**(d) *Share capital***

Exercise in full of the Buyback Mandate, on the basis of 2,580,000,000 Shares in issue immediately after the Listing (but not taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), could accordingly result in up to 258,000,000 Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first.

**(e) *General***

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) has notified us that he/she/it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering and the Capitalization Issue (but not taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 258,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders will be increased to approximately 69.40% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

## **B. INFORMATION ABOUT THE BUSINESS**

### **1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) an equity transfer agreement dated March 22, 2013 entered into between Dalian Yida Investment as transferor and King Equity as transferee regarding the transfer of 75% equity interest in Dalian Yida Development from Dalian Yida Investment to King Equity at a consideration of RMB47,236,500;
- (b) an equity transfer agreement dated July 1, 2013 entered into between Dalian Yida Property as transferor and Dalian Qunying as transferee regarding the transfer of 100% equity interest in Dalian Shengyuan from Dalian Yida Property to Dalian Qunying at a consideration of RMB10,000,000;
- (c) an equity transfer agreement dated July 1, 2013 entered into between Dalian Yida Property as transferor and Dalian Qunying as transferee regarding the transfer of 100% equity interest in Dalian Shengbei from Dalian Yida Property to Dalian Qunying at a consideration of RMB10,000,000;
- (d) an equity transfer agreement dated July 1, 2013 entered into between Dalian Yida Property as transferor and Dalian Qunying as transferee regarding the transfer of 100% equity interest in Dalian Shengmei from Dalian Yida Property to Dalian Qunying at a consideration of RMB10,000,000;

- (e) an equity transfer agreement dated July 1, 2013 entered into between Dalian Yida Property as transferor and Dalian Zhongyi as transferee regarding the transfer of 100% equity interest in Dalian Shengtong from Dalian Yida Property to Dalian Zhongyi at a consideration of RMB1,000,000;
- (f) an equity transfer agreement dated July 1, 2013 entered into between Dalian Yida Property as transferor and Dalian Qunying as transferee regarding the transfer of 100% equity interest in Dalian Yida Puwan from Dalian Yida Property to Dalian Qunying at a consideration of RMB10,000,000;
- (g) an equity transfer agreement dated July 1, 2013 entered into between Dalian Software Park Development as transferor and Dalian Zhongyi as transferee regarding the transfer of 100% equity interest in Dalian Tongren from Dalian Software Park Development to Dalian Zhongyi at a consideration of RMB20,000,000;
- (h) an equity transfer agreement dated July 1, 2013 entered into between Dalian Lanwan as transferor and Dalian Zhongyi as transferee regarding the transfer of 100% equity interest in Dalian Rubber Tree Bay from Dalian Lanwan to Dalian Zhongyi at a consideration of RMB10,000;
- (i) an equity transfer agreement dated July 1, 2013 entered into between Dalian BEST City Co. as transferor and Dalian Zhongyi as transferee regarding the transfer of 100% equity interest in Dalian BEST City Foundation from Dalian BEST City Co. to Dalian Zhongyi at a consideration of RMB10,000,000;
- (j) an equity transfer agreement dated July 1, 2013 entered into between Dalian Lanwan as transferor and Dalian Zhongyi as transferee regarding the transfer of 100% equity interest in Dalian Lanwan Spa from Dalian Lanwan to Dalian Zhongyi at a consideration of RMB1,000,000;
- (k) an equity transfer agreement dated July 1, 2013 entered into between Dalian Yida Construction as transferor and Dalian Zhongyi as transferee regarding the transfer of 100% equity interest in Dalian Software Park Foundation from Dalian Yida Construction to Dalian Zhongyi at a consideration of RMB500,000;
- (l) an equity transfer agreement dated July 1, 2013 entered into between Dalian Software Park Co. as transferor and Dalian Zhongyi as transferee regarding the transfer of 100% equity interest in Dalian Ruanjing Hotel from Dalian Software Park Co. to Dalian Zhongyi at a consideration of RMB10,000,000;
- (m) an equity transfer agreement dated July 1, 2013 entered into between Dalian Yida Property as transferor and Dalian Qunying as transferee regarding the transfer of 100% equity interest in Dalian Longmen Travel from Dalian Yida Property to Dalian Qunying at a consideration of RMB4,000,000;
- (n) an agreement dated July 1, 2013 entered into between Dalian Yida Landscaping as transferor and Dalian Sandi Ecological Agriculture Development Co., Ltd. (大連三地生態農業發展有限公司) as transferee regarding the transfer of certain forestry use rights at an aggregate consideration of RMB36,779,821;
- (o) an equity transfer agreement dated August 1, 2013 entered into between Dalian Yida Jincheng as transferor and Dalian Qunying as transferee regarding the transfer of 100% equity interest in Dalian Shengjing from Dalian Yida Jincheng to Dalian Qunying at a consideration of RMB10,000,000;

- (p) an equity transfer agreement dated August 6, 2013 entered into between Yida Group as transferor and Dalian Yida Management as transferee regarding the transfer of 100% equity interest in Dalian Service Outsourcing from Yida Group to Dalian Yida Management at a consideration of RMB200,000,000;
- (q) an equity transfer agreement dated August 6, 2013 entered into between Yida Group as transferor and Dalian Yida Management as transferee regarding the transfer of 90% equity interest in Dalian Yida Property from Yida Group to Dalian Yida Management at a consideration of RMB135,000,000;
- (r) an equity transfer agreement dated August 6, 2013 entered into between Dalian Qunying as transferor and Dalian Yida Services as transferee regarding the transfer of 10% equity interest in Dalian Yida Property from Dalian Qunying to Dalian Yida Services at a consideration of RMB15,000,000;
- (s) an equity transfer agreement dated August 6, 2013 entered into between Yida Group as transferor and Dalian Yida Management as transferee regarding the transfer of 100% equity interest in Dalian Ruanjing from Yida Group to Dalian Yida Management at a consideration of RMB30,000,000;
- (t) an equity transfer agreement dated August 6, 2013 was entered into between Yida Group as transferor and Dalian Yida Management as transferee regarding the transfer of 100% equity interest in Dalian Software Park Development from Yida Group to Dalian Yida Management at a consideration of RMB200,000,000;
- (u) an equity transfer agreement dated August 6, 2013 entered into between Yida Group as transferor and Dalian Yida Management as transferee regarding the transfer of 90% equity interest in Dalian Software Park Co. from Yida Group to Dalian Yida Management at a consideration of RMB594,000,000;
- (v) an equity transfer agreement dated August 6, 2013 entered into between Dalian Zhongyi as transferor and Dalian Yida Services as transferee regarding the transfer of 10% equity interest in Dalian Software Park Co. from Dalian Zhongyi to Dalian Yida Services at a consideration of RMB66,000,000;
- (w) an equity transfer agreement dated August 6, 2013 entered into between Yida Group as transferor and Dalian Yida Services as transferee regarding the transfer of 100% equity interest in Dalian Yida Construction from Yida Group to Dalian Yida Services at a consideration of RMB200,000,000;
- (x) an equity transfer agreement dated August 6, 2013 entered into between Yida Group as transferor and Dalian Yida Services as transferee regarding the transfer of 100% equity interest in Dalian Yida Property Management from Yida Group to Dalian Yida Services at a consideration of RMB5,000,000;
- (y) an equity transfer agreement dated August 6, 2013 entered into between Yida Group as transferor and Dalian Yida Management as transferee regarding the transfer of 100% equity interest in Dalian BEST City Co. from Yida Group to Dalian Yida Management at a consideration of RMB10,000,000;
- (z) an equity transfer agreement dated August 15, 2013 entered into between Dalian Yida Investment as transferor and Dalian Yida Services as transferee regarding the transfer of 40% equity interest in Culture Xintiandi from Dalian Yida Investment to Dalian Yida Services at a consideration of RMB4,463,800;

- (aa) an equity transfer agreement dated August 16, 2013 entered into between Shenyang Yida Property as transferor and Dalian Yida Services as transferee regarding the transfer of 100% equity interest in Shenyang Yida Property Management from Shenyang Yida Property to Dalian Yida Services at a consideration of RMB500,000;
- (bb) an equity transfer agreement dated August 16, 2013 entered into between Dalian Yida Property as transferor and Dalian Qunying as transferee regarding the transfer of 100% equity interest in Shenyang Yida Property from Dalian Yida Property to Dalian Qunying at a consideration of RMB30,000,000;
- (cc) an equity transfer agreement dated August 16, 2013 entered into between Shenyang Dadi as transferor and Dalian Yida Management as transferee regarding the transfer of 100% equity interest in Liaoning Jiaye from Shenyang Dadi to Dalian Yida Management at a consideration of RMB20,000,000;
- (dd) an equity transfer agreement dated August 20, 2013 entered into between Dalian Software Park Co. as transferor and Dalian Zhongyi as transferee regarding the transfer of a 100% equity interest in Dalian Huigu Information System from Dalian Software Park Co. to Dalian Zhongyi at a consideration of RMB180,000;
- (ee) an equity transfer agreement dated August 20, 2013 entered into between Dalian Software Park Co. as transferor and Dalian Zhongyi as transferee regarding the transfer of 100% equity interest in Dalian Zhida Software Technology from Dalian Software Park Co. to Dalian Zhongyi at a consideration of RMB3,000,000;
- (ff) an equity transfer agreement dated September 30, 2013 entered into between Yida Group as transferor and Dalian Yida Management as transferee regarding the transfer of 25% equity interest in Dalian Qingyun Sky from Yida Group to Dalian Yida Management at a consideration of RMB740,820,000;
- (gg) an equity transfer agreement dated September 30, 2013 entered into between Yida Group as transferor and Dalian Yida Management as transferee regarding the transfer of 100% equity interest in Dalian Shengbei Development from Yida Group to Dalian Yida Management at a consideration of RMB10,000,000;
- (hh) an equity transfer agreement dated November 12, 2013 entered into between Yida Group as transferor and Dalian Yida Services as transferee regarding the transfer of 22% equity interest in Dalian Ruisheng Software from Yida Group to Dalian Yida Services at a consideration of RMB176,000,000;
- (ii) an equity transfer agreement dated November 12, 2013 entered into between Yida Group as transferor and Dalian Yida Services as transferee regarding the transfer of 22% equity interest in Dalian Qiantong from Yida Group to Dalian Yida Services at a consideration of RMB176,000,000;
- (jj) an equity transfer agreement dated November 12, 2013 entered into between Yida Group as transferor and Dalian Yida Services as transferee regarding the transfer of 22% equity interest in Dalian Delan Software from Yida Group to Dalian Yida Services at a consideration of RMB66,000,000;
- (kk) an equity transfer agreement dated November 12, 2013 entered into between Yida Group as transferor and Dalian Yida Services as transferee regarding the transfer of 22% equity interest in Dalian Jiadao Information from Yida Group to Dalian Yida Services at a consideration of RMB66,000,000;
- (ll) an equity transfer agreement dated November 15, 2013 entered into between Yida Group as transferor and Dalian Yida Development as transferee regarding the transfer of 100%


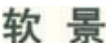




- equity interest in Dalian Yida Services from Yida Group to Dalian Yida Development at a consideration of RMB10,000,000;
- (mm) an equity transfer agreement dated November 15, 2013 entered into between Yida Group as transferor and Dalian Yida Development as transferee regarding the transfer of 100% equity interest in Dalian Yida Management from Yida Group to Dalian Yida Development at a consideration of RMB10,000,000;
- (nn) a share transfer agreement dated November 23, 2013 entered into between Everhigh Investments as transferor and King Equity as transferee regarding the transfer of (i) the entire issued share capital of Many Gain International; (ii) the entire issued share capital of Gang Xin; and (iii) 66.7% of the issued share capital of Elite City from Everhigh Investments to King Equity at a total consideration of US\$3,211,491.96;
- (oo) an equity transfer agreement dated December 19, 2013 entered into between Yida Group as transferor and Dalian Yida Services as transferee regarding the transfer of 49% equity interest in Panasonic Yida from Yida Group to Dalian Yida Services at a consideration of RMB24,500,000;
- (pp) the deed of indemnity dated June 1, 2014 entered into by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of its present subsidiaries) in respect of, amongst others, taxation and property matters referred to in the paragraph headed “D. Other information — Tax and other indemnities” in this Appendix;
- (qq) the Deed of Non-Competition;
- (rr) the cornerstone placing agreement dated June 11, 2014 entered into among our Company and Panasonic Corporation, pursuant to which Panasonic Corporation has agreed to acquire at the Offer Price such number of Offer Shares as may be purchased with an aggregate amount of US\$5 million;
- (ss) the cornerstone placing agreement dated June 11, 2014 entered into among our Company, CIG Trustees Limited – IPO Trust Fund and CIG Trustees Limited, pursuant to which CIG Trustees Limited – IPO Trust Fund has agreed to acquire at the Offer Price such number of Offer Shares as may be purchased with an aggregate amount of US\$20 million;
- (tt) the cornerstone placing agreement dated June 11, 2014 entered into among our Company, Doretturn Limited and Shui On Holdings Limited, pursuant to which Doretturn Limited has agreed to acquire at the Offer Price such number of Offer Shares as may be purchased with an aggregate amount of HK\$50 million;
- (uu) the cornerstone placing agreement dated June 12, 2014 entered into among our Company and China Cinda (HK) Asset Management Co., Limited, pursuant to which China Cinda (HK) Asset Management Co., Limited has agreed to acquire at the Offer Price such number of Offer Shares as may be purchased with an aggregate amount of US\$40 million;
- (vv) the cornerstone placing agreement dated June 12, 2014 entered into among our Company and Sumitomo Realty & Development Co., Ltd, pursuant to which Sumitomo Realty & Development Co., Ltd has agreed to acquire at the Offer Price such number of Offer Shares as may be purchased with an aggregate amount of ¥500 million;
- (ww) the cornerstone placing agreement dated June 12, 2014 entered into among our Company and Huarong (HK) International Holdings Limited, pursuant to which Huarong (HK) International Holdings Limited has agreed to acquire at the Offer Price such number of Offer Shares as may be purchased with an aggregate amount of US\$30 million; and
- (xx) the Hong Kong Underwriting Agreement.











## 2. Intellectual property rights of the Group

## (a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in opinion of our Directors, are material to our business:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	5622985	41	Dalian Software Park Co.	PRC	April 21, 2010	April 20, 2020
	5965074	42	Dalian Software Park Co.	PRC	April 28, 2010	April 27, 2020
	302712636	35,36,37,41,42,44	King Equity	Hong Kong	August 22, 2013	August 21, 2023
						

As of the Latest Practicable Date, the following trademarks were licensed to our Group:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Validity Period
	4264525	35	Yida Group	PRC	May 21, 2008 to May 20, 2018
	4264524	37	Yida Group	PRC	May 21, 2008 to May 20, 2018
	4264523	41	Yida Group	PRC	February 7, 2008 to February 6, 2018
	4264482	42	Yida Group	PRC	May 21, 2008 to May 20, 2018
	7722541	35	Yida Group	PRC	January 14, 2011 to January 13, 2021
	7722584	36	Yida Group	PRC	January 28, 2011 to January 27, 2021
	7722628	37	Yida Group	PRC	January 28, 2011 to January 27, 2021
	7722677	38	Yida Group	PRC	January 28, 2011 to January 27, 2021
	7722761	41	Yida Group	PRC	January 7, 2011 to January 6, 2021
	7722875	42	Yida Group	PRC	January 7, 2011 to January 6, 2021

*(b) Copyrights*

As of the Latest Practicable Date, our Group was the registered proprietor of the following copyrights which, in opinion of our Directors, are material to our business:

<u>Copyright</u>	<u>Name of Registered Proprietor</u>	<u>Registration Number</u>	<u>Date of Registration</u>
<Dalian Software> magazine cover header design . . . .	Dalian Software Park Co.	2006F06355	November 24, 2006
<Recruitment Trademark> . . . . .	Dalian Software Park Co.	2006F06354	November 24, 2006
<Chinese Software Outsourcing Service Trademarks I> . . . . .	Dalian Software Park Co.	2006F06351	November 24, 2006
<Chinese Software Outsourcing Service Trademarks II> . . . . .	Dalian Software Park Co.	2006F06351	November 24, 2006

*(c) Domain names*

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names which, in opinion of our Directors, are material to our business:

<u>Domain name</u>	<u>Name of Registered Proprietor</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
Yidagroup.com . . . . .	Dalian Yida Property	December 14, 1999	December 15, 2018
Dlsp.cn . . . . .	Dalian Software Park Co.	March 17, 2003	March 17, 2017
Csio.cn . . . . .	Dalian Software Park Co.	March 11, 2005	March 11, 2017
Sjess.org.cn . . . . .	Dalian Software Park Co.	August 23, 2011	August 23, 2016
Firstcity.net.cn . . . . .	Dalian Software Park Co.	May 17, 2012	May 17, 2017
春田.com . . . . .	Dalian San Yan Real Estate	January 28, 2013	January 28, 2023
春田.net . . . . .	Dalian San Yan Real Estate	January 28, 2013	January 28, 2023
亿达春田.cn . . . . .	Dalian San Yan Real Estate	January 28, 2013	January 28, 2023
亿达春田.com . . . . .	Dalian San Yan Real Estate	January 28, 2013	January 28, 2023
亿达春田.net . . . . .	Dalian San Yan Real Estate	January 28, 2013	January 28, 2023
亿达春田.公司 . . . . .	Dalian San Yan Real Estate	January 28, 2013	January 28, 2023
亿达春田.网络 . . . . .	Dalian San Yan Real Estate	January 28, 2013	January 28, 2023
亿达春田.中国 . . . . .	Dalian San Yan Real Estate	January 28, 2013	January 28, 2023
Chinaoutsourcing.net.cn . . .	Dalian Software Park	July 2, 2013	July 2, 2018
Chinaoutsourcing.org.cn . . .	Dalian Software Park	July 2, 2013	July 2, 2018

## C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

## 1. Directors

**(a) Disclosure of Interests – interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations**

Immediately following completion of the Global Offering and the Capitalization Issue and assuming that the Over-allotment Option is not exercised and without taking into account Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests or short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:

*(i) Interests in our Company*

Name of Director	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding immediately following the completion of the Capitalization Issue and the Global Offering
Mr. Sun Yinhan	Interest in controlled corporation <sup>(2)</sup>	1,611,400,000(L)	62.46%
Mr. Sun Yinfeng	Interest in controlled corporation <sup>(3)</sup>	93,400,000(L)	3.62%
Mr. Sun Yansheng	Interest in controlled corporation <sup>(4)</sup>	78,800,000(L)	3.05%
Mr. Jiang Xiuwen	Interest in controlled corporation <sup>(5)</sup>	68,600,000(L)	2.66%
Mr. Wen Hongyu	Interest in controlled corporation <sup>(6)</sup>	93,400,000(L)	3.62%
Mr. Gao Wei	Interest in controlled corporation <sup>(7)</sup>	78,800,000(L)	3.05%

## Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Mr. Sun Yinhan beneficially owns the entire issued share capital of Right Won. By virtue of the SFO, Mr. Sun Yinhan is deemed to be interested in 1,611,400,000 Shares held by Right Won.
- (3) Mr. Sun Yinfeng beneficially owns the entire issued share capital of Grand Create, which in turn owns 42.10% of the issued share capital of Keen Harmony. Keen Harmony owns 3.62% of the issued share capital of our Company. By virtue of the SFO, Mr. Sun Yinfeng is deemed to be interested in the Shares held by Keen Harmony.
- (4) Mr. Sun Yansheng beneficially owns the entire issued share capital of Everest Talent, which in turn owns 37.50% of the issued share capital of Keen Sky Grace. Keen Sky Grace owns 3.05% of the issued share capital of our Company. By virtue of the SFO, Mr. Sun Yansheng is deemed to be interested in the Shares held by Keen Sky Grace.
- (5) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence, which in turn owns 42.98% of the issued share capital of Keen High Keen Source. Keen High Keen Source owns 2.66% of the issued share capital of our Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the Shares held by Keen High Keen Source.
- (6) Mr. Wen Hongyu beneficially owns the entire issued share capital of Kind Source, which in turn owns 31.58% of the issued share capital of Keen Harmony. Keen Harmony owns 3.62% of the issued share capital of our Company. By virtue of the SFO, Mr. Wen Hongyu is deemed to be interested in the Shares held by Keen Harmony.
- (7) Mr. Gao Wei beneficially owns the entire issued share capital of Everest Excellence, which in turn owns 25% of the issued share capital of Keen Sky Grace. Keen Sky Grace owns 3.05% of the issued share capital of our Company. By virtue of the SFO, Mr. Sun Yansheng is deemed to be interested in the Shares held by Keen Sky Grace.

*(ii) Interest in associated corporations of our Company*

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Capacity</u>	<u>Number of shares</u>	<u>Approximate percentage of shareholding</u>
Mr. Sun Yinhan . . . . .	Right Won	Interest in controlled corporation	1	100%
Mr. Sun Yinfeng . . . . .	Keen Harmony	Interest in controlled corporation	4,000	42.10%
Mr. Sun Yansheng . . . . .	Keen Sky Grace	Interest in controlled corporation	3,000	37.5%
Mr. Jiang Xiuwen . . . . .	Keen High Keen Source	Interest in controlled corporation	3,000	42.98%
Mr. Wen Hongyu . . . . .	Keen Harmony	Interest in controlled corporation	3,000	31.58%
Mr. Gao Wei . . . . .	Keen Sky Grace	Interest in controlled corporation	2,000	25%

**(b) Particulars of service contracts**

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either party on the other.

**(c) Directors' remuneration**

Each of our executive Directors, is entitled to a director's fee and shall be paid a remuneration on the basis of a twelve-month year. The current annual remuneration (including fees, salaries, contributions to pension schemes, allowances and other benefits in kind) of Mr. Sun Yinhan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen, Mr. Wen Hongyu and Mr. Gao Wei for the year ended December 31, 2013 are as follows:

<u>Name</u>	<u>Annual Director's remuneration</u> <u>(RMB'000)</u>
Mr. Sun Yinhan . . . . .	—
Mr. Sun Yinfeng . . . . .	384
Mr. Sun Yansheng . . . . .	—
Mr. Jiang Xiuwen . . . . .	619
Mr. Wen Hongyu . . . . .	617
Mr. Gao Wei . . . . .	751

Our independent non-executive Directors have been appointed for a term of three years. We intend to pay a director's fee of RMB300,000 per annum to each of Mr. Yip Wai Ming, Mr. Guo Shaomu and Mr. Ip Yuk Chi Eddie, our independent non-executive Directors, respectively.

Under the arrangement currently in force, the aggregate remuneration (including salaries, contributions to pension scheme, housing allowances and other allowances and benefit in kind) of our Directors for the year ending December 31, 2014 is estimated to be no more than RMB4.8 million.

Further details of the terms of the abovementioned service contracts are set out in the paragraph headed "C. Further information about Directors and substantial Shareholders — 1. Directors — (b) Particulars of service contracts" above in this Appendix."

## 2. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue assuming that the Over-allotment Option is not exercised and taking no account of any Shares that may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme, the following persons (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

<u>Name of shareholder</u>	<u>Nature of interest</u>	<u>Interests in Shares <sup>(1)</sup></u>	<u>Approximate percentage of shareholding immediately following the completion of the Capitalization Issue and the Global Offering</u>
Right Won <sup>(2)</sup> .....	Beneficial owner	1,611,400,000L	62.46%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Right Won is beneficially and wholly owned by Mr. Sun Yinhuan. By virtue of the SFO, Mr. Sun Yinhuan is deemed to be interested in the Shares held by Right Won.

## 3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this prospectus.

## 4. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or chief executives of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) none of our Directors or experts referred to under the heading "D. Other information – 8. Qualification of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (f) none of the experts referred to under the heading “D. Other information — 9. Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

#### **D. OTHER INFORMATION**

##### **1. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on June 1, 2014.

###### **(a) Purpose**

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

###### **(b) Who may join**

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “Eligible Participants”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1 to our Company by way of consideration for the grant.

**(c) Acceptance of an offer of Options**

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial advisor as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

**(d) Maximum number of Shares**

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 258,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our



Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

**(e) *Maximum number of options to any one individual***

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:
  - (aa) the Eligible Participant's name, address and occupation;
  - (bb) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
  - (cc) the date upon which an offer for an Option must be accepted;
  - (dd) the date upon which an Option is deemed to be granted and accepted in accordance with paragraph (c);
  - (ee) the number of Shares in respect of which the Option is offered;
  - (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the Option;
  - (gg) the date of the notice given by the grantee in respect of the exercise of the Option; and
  - (hh) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

**(f) Price of Shares**

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

**(g) Granting options to connected persons**

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of the shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

**(h) Restrictions on the times of grant of Options**

A grant of options may not be made after an inside information event has come to our Company's knowledge until such inside information has been published pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of its annual results or half-year, or quarterly or other interim period (whether or not required under the Listing Rules)

and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

**(i) Rights are personal to grantee**

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

**(j) Time of exercise of Option and duration of the Share Option Scheme**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

**(k) Performance target**

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

**(l) Rights on ceasing employment or death**

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

**(m) Rights on dismissal**

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of the Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

**(n) Rights on takeover**

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

**(o) Rights on winding-up**

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

***(p) Rights on compromise or arrangement between our Company and its members or creditors***

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

***(q) Ranking of Shares***

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

***(r) Effect of alterations to capital***

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approval independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate

subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

**(s) Expiry of option**

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of the Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are canceled in accordance with paragraph (u) below.

**(t) Alteration of the Share Option Scheme**

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

**(u) Cancellation of Options**

Subject to paragraph (i) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (m).

**(v) Termination of the Share Option Scheme**

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

**(w) Administration of the Board**

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

**(x) Condition of the Share Option Scheme**

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within six calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

**(y) Disclosure in annual and interim reports**

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

**(z) Present status of the Share Option Scheme**

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 258,000,000 Shares in total.

**2. Tax and other indemnities**

Our Controlling Shareholders entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in paragraph headed “B. Information about the business — 1. Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

**3. Litigation**

As of the Latest Practicable Date, save as disclosed in this prospectus, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

**4. Sole Sponsor**

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor’s fees are US\$1 million and are payable by our Company.

**5. Preliminary expenses**

The preliminary expenses incurred and paid by our Company were approximately US\$5,410.

**6. Promoter**

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.



## 7. Taxation of holders of Shares

### (a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

### (b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

### (c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

## 8. Qualification of experts

The following are the qualifications of the experts who have given their opinion or advice which are contained in, or referred to in this prospectus:

<u>Name</u>	<u>Qualifications</u>
Deutsche Securities Asia Limited . . . . .	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in Futures Contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of the regulated activities as defined under the SFO
Ernst & Young . . . . .	Certified Public Accountants
Commerce & Finance Law Offices . . . . .	PRC legal advisor
Conyers Dill & Pearman (Cayman) Limited . . . . .	Cayman Islands attorneys-at-law
DTZ Debenham Tie Leung Limited . . . . .	Property valuer
DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd. . . . .	Industry consultant
Hart Giles, Solicitors & Notaries . . . . .	A solicitors firm in Hong Kong

## 9. Consents of experts

Each of the experts named in paragraph 8 of this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

**10. Interests of experts in our Company**

None of the persons named in paragraph 8 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

**11. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up And Miscellaneous Provisions) Ordinance so far as applicable.

**12. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
  - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) save as disclosed in this prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2013 (being the date to which the latest audited consolidated financial information of our Group were made up);
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (e) the principal register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (f) no company within our Group is presently listed on any stock exchange or traded on any trading system;

- (g) our Directors have been advised that under Cayman Islands law, the use of a Chinese name by our Company does not contravene Cayman Islands law; and
- (h) save as disclosed in this prospectus, our Company has no outstanding convertible debt securities or debentures.

**13. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Statutory and General Information – D. Other Information – 9. Consents of Experts” in Appendix V to this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “Statutory and General Information – B. Information About The Business – 1. Summary of Material Contracts” in Appendix V to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the report from Ernst & Young in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of the Group for the financial years ended December 31, 2011, 2012 and 2013;
- (e) the legal opinions issued by Commerce & Finance Law Offices, our PRC legal advisers in respect of our Group’s business operations and property interests in the PRC;
- (f) the letter of advice from Conyers Dill & Pearman (Cayman) Limited, our Cayman Islands legal adviser, summarizing the constitution of our Company and certain aspects of Cayman Islands company law referred to in “Summary of the Constitution of Our Company and Cayman Islands Company Law” in Appendix IV to this prospectus;
- (g) the letter, the summary of valuations and valuation certificates relating to our property interests prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendix III to this prospectus;
- (h) the report prepared by DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd. relating to, among others, the PRC economy, the real estate market and the market of business parks in the PRC;
- (i) the Cayman Companies Law;
- (j) the material contracts referred to in the section headed “Statutory and General Information – B. Further Information About The Business – 1. Summary of Material Contracts” in Appendix V to this prospectus;
- (k) the service agreements with each of the Directors referred to in the paragraph headed “Statutory and General Information – C. Further Information About Directors and Substantial Shareholders – 1. (b) Particulars of Service Contracts” in Appendix V to this prospectus;
- (l) the written consents referred to in the section headed “Statutory and General Information – D. Other Information – 9. Consents of Experts” in Appendix V to this prospectus;
- (m) the rules of the Share Option Scheme;
- (n) the legal opinion dated the prospectus date issued by Hart Giles, Solicitors & Notaries, a solicitors firm in Hong Kong, our Hong Kong special legal advisors in respect of non-compliance of Section 111 and Section 122 regarding certain subsidiaries of our Group.

**YIDA** 亿达

